

# Faran Sugar Mills Limited

## Annual Report 2022



## Disequilibrium





# CONTENTS

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Vision and Mission	<b>01</b>	Financial Highlights	<b>33</b>
Corporate Information	<b>03</b>	DuPont Analysis	<b>34</b>
Company Profile	<b>05</b>	Statement of Value Added	<b>35</b>
Core Values	<b>07</b>	Investor Information - Six Years	<b>36</b>
Code of Conduct	<b>08</b>	Horizontal and Vertical Analysis	<b>37</b>
Corporate Strategy	<b>09</b>	Quarterly Performance Analysis	<b>40</b>
Major Milestones	<b>10</b>	Graphs	<b>41</b>
Management Structure	<b>11</b>	Chairman's Review Report	<b>43</b>
Board of Directors	<b>13</b>	Directors' Report	<b>44</b>
Geographical Presence	<b>19</b>	Directors' Report (Urdu)	<b>58</b>
Group Structure	<b>20</b>	Review Report	<b>59</b>
Cane Crushing History	<b>21</b>	Statement of Compliance	<b>60</b>
Engaging with our Growers	<b>22</b>	Independent Auditors' Report	<b>63</b>
Our Employees	<b>25</b>	Financial Statements	<b>68</b>
Our Health, Safety & Environment	<b>26</b>	Notice of Annual General Meeting	<b>117</b>
SWOT Analysis	<b>27</b>	Pattern of Shareholders	<b>122</b>
Risk Management	<b>28</b>	Categories of Shareholding	<b>123</b>
Corporate Social Responsibility	<b>30</b>	Glossary of Terms	<b>125</b>
Annual Events	<b>31</b>	Form of Proxy	

## 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

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## **DATE OF INCORPORATION**

November 3, 1981

## **DATE OF COMMENCEMENT OF BUSINESS**

November 25, 1981

## **BOARD OF DIRECTORS**

Muhammad Omar Amin Bawany

Ahmed Ali Bawany

Hamza Omar Bawany

Bilal Omar Bawany

Mohammed Altamash Bawany

Ahmed Ghulam Hussain

Irfan Zakaria Bawany

Khurram Aftab

Tasneem Yusuf

**Chairman**

Chief Executive

NIT

## **AUDIT COMMITTEE**

Ahmed Ghulam Hussain

Muhammad Omar Amin Bawany

Irfan Zakaria Bawany

**Chairman**

Member

Member

## **HUMAN RESOURCE & REMUNERATION COMMITTEE**

Ahmed Ghulam Hussain

Muhammad Omar Amin Bawany

Ahmed Ali Bawany

**Chairman**

Member

Member

## **AUDITORS**

Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

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

Muhammad Ayub

## **LEGAL ADVISOR**

Ghulam Rasool Korai

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

Bank AL-Habib Ltd.  
AL-Baraka Islamic Bank Ltd.  
Bank AL-Falah Ltd.  
Dubai Islamic Bank Ltd.  
MCB Islamic Bank Ltd.  
Habib Metropolitan Bank Ltd.  
Meezan Bank Ltd.  
United Bank Ltd.  
Habib Bank Ltd.  
Askari Bank Ltd.  
Faysal Bank Ltd.  
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) 343 228 64

### **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

Annual Report 2022



# COMPANY PROFILE

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**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.

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, this certification includes ISO-9001, ISO 14001, ISO-FSSC-22000, OHSAS-18001 and GMP.

**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 'Negative'.

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

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## ***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

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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 environmentally 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

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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***

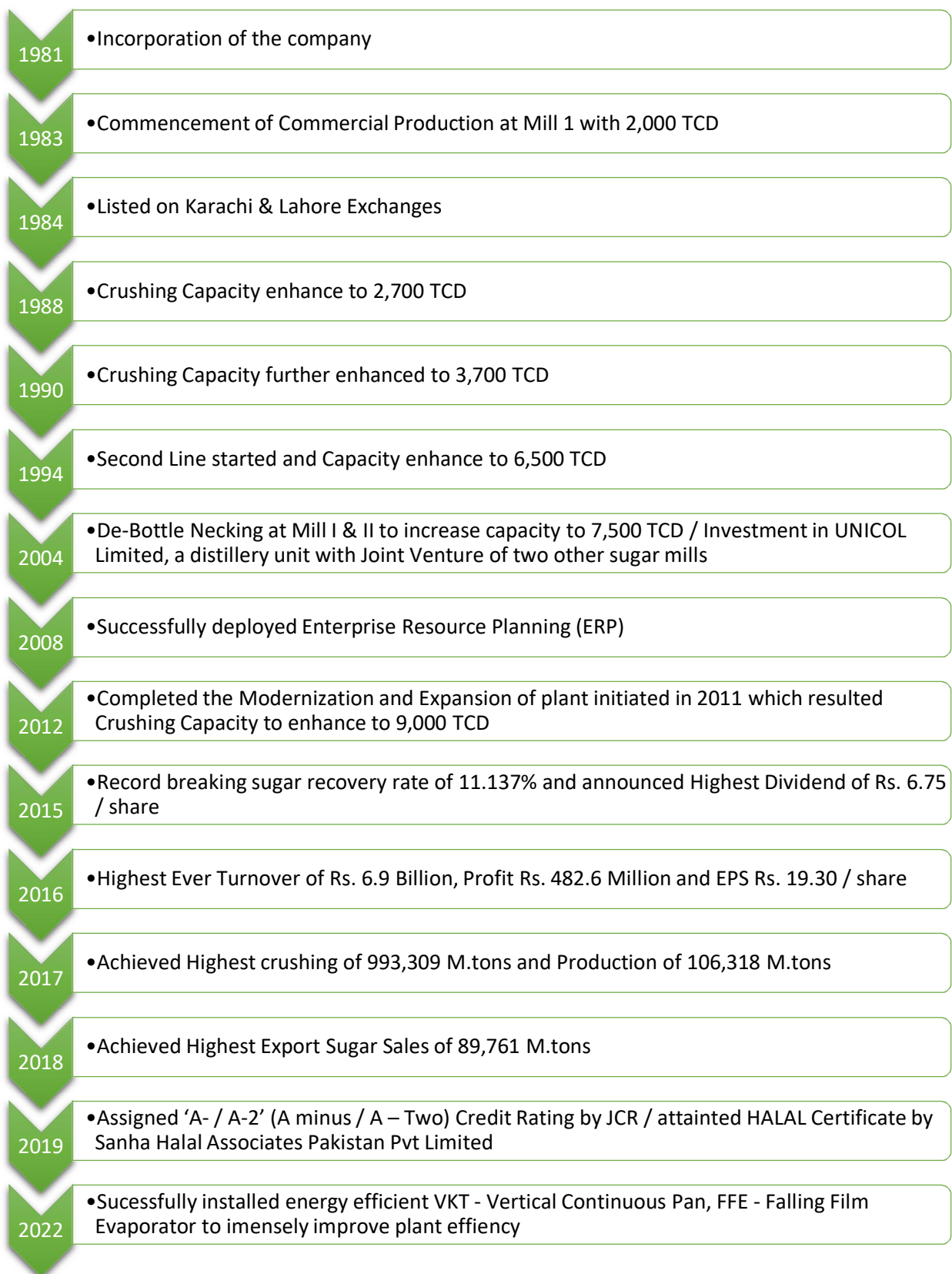
Improve the quality of our product to make delightful customers & to be perceived as a Reliable and Efficient company. To provide most reliable supplies to the customers through cost effective means.

## ***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

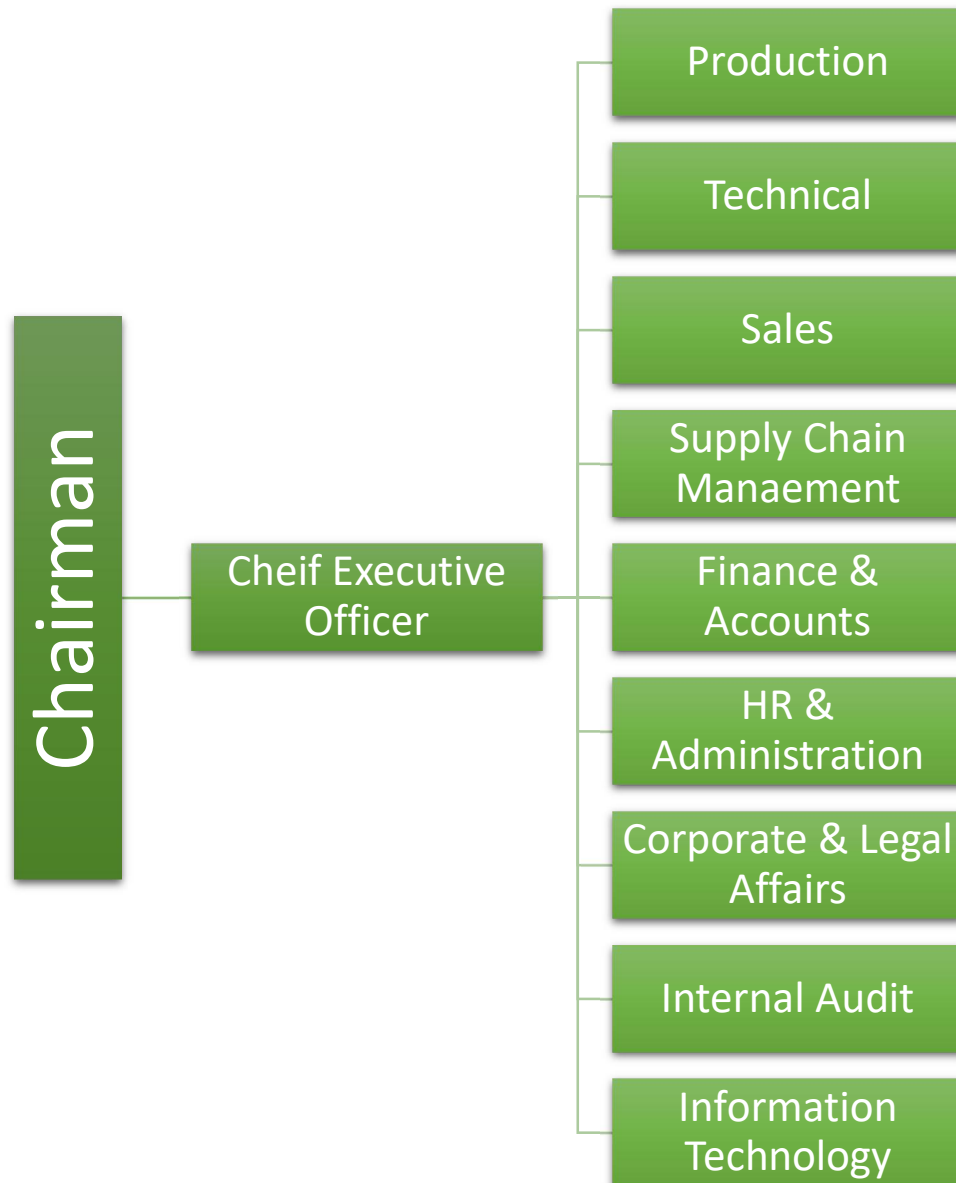
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# MANAGEMENT STRUCTURE

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## Key Management Positions





# BOARD OF DIRECTORS

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**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.





**Hamza Omar Bawany**  
**Director**

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

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**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 2022 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. Khurram Aftab**  
**Director**

Mr. Khurram Aftab is presently the Fund Manager for different Conventional and Shariah Complaint Fixed Income Funds at NIT. He has served on the Board of Directors of Sugar Companies since 2010. His experience amounting 20 years in leading Treasury Operations, Fund Management, Wealth Management and Individuals Financial Planning with both Commercial Bank and Asset Management Companies. Having worked as a Money Dealer at the Treasury Department for Commercial Banks. He has gained rich knowledge and exposure in Money Markets and Fixed Income Securities. Prior to joining NIT he was Fund Manager at Atlas Asset Management. He holds MBA degree with a Major in Finance.



# BOARD OF DIRECTORS

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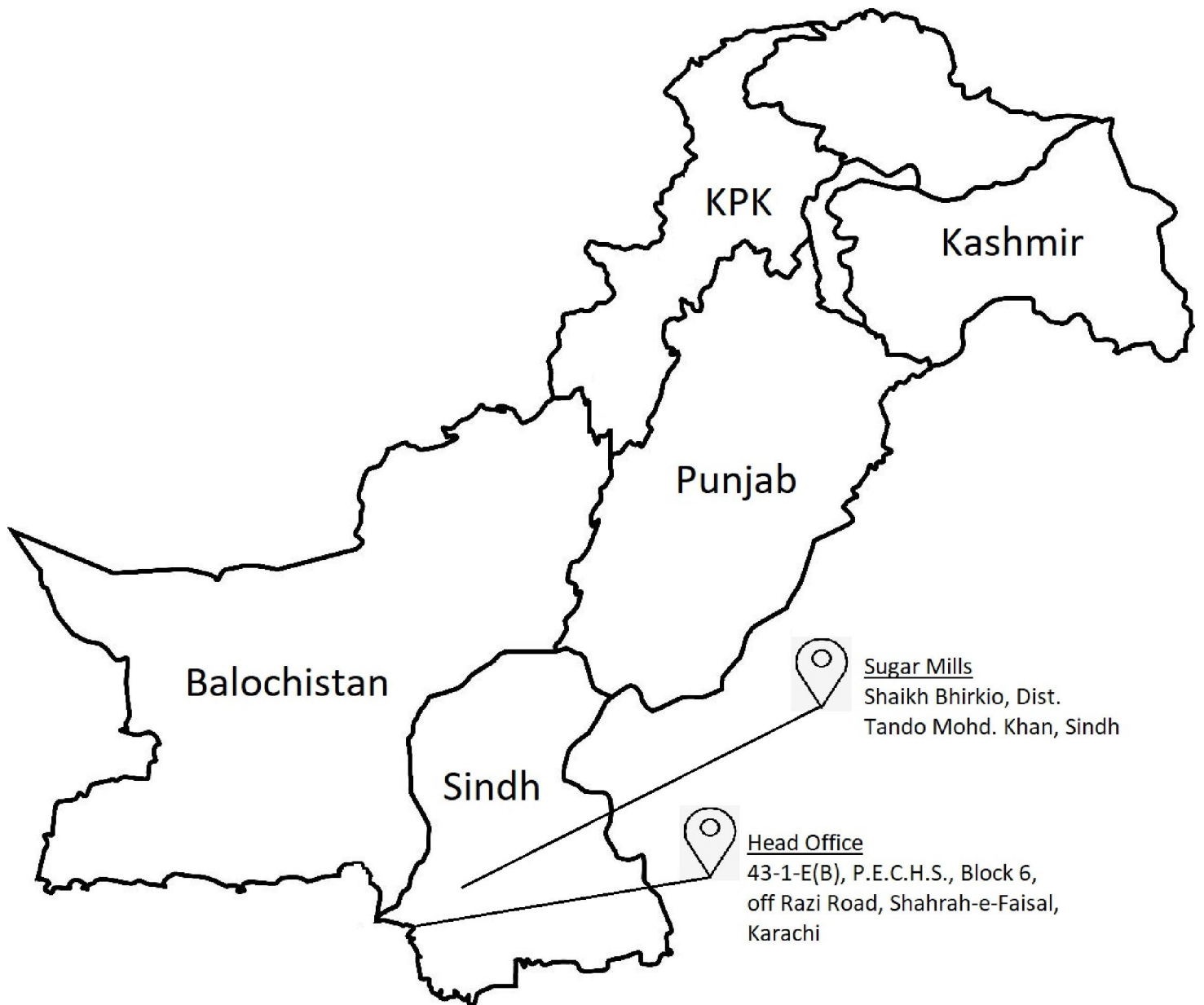
## **Ms. Tasneem Yusuf** **Director**

Ms. Tasneem Yusuf has joined the Board of Directors in March 2022. She is a chartered accountant from ICAP, a fellow member of ACCA and a CPA. She has worked for Unilever Pakistan, Deloitte and Nasdaq Dubai. Since 2009, she has been associated with her family practice where she now heads the audit and assurance services department. Ms. Tasneem sits on the board of Reliance Insurance Company Limited, Ismail Industries (Pvt.) Limited, B.F. Modaraba and the Trading Corporation of Pakistan (Private) Limited where she is also a member of its Audit & Risk Management Committee. She is also a member of the senate of the Pakistan Institute of Fashion & Design and chairs its Finance & Planning Committee. Ms. Tasneem Yusuf is a certified director from the Pakistan Institute of Corporate Governance (PICG).



# GEOGRAPHICAL PRESENCE

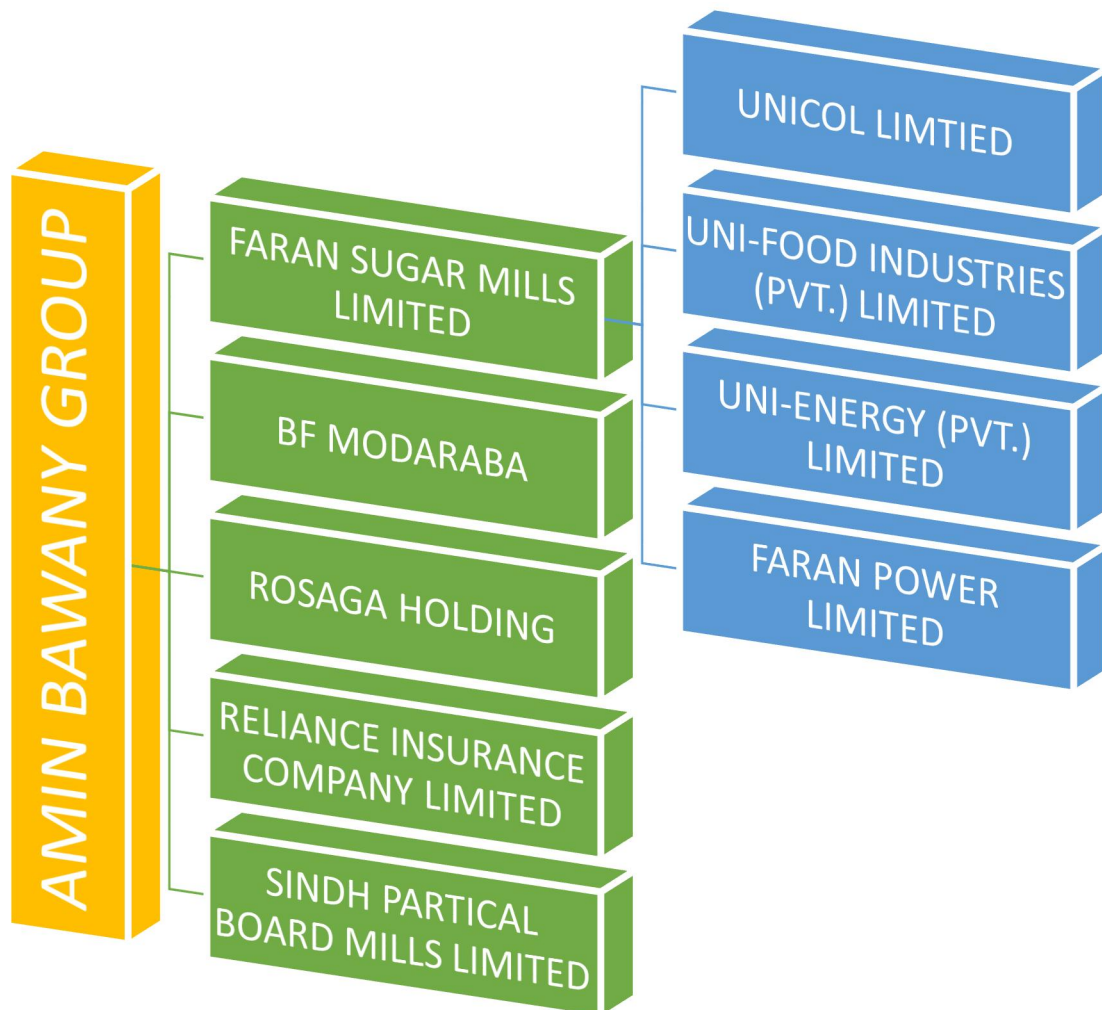
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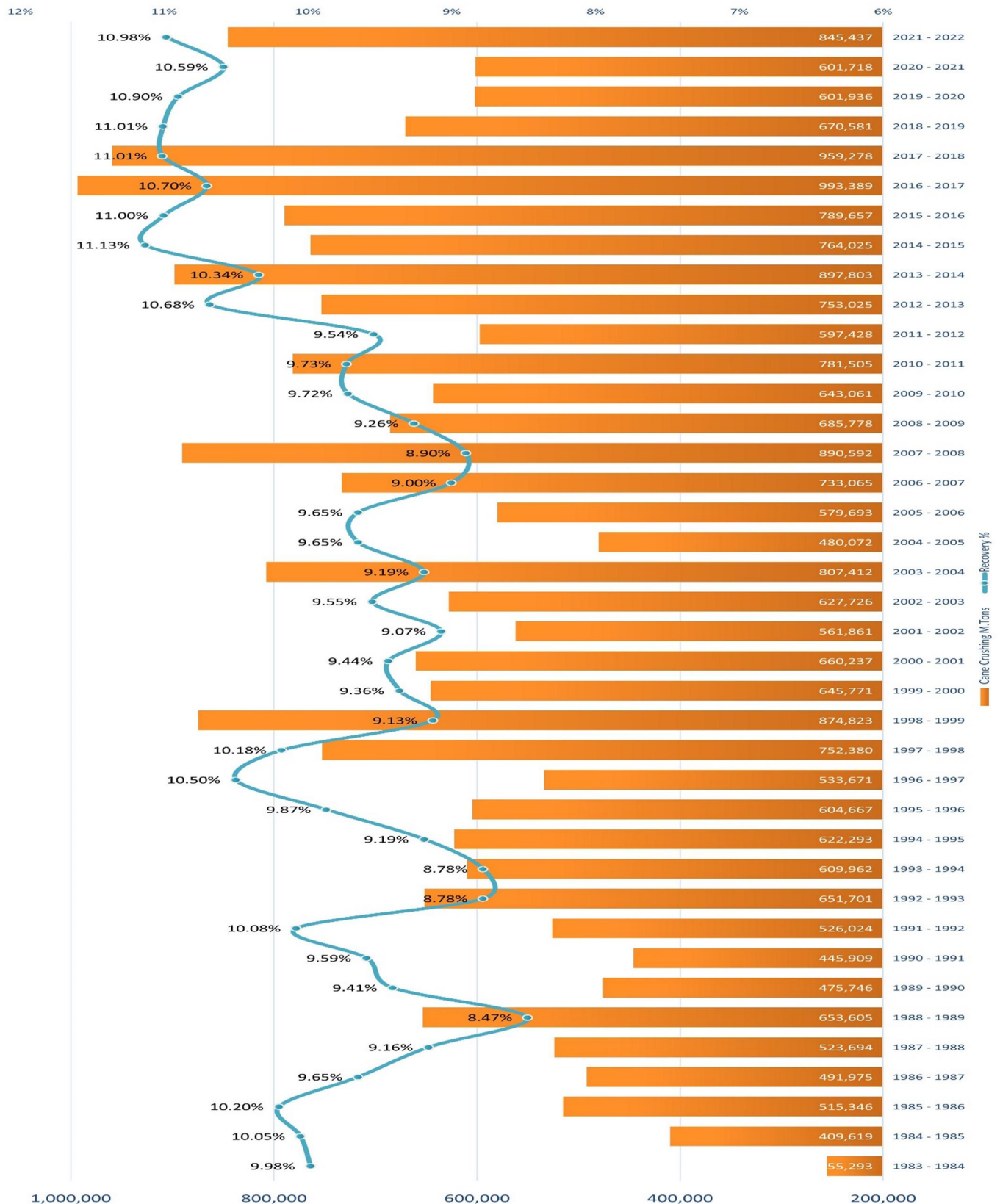
# GROUP STRUCTURE

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# CANE CRUSHING HISTORY



# ENGAGING WITH OUR GROWERS

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Pakistan is ranked in the top 6<sup>th</sup> in the world on the basis of the overall area under cultivation but in terms of sugar production we are at top 9<sup>th</sup> 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 5,797.97 hectares up to September-2022 and 27,693.51 hectares land laser leveled during the project period (2015-16 to 2022). 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 163 solar tube wells up to season 2021-22 as compared to 125 tube wells in 2020-21. Besides above, 27 new Promising lines of different Sugar Cane Institutes are under trials.

Resultantly average yield per acre increased to 815 Mds per acre at our FSML Farm and 650 Mds per Acre in overall Zone Area of around 18,000 acres. We also enhanced our Biological control program and applied 691,700 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 52 coordinated village meetings on different topics. 13 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 R&D services to our farmers since last 21 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 and Country.



# AGRICULTURE INNOVATION AGRI-TECH

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Faran Sugar Mills Limited has led the agriculture revolution in Pakistan Sugar Industry, introducing innovative farming practices with new planting geometry of sugarcane such as, Mechanized Cultivation, High Efficiency irrigation System, Laser Land Leveling, Intercropping with Sugarcane, Capacity Building of farmers, Field staff and comprehensive Biological Control Program for which crops which is environmental friendly and economical for farmers.

Faran Sugar Mills Limited has applied **High Efficiency Irrigation System (HEIS)** at various locations, this type of innovation is helping farmers to grow sugarcane at optimal conditions, even when water is scarce. **Control Environment Crop (CEC)** solutions such as vertical farming can produce crop with 40-50% less water than normal cultivation is key for less irrigation water areas.

## **Drone Technology for Agriculture use at FSML**

Faran Sugar Mills Limited started using Drone Technology in FSML operational zone to monitor crops properly, we can increase performance and efficiency by using it professionally.

The use of drone technology in agriculture is new technology wave that shall help farmers, agricultural business, meet the future challenges and will be growing demand of the future.

## **Drone Technology is helpful in:**

- E-acreage Crop Survey
- Monitoring the crop Condition and pest
- High resolution nature of drone for research and development activities

# BIOLOGICAL CONTROL ACTIVITIES

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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 ratoon-ability.
- 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

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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.



# OUR HEALTH, SAFETY & ENVIRONMENT

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“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 environmentally friendly working practices. Safety drills are carried out regularly to ensure that the state of preparedness and emergency response time remain within established limits.

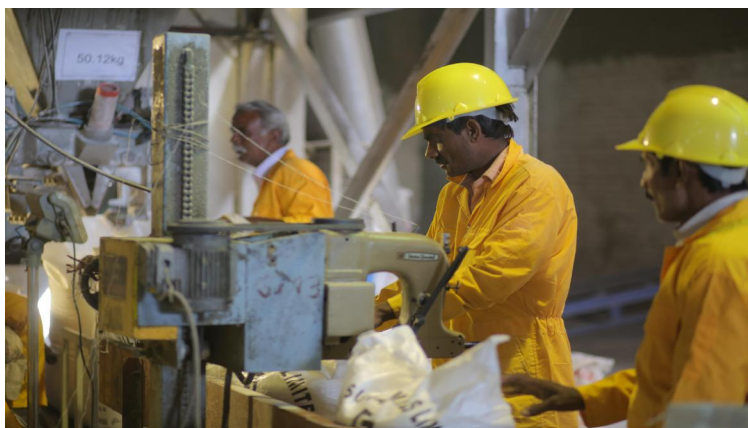
FSML recognizes that safe operations depend not only on technically sound plant and equipment but also on competent people and an active HSE strategy. We firmly believe that all our operational activities must adhere to our safety policies.

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

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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 those 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

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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.

## **SOCIAL & ENVIRONMENTAL RESPONSIBILITY POLICY**

We Conduct our business operations in a way that lessens adverse environmental impacts, promote sustainability and persuade continual improvement in environmental performance. The company believes in participating activities at large and particularly for surrounding commodities.

# RISK MANAGEMENT

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## IT GOVERNANCE POLICY AND SAFETY OF RECORDS

The Information system governance framework sets control techniques that must be met by all business across FSML. FSML maintains robust system for the maintenance of its books of Accounts, including detailed contingency plans for their safekeeping and recovery in the event of disaster.

At FSML, We are constantly on lookout for IT advancement to conduct successful operations. Information technology has been provided a due share of resources, mainly, in building the hardware infrastructure over which all the state of the art applications can be implemented.

We also maintain physical / printed record in a systematic manner for the requisite period as per applicable tax / corporate laws in Pakistan for prompt retrieval of information whenever required.

## CONFLICT OF INTEREST POLICY

Directors, executives and all employees at FSML are required to avoid any conflict between their own interests and the interest of the company in dealing with vendors / cane growers, customers, financial institutions and all other stakeholders connected with the company.

Any conflict of interest amongst BOD members is managed as per provisions of Companies Ordinance 2017, Stock Exchanges rules and any other applicable laws.

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.

# CORPORATE SOCIAL RESPONSIBILITY

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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 565 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 16 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. 13,706 Patients attended the camps and 1,755 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, more than fifteen 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.
8. COVID-19 Vaccination Booster Doze arranged with the coordination of District Health Officer Tando Mohammad Khan for employees.



# ANNUAL EVENTS

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

Arrangement of free Eye Camp at the Mill premises have been a regular event for the last 16 years. Elaborate arrangements are made at the premises and the camps are being attended by prominent Eye Surgeons equipped with Phaco Mulcification technology and all other relevant equipment and surgical instruments, Lenses, Spectacles, Medicines are also provided, in collaboration with Blind Association of Pakistan, which provide technical assistance. 13,706 Patients attended the camps and 1,755 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 Booster Doze arranged with the coordination of District Health Officer Tando Mohammad Khan for 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, **15,777** 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 for 4,000 tree plantation for the year 2022 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 Off-Season.

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

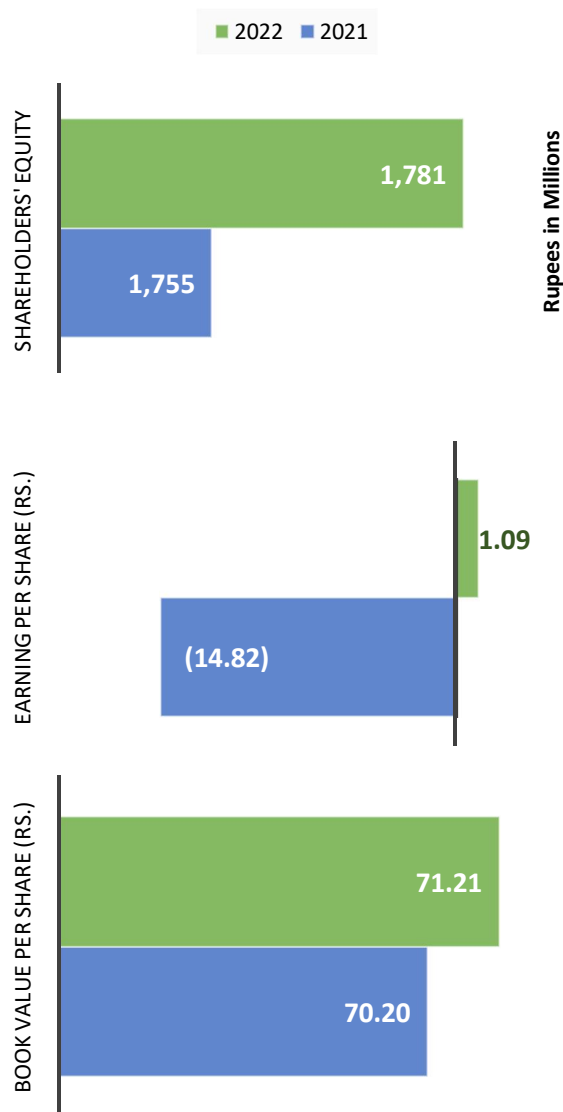
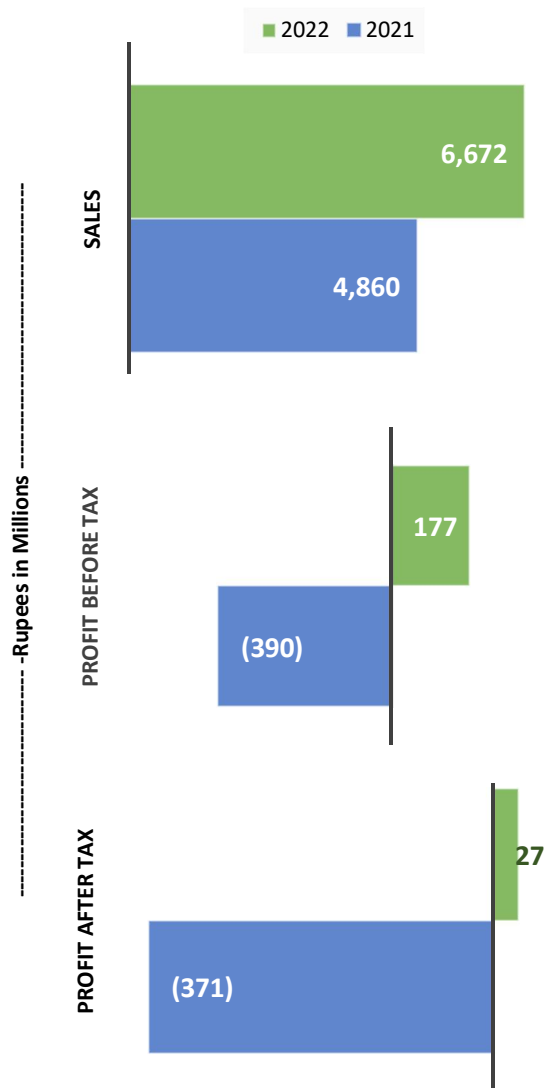


# FINANCIAL HIGHLIGHTS

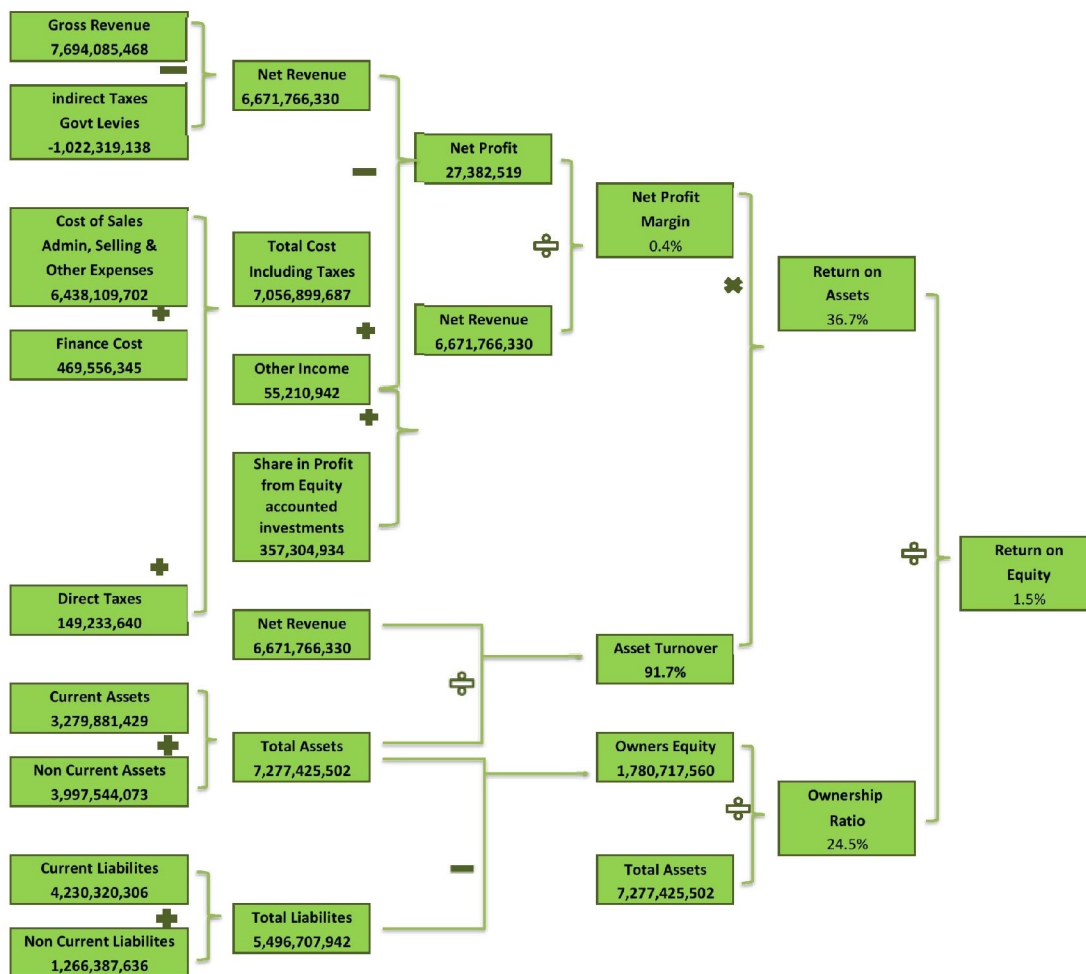
	UOM	2022	2021	%	+ / -
Sales	Rs. In Million	6,672	4,860	37.27%	+
Gross Profit	Rs. In Million	477	40	1081.05%	+
Operating Profit	Rs. In Million	234	(174)	234.48%	+
Profit Before Tax	Rs. In Million	177	(390)	145.24%	+
Profit After Tax	Rs. In Million	27	(371)	107.39%	+
Earnings per Share	Rupees	1.09	(14.82)	107.39%	+
Shareholders' Equity	Rs. In Million	1,781	1,755	1.44%	+
Book Value per Share	Rupees	71.21	70.20	1.44%	+
Property, Plant & Equipment	Rs. In Million	2,790	2,184	27.72%	+

## Business Growth

## Shareholder Value Accretion



# DUPONT ANALYSIS



# STATEMENT OF VALUE ADDED

By Faran Sugar Mills Limited during 2021-2022

	2022 Rupees	%	2021 Rupees	%
<b>VALUE ADDED AS FOLLOWS</b>				
Gross Sales	7,694,085,468		5,582,067,032	
Other Income	55,210,942		24,628,777	
Share of Profit in Associate	357,304,934		18,946,774	
	8,106,601,344		5,625,642,583	
Less: Total Expenses	5,859,210,557		4,538,781,622	
Total Value Added	2,247,390,787		1,086,860,961	
<b>VALUE DISTRIBUTED AS FOLLOWS</b>				
To Employees	434,195,146	19%	386,956,340	36%
To Government	1,177,885,815	52%	706,379,932	65%
To Shareholders (as Dividend)	-	0%	-	0%
To Financial Institutions	469,556,345	21%	259,788,296	24%
Retained in Business as				
Net Earnings	27,382,519	1%	(370,659,173)	-34%
Depreciation	138,370,962	6%	104,395,566	10%
	165,753,481	7%	(266,263,607)	-24%
Total Value Distributed	2,247,390,787	100%	1,086,860,961	100%



# INVESTOR INFORMATION- SIX YEARS

		2017	2018	2019	2020	2021	2022
<b>OPERATIONAL</b>							
Cane Crushing	M.tons	993,389	959,378	670,581	601,936	601,718	845,437
Sugar Production	M.tons	106,318	105,633	73,696	65,739	63,691	92,862
Molasses Production	M.tons	49,347	52,081	31,459	27,475	28,238	39,630
Sugar Recovery	%	10.70	11.01	11.01	10.90	10.59	10.98
Molasses Recovery	%	4.97	5.43	4.69	4.56	4.69	4.69
Average Crushing / Day	M.tons	7,198	6,662	7,535	5,733	6,140	6,554
Season Commenced	Date	14-Nov-16	28-Nov-17	13-Dec-18	25-Nov-19	23-Nov-20	19-Nov-21
Season Ended	Date	31-Mar-17	20-Apr-18	11-Mar-19	8-Mar-20	28-Feb-21	27-Mar-22
Duration of season ( days )	Days	138	144	89	105	98	129
<b>PROFIT &amp; LOSS ACCOUNT</b>							
Sales Revenue	Rs. In Million	4,758.79	6,447.84	5,145.70	6,562.80	5,582.07	7,694.09
Net Revenue	Rs. In Million	4,435.67	6,291.20	4,619.07	5,751.43	4,860.28	6,671.77
Gross Profit	Rs. In Million	(97.05)	548.21	282.98	268.54	40.38	476.92
Selling & Admin Exp.	Rs. In Million	155.06	347.71	198.12	175.65	213.93	242.53
Operating Profit	Rs. In Million	(252.78)	200.50	84.86	92.89	173.55	234.39
Profit before Tax	Rs. In Million	(178.61)	624.39	521.23	(151.80)	(390.41)	176.62
Profit after Tax	Rs. In Million	(184.05)	442.37	380.45	(171.32)	(370.66)	27.38
Earnings before interest & Tax	Rs. In Million	(37.80)	780.49	831.61	149.53	(130.62)	646.17
<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	1,345.25	1,787.31	2,070.06	1,874.39	1,505.33	1,530.65
Shareholders' Equity	Rs. In Million	1,595.32	2,037.38	2,320.13	2,124.46	1,755.40	1,780.72
Property Plant and Equipment	Rs. In Million	1,570.41	1,730.37	1,874.59	1,884.93	2,184.23	2,789.63
Working Capital	Rs. In Million	(433.90)	(171.54)	(192.65)	(389.88)	(350.46)	(950.44)
Long Term Loan	Rs. In Million	204.23	309.31	242.88	247.80	870.66	800.82
<b>CASH FLOW ANALYSIS</b>							
Net cash generated from operating activities	Rs. In Million	(2,063.79)	306.72	948.93	(163.93)	(1,412.22)	(444.70)
Net cash used in investing activities	Rs. In Million	(226.93)	(230.94)	(79.97)	76.43	(324.21)	(497.06)
Net cash generated from / (used in) financing activities	Rs. In Million	1,828.15	(33.19)	(497.25)	(147.86)	1,714.99	935.61
<b>PROFITABILITY RATIOS</b>							
Gross Profit Ratio	%	(2.19)	8.71	6.13	4.67	0.83	7.15
Net Profit / Ratio	%	(4.15)	7.03	8.24	(2.98)	(7.63)	0.41
Earnings before Interest & Tax Margin	%	(0.85)	12.41	18.00	2.60	(2.69)	9.69
Operating Leverage Ratio	%	329.45	5,174.87	24.64	334.57	(1,209.21)	1,595.56
Return on Share Holder Equity	%	(11.54)	21.71	16.40	(8.06)	(21.12)	1.54
Return on Capital Employed	%	(2.10)	33.26	32.45	6.30	(4.71)	25.03
<b>LIQUIDITY RATIOS</b>							
Current Ratio	Times	0.86	0.94	0.93	0.80	0.87	0.78
Quick Ratio	Times	0.05	0.09	0.20	0.18	0.10	0.09
Cash to Current Liabilities	Times	0.02	0.03	0.15	0.08	0.05	0.03
Cash flow from Operations to Sales	Times	(0.42)	0.09	0.30	0.05	(0.21)	(0.00)
<b>Activity / Turnover Ratios</b>							
Inventory turnover ratio	Times	3.38	3.48	3.67	7.54	6.74	4.06
No. of days in inventory	Days	107.94	104.84	99.57	48.43	54.18	89.99
Debtors' turnover ratio	Times	103.65	46.19	29.01	36.94	29.70	35.81
No of days in receivables	Days	3.52	7.90	12.58	9.88	12.29	10.19
Creditors turnover ratio	Times	9.83	6.42	4.51	8.14	15.29	12.58
No of days in payables	Days	37.13	56.83	81.01	44.86	23.88	29.02
Operating cycle	Days	74.33	55.91	31.14	13.45	42.59	71.16
Total Asset Turnover	Times	0.86	1.09	0.82	1.26	0.85	0.92
Fixed Asset Turnover	Times	2.82	3.64	2.46	3.05	2.23	2.39
<b>INVESTMENT/ MARKET RATIOS</b>							
Earnings per Share After Tax	Rs.	(7.36)	17.69	15.21	(6.85)	(14.82)	1.09
Earnings per Share Before Tax	Rs.	(7.14)	24.97	20.84	(6.07)	(15.61)	7.06
Market value per share (yearend)	Rs.	79.07	75.00	36.50	50.00	40.84	52.50
Break-Up Value per Share	Rs.	63.79	81.47	92.78	84.95	70.20	71.21
Price earnings ratio (P/E)	Times	(10.74)	4.24	2.40	(7.30)	(2.76)	47.95
Cash Dividend per share	Rs.	-	3.75	1.00	-	-	-
Stock Dividend per share	%	0%	0%	0%	0%	0%	0%
Dividend payout	%	0%	21%	7%	0%	0%	0%
Dividend yield	%	0.06	0.05	0.03	-	-	-
Dividend cover	Times	(1.47)	4.72	15.21	-	-	-
<b>CAPITAL STRUCTURE RATIOS</b>							
Financial Leverage Ratio	Times	1.44	1.10	0.76	0.77	1.91	2.11
Weighted average Cost of Debt	%	6.32	7.33	11.35	12.25	8.30	10.65
Debt to Equity Ratio	%	0.13	0.15	0.10	0.12	0.58	0.45
Interest Cover	Times	(0.27)	5.00	2.68	0.50	(0.50)	1.38

# HORIZONTAL & VERTICAL ANALYSIS

## BALANCE SHEET

	2017	2018	2019	2020	2021	2022
<b>ASSETS</b>	<b>Rs. In Thousand</b>					
Non-Current Assets	2,541,306	2,921,648	3,169,107	3,036,791	3,283,260	3,997,544
Current Assets	2,612,328	2,852,011	2,467,791	1,526,364	2,416,022	3,279,881
<b>Total</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>7,277,426</b>
<b>EQUITY AND LIABILITIES</b>						
Share Holder Equity	1,595,317	2,037,501	2,320,130	2,124,464	1,755,402	1,780,718
Non-Current Liabilities	126,954	224,485	154,624	126,929	807,663	800,819
Deferred Liabilities	385,137	488,243	501,703	395,522	369,735	465,569
Current Liabilities	3,046,226	3,023,430	2,660,441	1,916,240	2,766,483	4,230,320
<b>Total</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>7,277,426</b>
<b>VERTICAL ANALYSIS</b>						
<b>% of balance Sheet total</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>ASSETS</b>						
Non-Current Assets	49%	51%	56%	67%	58%	55%
Current Assets	51%	49%	44%	33%	42%	45%
<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	31%	35%	41%	47%	31%	24%
Non-Current Liabilities	2%	4%	3%	3%	14%	11%
deferred Liabilities	7%	8%	9%	9%	6%	6%
Current Liabilities	59%	52%	47%	42%	49%	58%
<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>Year on Year</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>over</b>	<b>over</b>	<b>over</b>	<b>over</b>	<b>Over</b>	<b>Over</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	10%	15%	8%	-4%	8%	22%
Current Assets	64%	9%	-13%	-38%	58%	36%
<b>Total Assets</b>	<b>32%</b>	<b>12%</b>	<b>-2%</b>	<b>-19%</b>	<b>25%</b>	<b>28%</b>
<b>EQUITY AND LIABILITIES</b>						
Share Holder Equity	-16%	28%	14%	-8%	-17%	1%
Non-Current Liabilities	-29%	77%	-31%	-18%	536%	-1%
deferred Liabilities	-19%	27%	3%	-21%	-7%	26%
Current Liabilities	128%	-1%	-12%	-28%	44%	53%
<b>Total Equity and Liabilities</b>	<b>32%</b>	<b>12%</b>	<b>-2%</b>	<b>-19%</b>	<b>25%</b>	<b>28%</b>

# HORIZONTAL & VERTICAL ANALYSIS

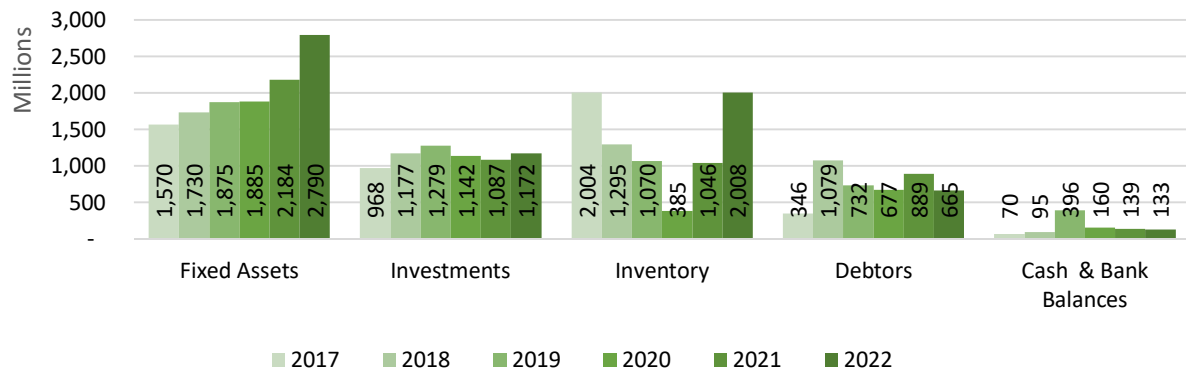
## PROFIT AND LOSS ACCOUNT

	2017	2018	2019	2020	2021	2022
	Rs. In Thousand					
Net Sales	4,435,671	6,291,202	4,619,072	5,751,430	4,860,285	6,671,776
Cost of Sales	(4,533,389)	(5,742,988)	(4,336,087)	(5,482,886)	(4,819,903)	(6,194,844)
Gross Profit	(97,718)	548,213	282,984	268,544	40,381	476,923
Operating Expenses	(155,060)	(347,713)	(198,122)	(175,651)	(213,929)	(242,535)
Other Operating Expenses	(11,377)	(40,378)	(38,708)	(6,299)	(651)	(731)
Other Operating Income	136,050	324,826	557,875	21,771	24,629	55,211
Operating Profit	(128,105)	484,948	604,030	108,365	(149,570)	288,878
Finance Cost	90,305	295,537	227,579	(301,324)	(259,788)	(469,556)
Share in profit of associate	(140,807)	(156,099)	(310,379)	41,161	18,947	357,305
Profit / (Loss) before taxation	(178,607)	624,387	521,229	(151,799)	(390,412)	176,626
Taxation	(5,439)	(182,016)	(140,784)	(19,518)	19,753	(149,234)
Profit / (Loss) after taxation	(184,046)	442,371	380,445	(171,317)	(370,659)	27,383
<b>VERTICAL ANALYSIS</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2019</b>	<b>2021</b>	<b>2022</b>
<b>% of Sales</b>						
Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	-102.20%	-91.29%	-93.87%	-95.33%	-99.17%	-92.85%
Gross Profit	-2.20%	8.71%	6.13%	4.67%	0.83%	7.15%
Operating Expenses	-3.50%	-5.53%	-4.29%	-3.05%	-4.40%	-3.64%
Other Operating Expenses	-0.26%	-0.64%	-0.84%	-0.11%	-0.01%	-0.01%
Other Operating Income	3.07%	5.16%	12.08%	0.38%	0.51%	0.83%
Operating Profit	-2.89%	7.71%	13.08%	1.88%	-3.08%	4.33%
Share in profit of associate	2.04%	4.70%	4.93%	-5.24%	-5.35%	-7.04%
Finance Cost	-3.17%	-2.48%	-6.72%	0.72%	0.39%	5.36%
Profit / (Loss) before taxation	-4.03%	9.92%	11.28%	-2.64%	-8.03%	2.65%
Taxation	-0.12%	-2.89%	-3.05%	-0.34%	0.41%	-2.24%
Profit / (Loss) after taxation	-4.15%	7.03%	8.24%	-2.98%	-7.63%	0.41%
<b>HORIZONTAL ANALYSIS</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</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>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Net Sales	-32.07%	41.83%	-26.58%	24.51%	-15.49%	37.27%
Cost of Sales	-22.41%	26.68%	-24.50%	26.45%	-12.09%	28.53%
Gross Profit	-114.22%	-661.02%	-48.38%	-5.10%	-84.96%	1081.07%
Operating Expenses	15.10%	124.24%	-43.02%	-11.34%	21.79%	13.37%
Other Operating Expenses	-70.96%	254.91%	-4.14%	-83.73%	-89.67%	12.37%
Other Operating Income	700.03%	138.75%	71.75%	-96.10%	13.13%	124.17%
Operating Profit	-124.15%	-478.55%	24.56%	-82.06%	-238.02%	-293.14%
Share in profit of associate	-22.32%	227.27%	-22.99%	-232.40%	-13.78%	80.75%
Finance Cost	269.62%	10.86%	98.84%	-113.26%	-53.97%	1785.84%
Profit / (Loss) before taxation	-129.35%	-449.59%	-16.52%	-129.12%	-157.19%	145.24%
Taxation	-95.68%	3246.39%	-22.65%	-86.14%	-201.20%	-855.51%
Profit / (Loss) after taxation	-138.13%	-340.36%	-14.00%	-145.03%	-116.36%	107.39%

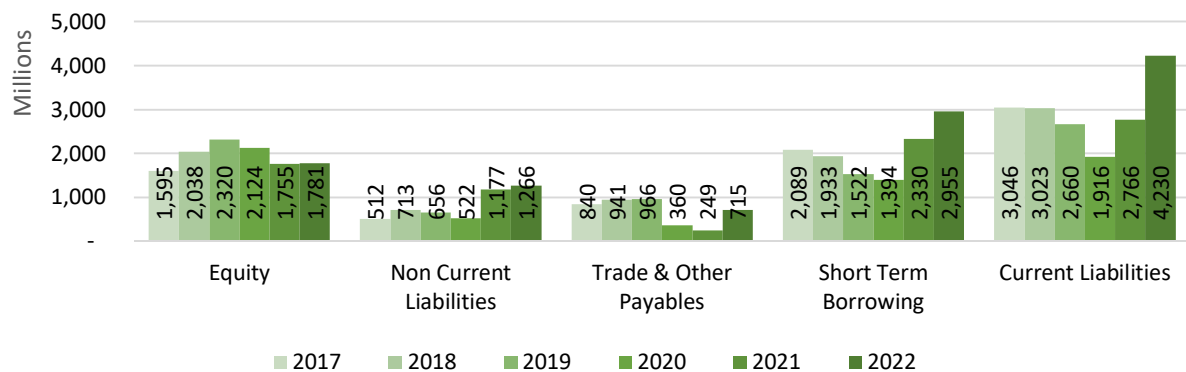
# GRAPHICAL ANALYSIS

## BALANCE SHEET

### Balance Sheet Analysis - Assets

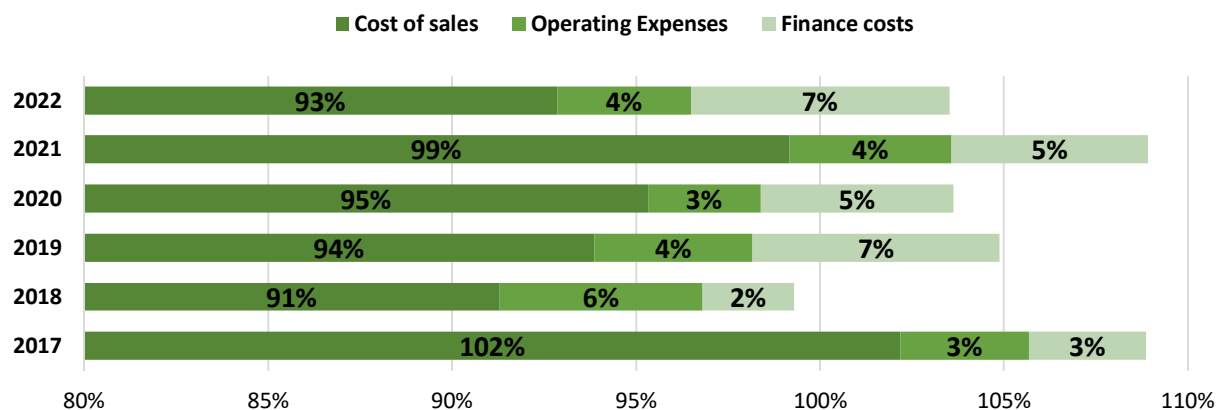


### Balance Sheet Analysis - Equity and Liabilities



## PROFIT AND LOSS ACCOUNT

### Profit and Loss Analysis - Cost Break-up

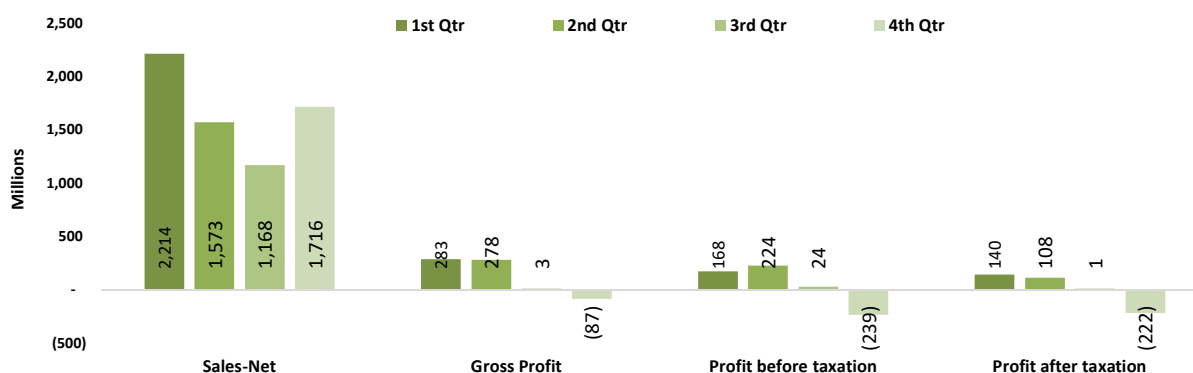


# QUARTERLY PERFORMANCE ANALYSIS

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	2,214,431,141	1,573,364,963	1,167,946,154	1,716,024,072	28.95%	-25.77%	46.93%
Cost of Sales	(1,931,842,147)	(1,295,838,953)	(1,164,622,720)	(1,802,539,868)	32.92%	-10.13%	54.77%
<b>Gross Profit</b>	<b>282,588,994</b>	<b>277,526,010</b>	<b>3,323,434</b>	<b>(86,515,796)</b>	1.79%	-98.80%	-2703.20%
Operating Expenses	(47,687,353)	(69,617,705)	(47,208,442)	(78,021,069)	-45.99%	-32.19%	65.27%
Other Expenses	(13,605,479)	(8,113,476)	12,120,608	8,866,902	40.37%	-249.39%	-26.84%
Finance Cost	(42,419,291)	(109,770,136)	(155,168,571)	(162,198,347)	-158.77%	41.36%	4.53%
Other Income	2,601,399	16,750,265	20,314,373	15,544,905	-543.89%	21.28%	-23.48%
Share in Profit form equity accounted investment-net	(13,583,380)	116,991,374	190,442,667	63,454,274	961.28%	62.78%	-66.68%
<b>Profit before taxation</b>	<b>167,894,889</b>	<b>223,766,332</b>	<b>23,824,070</b>	<b>(238,869,132)</b>	-33.28%	-89.35%	-1102.64%
Taxation	(27,765,642)	(115,286,086)	(22,619,472)	16,407,910	-315.21%	-80.38%	-172.54%
<b>Profit after taxation</b>	<b>140,129,247</b>	<b>108,480,246</b>	<b>1,204,598</b>	<b>(222,461,223)</b>	22.59%	-98.89%	-18567.67%

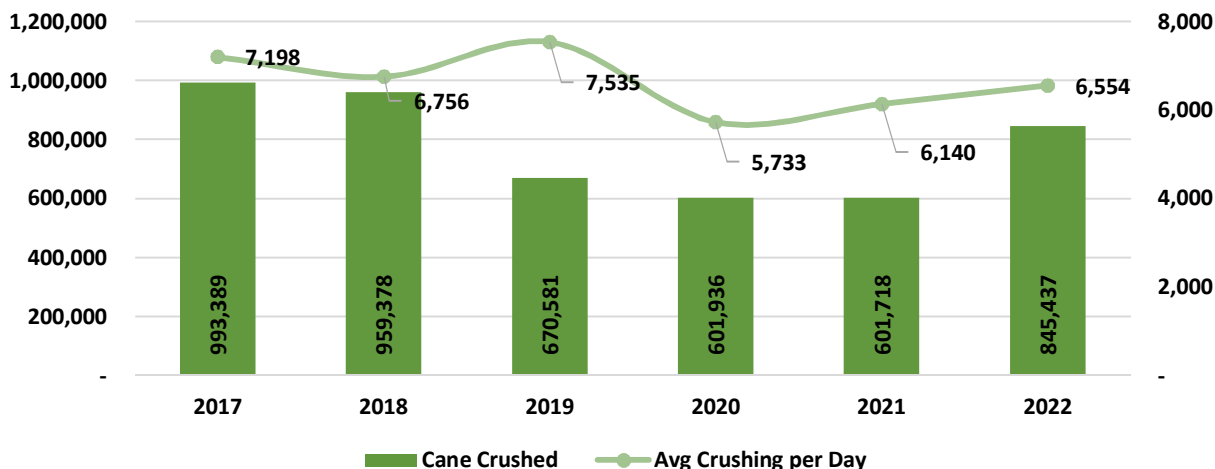
Interim Result with Annual Result	As on Dec-31, 2021 1st Qtr	As on Mar-31, 2022 2nd Qtr	As on Jun-30, 2022 3rd Qtr	As on Sep-30, 2022 Annual	% Variance in Annual from		
					1st Qtr	2nd Qtr	3rd Qtr
Sales-Net	2,214,431,141	3,787,796,104	4,955,742,258	6,671,766,330	201.29%	76.14%	34.63%
Cost of Sales	(1,931,842,147)	(3,227,681,100)	(4,392,303,820)	(6,194,843,688)	-220.67%	91.93%	41.04%
<b>Gross Profit</b>	<b>282,588,994</b>	<b>560,115,004</b>	<b>563,438,438</b>	<b>476,922,642</b>	68.77%	-14.85%	-15.35%
Operating Expenses	(47,687,353)	(117,305,058)	(164,513,500)	(242,534,569)	408.59%	106.76%	47.43%
Other Expenses	(13,605,479)	(21,718,955)	(9,598,347)	(731,445)	-94.62%	-96.63%	-92.38%
Finance Cost	(42,419,291)	(152,189,427)	(307,357,998)	(469,556,345)	1006.94%	208.53%	52.77%
Other Income	2,601,399	19,351,664	39,666,037	55,210,942	2022.36%	185.30%	39.19%
Share in Profit form equity accounted investment	(13,583,380)	103,407,995	293,850,661	357,304,934	-2730.46%	245.53%	21.59%
<b>Profit before taxation</b>	<b>167,894,889</b>	<b>391,661,222</b>	<b>415,485,292</b>	<b>176,616,159</b>	5.19%	-54.91%	-57.49%
Taxation	(27,765,642)	(143,051,728)	(165,641,550)	(149,233,640)	437.48%	4.32%	-9.91%
<b>Profit after taxation</b>	<b>140,12,247</b>	<b>248,609,494</b>	<b>249,843,742</b>	<b>27,382,519</b>	-80.46%	-88.99%	-89.04%



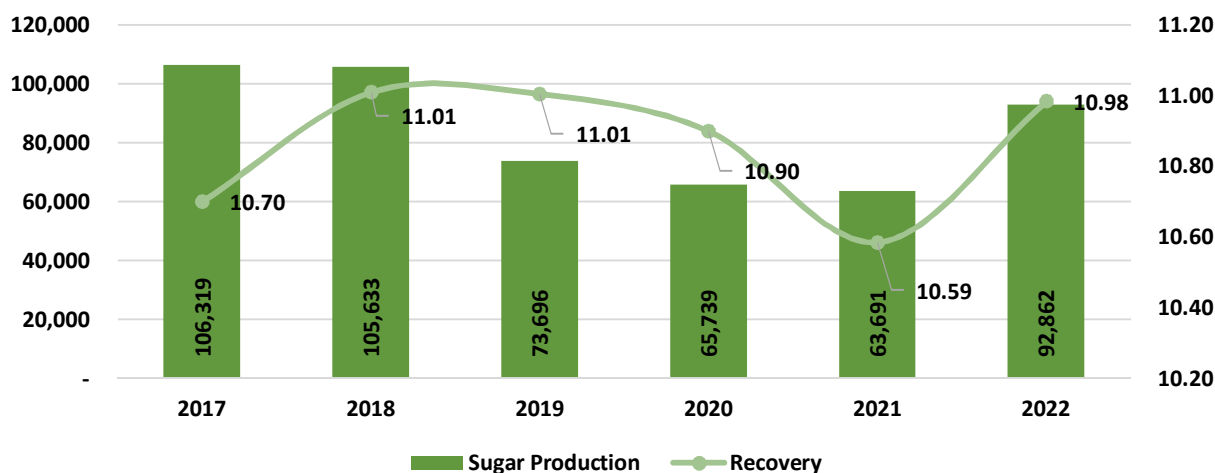


# GRAPHS

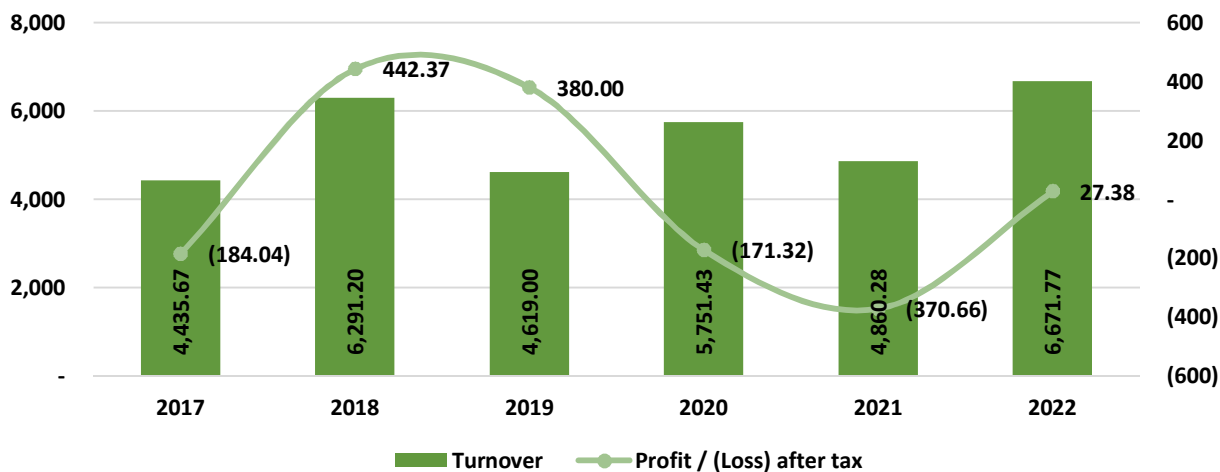
## CANE CRUSHING & AVG CRUSHING PER DAY



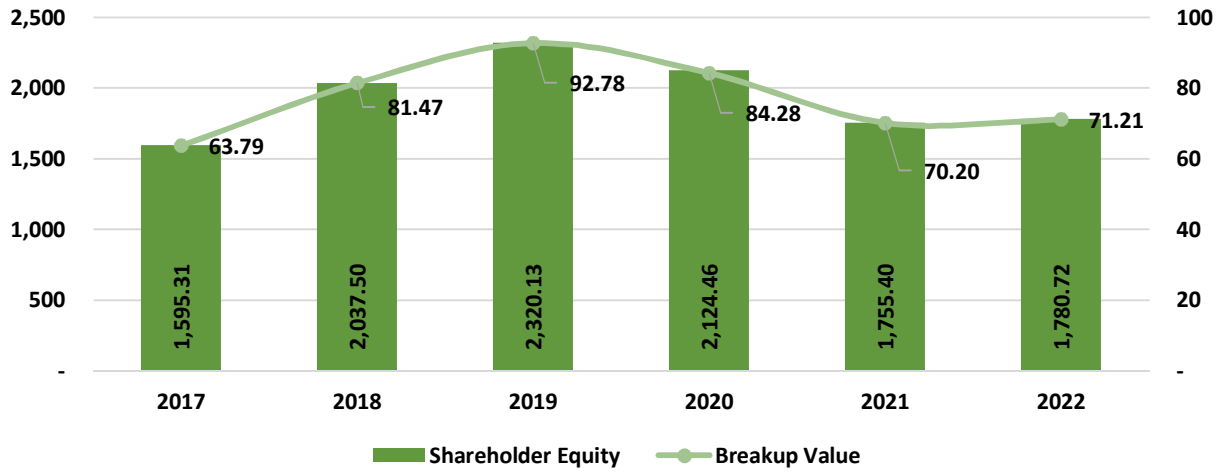
## SUGAR PRODUCTION & RECOVERY



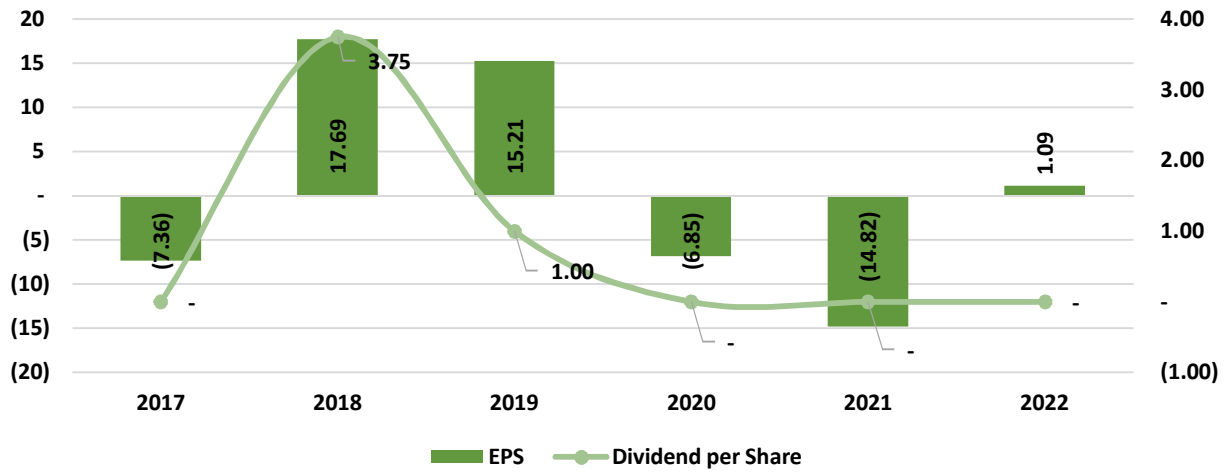
## PROFITABILITY ANALYSIS



## SHAREHOLDERS' EQUITY & BREAKUP VALUE



## EPS & DIVIDEND PER SHARE



# CHAIRMAN'S REVIEW REPORT

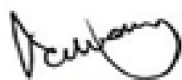
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It is my pleasure to present to the shareholders, the review of the financial performance of the Company and overall performance of the Board and the effectiveness of its role to attain the organization's aims and objectives.

Despite of fragile economy and uncertain political climate that adversely impacted all economic indicators, the sugar sector of the country performed outstandingly and reported a bumper sugar production after gap of two years. But the Government's unfavorable decision and non-export policy lead sugar industry to collapse. Without revenues from exports, local mills cannot pay farmers for new supplies in ongoing season 2022-23, while large stockpiles discouraged domestic prices from rallying in the country. The industry is struggling to survive as it is forced to buy sugarcane at a fixed rate which has been increased by 20%, while the ex-factory price of sugar remains lower than the production cost. PSMA was working closely with the Government to address these challenges and find solutions to ensure the sustainability and survival of the sugar industry of the country. On 3rd January 2023, the ECC after detailed discussions on the recommendation of the SAB, allowed 250,000 tons of sugar for export which may help sugar sector to pay their growers dues and earn good margin on export sale.

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 06, 2023

# DIRECTORS' REPORT

For the year ended September 30, 2022

**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, 2022.

## Financial Performance:

The year under consideration was full of economic as well as political challenges included weakening of Pak Rupee, rising inflation and rising Mark-up rates, all of which adversely impacted the industrial sector of the country. However, the sugar sector performed exceptionally well and reported a bumper production after gap of two years. But, the government made most unexpected decision and denied permission for the export of surplus sugar, leading to missed opportunities for the country to earn precious foreign exchange in the crucial time of Pakistan and increasing the financial challenges for the industry as domestic selling price remained depress throughout the financial year 2021-22.

Financial results are summarized as follows:

	2022 Rs. '000	2021 Rs. '000
Gross sales	7,697,085	5,582,067
Profit / (Loss) before taxation	(180,689)	(409,359)
Share in profit of associates – net	357,304	18,947
	176,616	(390,412)
Less: Taxation		
Current	132,226	92,730
Deferred asset / (tax)	17,008	(112,483)
	149,224	(19,753)
Profit / (Loss) after Taxation	27,383	(370,659)
Earnings / (Loss) per Share	1.09	(14.82)

Gross sales grew by 37.88% mainly due to both higher sales volume and improved selling price over the corresponding year. Gross profit increased by Rs. 436 million, mainly due to positive margins on our early sale commitments in current season as well as good margins on significant quantum of carry-over stock of last year. We adopted a prudent sale strategy to sell continuously throughout the season. Alhamdulillah, we assessed market dynamics rather better and managed to sell reasonable quantum, even in sluggish market at reasonably higher prices than our counterparts. In spite of this, gross profit of our mill was comparatively lower because cane costs were on the higher side due to geographical location of our mill and intense competition in the area, which caused additional costs in terms of TPT. Further, finance cost eroded our profitability. Finance cost shot up to 469.5 million from Rs. 259.78 million, increased by 80% due to increase in financing rate to double digit as well as sluggish sale due to bumper sugar production and stuck up fund in subsidy receivable.

## Operational Performance:

After two years gap, the country again reported huge sugar production. Sugar production of the country for the season 2021-22 was reported to 7.876 million metric tons, up by 40% from 5.631 million metric tons produced in previous season 2020-21. The mills operating in the Sindh zone crushed 22.277 million metric tons of sugar cane against 15.524 million metric tons, up by 43% and produced 2.291 million metric tons of sugar with average recovery of 10.286% against 1.556 million metric tons produced in 2020-21, up by 47% with average recovery of 10.02%.

# DIRECTORS' REPORT

For the year ended September 30, 2022

The Sindh government fixed minimum support price for sugarcane at Rs250 per maund for the crushing season 2021-22 – Rs48 jump from the previous season and Rs. 25 higher than Punjab province. In Punjab, the provincial government set the minimum support price for sugarcane at Rs225 per maund that caused higher sugar production cost to Sindh Zone Mills by Rs. 6/7 per kg.

The comparative summarized operating result of your mills for season-2021-22 is as follows:

		Season 2021-22	Season 2020-21
Season commenced	Date	Nov 19, 2021	Nov 23, 2020
Season end	Date	Mar 27, 2022	Feb 28, 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

## 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.4.9 billion and expected seasonal facilities around 1 billion under various products of Islamic financing to meets its huge day to day working capital needs, and approved un-utilized Rs. 136.5 million long-term financing. Alhamdulillah, we are RIBA / INTEREST FREE COPORATE ENTITY. Huge financing was obtained during the year for timely payment to growers due to sluggish 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. But incurred huge financing cost due to rising cost of finance to double digit.

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 'negative'.

Capital structure consists of ordinary share capital and long/ short term debts. The cash flow showed cash used in operating activities was Rs.444.7 million as compared to Rs.1.412 billion in previous year. During the year under review, we obtained working capital finance under different Islamic products amounting to Rs.5.93 billion to meet our working capital requirement in addition to opening outstanding loan of Rs. 2.33 billion, out of which Rs.5.31 billion had been paid before the year end. The company managed its long term projects & major overhauling through long term finance/ ITERF, obtained Rs.416 million during the year for capital nature expenses under DM/ITERF.

## Expansion and Modernization Projects:

The Company has fully utilized long-term financing of Rs.700 million under Islamic Temporary Economic Refinance Facility (ITERF), concessional financing scheme of SBP, and expended most of the amount only on various cost saving projects which are fully operational from day first in ongoing season 2022-23. We will reap full benefits from these projects from this season and season ahead which will ultimately boost our financial results. Only one equipment 'Refine Centrifugal' is yet to be delivered due to supply chain issue in Germany. The equipment will be delivered by January 2023 at our site.

Faran Sugar Mills Limited

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

During the year the, Distillery recorded ethanol production of 54,639 MT (2021: 54,888MT) which is 0.45% lower than the last year. The production yield recorded during the year was 19.6% per ton of molasses (2021: 19.3%). Operational days recorded at 313 days (2021: 335 days). The Company recorded ethanol export of 47,173 MT (2021: 51,494MT) which was 8.4% lower than the last year. The primary reason of decrease in exports is due to delay in the vessel at the cut-off date.

The production and sales volume of the CO2 segment for the year recorded at 10,914MT (2021: 11,451 MT) and 10,214 MT (2021: 10,360 MT) respectively which was 4.7% and 1.4% lower than last year. The plant operational days of CO2 segment for the year stood at 269 days (2021: 292 days).

During the year, the sales revenue of the Ethanol segment recorded at Rs. 8.70 billion (2021: Rs. 8.19 billion) which was 6% higher than the last year. The quantity of ethanol sold during the year was less compared to the previous year, however, due to the significant increase in the exchange rate of dollar as compared to the previous year which resulted in the increased revenue for the year. The sales revenue of CO2 segment recorded at Rs. 213.96 million (2021: Rs. 191.38 million) which was 12% higher than the last year. The gross profit margin for the year recorded at 28% (2021: 14%) which is 14% higher as compared to last year. The primary reason of increase in GP margin is due to better margins and timely procurement of raw material and exchange benefit during the year.

After taking into consideration various expenses and taxes the Company was able to post an after tax profit of Rs. 1,319.80 million after meeting all its expenses and financial commitments compared to Rs. 502.55 million previous years.

The outlook for financial year 2023 is a slow recovery to normal, however, will not be strong enough to reach the levels seen before the lock-down period. As soon as the economies begin to recover, downward price adjustments are expected over the next few months. Ethanol demand is expected to remain stable but prices could soften a bit.

The Board of Directors of Unicol Limited, at its meeting held on 13 December 2022, has proposed a final cash dividend @ 25% (Rs. 2.5 per share) for the year ended September 30, 2022. This is in addition to the interim cash dividends already paid @ 55% (Rs. 5.5 per share) approved by the Board of Directors.

**Faran Power Limited (FPL) - 26.5 MW bagasse base High Pressure power project** had achieved major milestones-Tariff approval, Letter of Support (LOS) and generation license in 2017. But project has been halted due to CPPA denial to sign Implementation Agreement (IA) and Power Purchase Agreement (PPA). The Company has principally decided to shelve the project as now project not financially viable due to significant increase in cost of project. The company has already approached to AEDB through its legal counsel to release performance bank guarantee given by the company on behalf of FPL.

**UniEnergy Limited (UEL) – a joint venture 50MW wind power project** has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The Company is in the start-up phase and has not yet commenced its operations, the principal activity of UEL will be to build, operate and maintain wind power generating project of 50 Mega Watts for the generation and supply of electric power in relation thereof. The JV partners have made initial equity investment in the Company to meet the ongoing financial requirements for the project. In this regard, Unicol has made an equity investment of Rs. 15 million following the approval of the shareholders. The Company obtained Letter of Intent from Alternative Energy Development Board on October 16, 2015



# DIRECTORS' REPORT

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For the year ended September 30, 2022

## **Uni-Food Industries (UFIL)**

Since December 2016, the Company has been holding an investment in the ordinary shares of M/s. UniFood Industries Limited (here-in-after referred to as 'UFIL'). The principal activities of UFIL is to produce bakery and other confectionary products. Since its commencement of commercial production, UFIL has not been successful in running its confectionary business and has consistently reported significant operational losses. Accordingly, in their meeting held on June 06, 2022, the Board of Directors of the Company put forward a recommendation for the disposal of the investment which was, subsequently, approved by the members of the Company in their Extra Ordinary General Meeting (EOGM) held on June 29, 2022.

In this relation, in July 2022, the Company (along with other members of UFIL) entered into a 'Share Purchase Agreement' with M/s. Sunridge Foods (Private) Limited (here-in-after referred to as 'the investor') whereby the investor agreed to acquire the entire shareholding in UFIL for a total consideration of Rs. 592.114 million (or Rs. 3.184 per ordinary share). Since the Company holds 34.67% shareholding in UFIL, its share of the said sale consideration amounts to Rs. 205.263 million.

## **Financial Reporting Frame Work:**

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

- ❖ The financial statements prepared by the management present fairly its state of affairs, the result of its operation, cash flows and changes in equity.
- ❖ The company has maintained proper books of accounts as required by the law.
- ❖ Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- ❖ The accounting policies and disclosures are in accordance with the International Financial Reporting Standards (IFRS) as applicable in Pakistan, unless otherwise disclosed.
- ❖ The system of internal control is sound in design and effectively implemented and being monitored.
- ❖ There is no significant doubt as to the ability of the Company to continue as a going concern.
- ❖ There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- ❖ The summary of key operating and financial data and graphic presentation of the important statistics for last six year annexed.
- ❖ Information against outstanding duties, levies and charges is given in the notes to the Accounts
- ❖ The Company operates funded Provident fund scheme. The fair value of assets based on latest un-audited accounts of the fund amounted to Rs. 81.43 million.

## Board of Directors

During the year under review, the board of Directors were elected for tenure of three years at the Extraordinary General Meeting of the Company held on **March 31, 2022**. The Board unanimously re-elected Mr Muhammad Omar Bawany as the '**Chairman**' of the board and Mr Ahmed Ali Bawany as the '**Chief Executive officer**' of the Company for a period of three years. The board also reconstituted the Human Resource & Remuneration Committee and Audit Committee.

During the year six 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>6</b>	<b>4</b>	<b>1</b>
Mr. Muhammad Omar Bawany	5	4	N/A
Mr. Ahmed Ali Bawany	6	N/A	1
Mr. Bilal Omar Bawany	5	N/A	N/A
Mr. Hamza Omar Bawany	5	1	1
Mr. Mohammad Altamash Ahmed Bawany	2	N/A	N/A
Mr. Irfan Zakaria Bawany	5	3	1
Mr. Sheikh Asim Rafique	4	N/A	N/A
Mr. Ahmed Ghulam Hussain	4	3	N/A
Mr. Khurram Altaf	4	N/A	N/A
Ms. Tasneem Yousuf	4	2	N/A

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

## Corporate Social Responsibility (CSR)

The Company has been actively participating in welfare activities at large and mainly for surrounding communities. Company's areas of social investments are:

- Education
- Health
- Community physical activities etc.

We expend every year on these activities .Further detail of our CSR initiatives is highlighted in Annual Report 2022.

## 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.

# DIRECTORS' REPORT

For the year ended September 30, 2022

## Pattern of Share Holding

The Company is listed on Pakistan Stock Exchange. There were 1984 shareholders of the Company as on September 30, 2022. The detail pattern of shareholding and categories of shareholding of the Company as on September 30, 2022 are annexed to this Annual Report.

During the year trading in shares of the company was made by:

S. No.	Traded by	Number of Shares	Nature
1	Directors and their spouse & minor children	1,091,066	Purchase
2	CFO and company secretary	2,000	Purchase

## 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.1,177.88 million (2020-21 Rs. 706.38 million ) on account of Sales tax / Federal excise duty, Income Tax and other statutory levies which are 52 % ( 2020-21: 66% ) 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, 2022 to the date of this report.

## Next Season and Future Outlook

For ongoing season 2022-23, the Sindh government fixed minimum support price for sugarcane at Rs302 per maund – Rs52 jump from the previous season. The Sugar Mills of the country are running in full sweep and have so far crushed a significant quantum of cane. The Province of Sindh is expected 10-15% lower availability of cane due to flood, however in Punjab, as per Cane Commissioner of Punjab, the sugarcane crop was 6.5% higher than the last year due to an increase in acreage.

We started our mills on 28<sup>th</sup> November 2022 and, by the grace of Allah, our mills performance is quite satisfactory and produced 28,335 metric tons refined sugar by crushing 307,026 metric tons cane with average recovery 9.913%. But average recovery rate is down due to flood effected cane crops. Sindh province was hit hardest by the heavy torrential rainfall and flash floods in the month of July and August 2022.

As we look ahead to the next season, the sugar industry in Pakistan is facing significant challenges due to poor decision-making by the government. In the 2021-2022 crushing season, the industry produced 1.5 million tons of surplus sugar, which could have been exported for much-needed foreign exchange. However, the government denied permission for the export, leading to a missed opportunity for the country to earn around \$700 million in

these crucial times of Pakistan. This indecisiveness has created a severe crisis for all stakeholders in the sugar sector, including the industry and growers. The industry is struggling to survive as it is forced to buy sugarcane at a fixed rate, while the ex-factory price of sugar remains lower than the production cost. If this situation continues, it is going to cause a loss to the industry. It is important for the government to consider the interests of all stakeholders in the sugar sector and make timely decisions that will benefit the industry and the country as a whole. In the ongoing season-2022-23, PSMA is working closely with the government to address these challenges and find solutions to ensure the sustainability and success of the sugar industry. We hope, the government will proactively act and will not repeat past horrible mistakes otherwise many mills will face tougher times in this coming season again. It is now do or die time for sugar sector and for all stakeholders including cane growers to convince the government otherwise people of Pakistan will literally face a shortage of sugar in future and will pay very high cost of imported sugar for a long time with loss of foreign exchange to the nation.

Without revenues from exports, local mills cannot pay farmers for new supplies, while large stockpiles will stop domestic prices from rallying in the world's eighth-largest sugar producer. On January 03, 2023, on the basis of a summary moved by the Ministry of National Food Security and Research for export of sugar during the year 2022-23, the ECC after detailed discussions on the recommendation of the SAB, allowed 250,000 tons of sugar for export inclusive of previous permitted 100,000 tons by the ECC on first come first basis. The ECC in the summary was presented the recommendations of 4th meeting of Sugar Advisory Board (SAB). The meeting also decided that the total quantity of export may be distributed among provinces based on their installed crushing capacity to be determined by PSMA.

#### **Acknowledgement**

I appreciate the hard work and the team spirit of FSML staff and workers to attain highest ever record cane crushing & refined sugar production and to efficiently react in difficult conditions. We wish to sincerely thank each one of them for their hard work and commitment. May Allah Almighty bestow His blessings on them and their families, **AMEEN!**

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 6, 2023

جیسا کہ ہم اگلے سیزن کا انتظار کر رہے ہیں، پاکستان میں چینی کی صنعت کو حکومت کی ناقص فیصلہ سازی کی وجہ سے اہم چیلنجز کا سامنا ہے۔ 2022-2021 کے کرشنگ سیزن میں، صنعت نے 1.5 ملین ٹن فاضل چینی پیدا کی، جسے انتہائی ضروری زرمبادلہ کے لیے برآمد کیا جاسکتا تھا۔ تاہم، حکومت نے برآمد کی اجازت دینے سے انکار کر دیا، جس کے نتیجے میں پاکستان کے ان اہم اوقات میں ملک کو تقریباً 700 ملین ڈالر کمائے کا موقع ہاتھ سے جانے لگا۔ اس غیر فیصلہ کن پن نے صنعت اور کاشتکاروں سمیت شوگر سیکٹر کے تمام اسٹیک ہولڈرز کے لیے شدید بحران پیدا کر دیا ہے۔ صنعت کو زندہ رہنے کی جدوجہد کا سامنا ہے کیونکہ وہ مقررہ نرخ پر گئے خریدنے پر مجبور ہے جبکہ چینی کی ایکس فیٹری قیمت پیداواری لاگت سے کم رہتی ہے۔ اگر یہ صورتحال جاری رہی تو اس سے انڈسٹری کو نقصان ہوگا۔ حکومت کے لیے ضروری ہے کہ وہ شوگر سیکٹر میں تمام اسٹیک ہولڈرز کے مفادات کو مد نظر رکھے اور بروقت فیصلے کرے جس سے صنعت اور مجموعی طور پر ملک کو فائدہ ہو، مقامی قیمتوں میں بھی مناسب سطح پر کمی ہو۔ جاری سیزن 2022-23 میں، PSMA ان چیلنجز سے نمٹنے اور شوگر انڈسٹری کی پائیداری اور کامیابی کو یقینی بنانے کے لیے حل تلاش کرنے کے لیے حکومت کے ساتھ مل کر کام کر رہی ہے۔ ہم امید کرتے ہیں کہ حکومت مستعدی سے کام کرے گی اور ماضی کی ہولناک غلطیوں کو نہیں دہرائے گی بصورت دیگر بہت سی ملوں کو اس آنے والے سیزن میں دوبارہ مشکل وقت کا سامنا کرنا پڑے گا۔ شوگر سیکٹر اور گنے کے کاشتکاروں سمیت تمام اسٹیک ہولڈرز کے لیے اب کرویا مر و کا وقت آگیا ہے کہ وہ حکومت کو قائل کریں ورنہ پاکستان کے عوام کو مستقبل میں چینی کی قلت کا سامنا کرنا پڑے گا اور طویل عرصے تک درآمدی چینی کی بہت زیادہ قیمت ادا کرنا پڑے گی۔ قوم کو زرمبادلہ

برآمدات سے محصولات کے بغیر، مقامی کمپنیوں کو نئی سپلائی کے لیے ادائیگی نہیں کر سکتیں، جبکہ بڑے ذخیرے دنیا کے آٹھویں بڑے چینی پیدا کرنے والے ملک میں مقامی قیمتوں کو بڑھنے سے روک دیں گے۔ 3 جنوری 2023 کو، وزارت نیشنل فوڈ سکیورٹی اینڈ ریسرچ کی جانب سے سال 2022-23 کے دوران چینی کی برآمد کے لیے پیش کردہ سمری کی بنیاد پر، ای سی سی نے SAB کی سفارشات پر تفصیلی بات چیت کے بعد، 250,000 ٹن چینی کی اجازت دی۔ پہلے آئیے پہلے کی بنیاد پر ای سی سی کی طرف سے سابقہ اجازت یافتہ 100,000 ٹن سمیت برآمد کے لیے۔ ای سی سی کو سمری میں شوگر ایڈوائزرز بورڈ (SAB) کے چوتھے اجلاس کی سفارشات پیش کی گئیں۔ اجلاس میں یہ بھی فیصلہ کیا گیا کہ برآمد کی کل مقدار صوبوں میں ان کی نصب کرشنگ کی صلاحیت کی بنیاد پر تقسیم کی جائے گی جس کا تعین PSMA کرے گا۔

اعتراف

میں FSML کے عملے اور کارکنوں کی سخت محنت اور ٹیم کے جذبے کی تعریف کرتا ہوں کہ وہ گنے کی کرشنگ اور بہتر چینی کی اب تک کی بلند ترین پیداوار حاصل کرنے اور مشکل حالات میں مؤثر طریقے سے رد عمل کا اظہار کرتے ہیں۔ ہم ان میں سے ہر ایک کو ان کی محنت اور عزم کے لیے تہ دل سے شکریہ ادا کرنا چاہتے ہیں۔ اللہ تعالیٰ ان پر اور ان کے اہل خانہ پر اپنی رحمتیں نازل فرمائے، آمین۔

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 بادانی  
چیف ایگزیکٹو

کراچی: 6 جنوری 2023

کمپنی پاکستان اسٹاک ایکسچینج میں درج ہے۔ 30 ستمبر 2022 تک کمپنی کے 1984 شیئرز ہولڈرز تھے۔ 30 ستمبر 2022 تک کمپنی کے شیئرز ہولڈنگ کا تفصیلی نمونہ اور زمرہ جات اس سالانہ رپورٹ کے ساتھ منسلک ہیں۔

سال کے دوران کمپنی کے حصص کی تجارت کی گئی تھی:

سہریل نمبر	کی طرف سے تجارت	حصص کی تعداد	فطرت
1	ڈائریکٹرز اور ان کی شریک حیات اور نابالغ بچے	1,091,066	خریداری
2	سی ایف او اور کمپنی سیکرٹری	2,000	خریداری

#### قانونی آڈیٹرز:

موجودہ آڈیٹرز حمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس نے اگلے سال کے لیے دوبارہ آڈیٹرز کے طور پر تعینات ہونے پر رضامندی کا اظہار کیا 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 1,177.88 ملین روپے (2020-21 میں 706.38 ملین روپے کا حصہ ڈالا ہے جو کہ 66% (2020-21: 52% ہے۔

#### ڈیویڈنڈ

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

#### تینس شیٹ کی تاریخ کے بعد کے واقعات۔

یہاں 30 ستمبر 2022 سے اس رپورٹ کی تاریخ تک کوئی مادی تبدیلی نہیں ہوئی ہے۔

#### اگلا سیزن اور مستقبل کا آؤٹ لک

رواں سیزن 2022-23 کے لیے، سندھ حکومت نے گئے کی کم از کم امدادی قیمت 302 روپے فی من مقرر کی ہے۔ جو پچھلے سیزن سے 52 روپے زیادہ ہے۔ ملک کی شوگر ملیں بھرپور طریقے سے چل رہی ہیں اور اب تک گئے کی ایک بڑی مقدار کو کچل چکی ہے۔ سیلاب کی وجہ سے صوبہ سندھ میں گئے کی دستیابی میں 10-15 فیصد کمی متوقع ہے، تاہم پنجاب کے کمین کسٹمر کے مطابق گئے کی فصل گزشتہ سال کے مقابلے میں 6.5 فیصد زیادہ رہی جس کی وجہ رقبہ میں اضافہ ہے۔

ہم نے ہمارے طر 28 نومبر 2022 کو شروع کیے اور، خدا کی مہربانی سے، ہمارے طر کی کارکردگی اچھی رہی ہے اور 307,026 میٹرک ٹن کی کرشنگ سے 28,335 میٹرک ٹن سبز چینی پیدا کی ہے، جو اوسط ریکوری 9.913% ہے۔



ڈائریکٹر کے نام	HR&R مینیکٹر کی تعداد	آڈٹ کمیٹی کے اجلاسوں کی تعداد	BOD اجلاسوں کی تعداد
شرکت کی	شرکت کی	شرکت کی	شرکت کی
کل نمبر سال کے دوران ہونے والی ملاقاتوں کی	1	4	6
جناب محمد عربادانی	N / A	4	5
جناب احمد علی بادانی	1	N / A	6
جناب بلال عربادانی	N / A	N / A	5
جناب حمزہ عربادانی	1	1	5
جناب محمد التمش احمد بادانی	N / A	N / A	2
جناب عرفان زکریا بادانی	1	3	5
جناب شیخ عاصم رفیق	N / A	N / A	2
جناب احمد غلام حسنین	N / A	3	4
جناب خرم الطاف	N / A	N / A	4
تسليم يوسف صاحب	N / A	3	4

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

#### کارپوریٹ سماجی ذمہ داری (CSR)

کمپنی بڑے پیمانے پر اور بنیادی طور پر آس پاس کی کمیونٹی کے لیے فلاحی سرگرمیوں میں بڑھ چڑھ کر حصہ لے رہی ہے۔ سماجی سرمایہ کاری کے کمپنی کے شعبے ہیں:

- تعلیم
- صحت
- اجتماعی جسمانی سرگرمیاں وغیرہ۔

ہم ہر سال ان سرگرمیوں پر خرچ کرتے ہیں۔ ہمارے CSR اقدامات کی مزید تفصیل سالانہ رپورٹ 2022 میں نمایاں کی گئی 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۔

شیر ہو لڈنگ کا بیٹریں

نظر ثانی شدہ کوڈ آف کارپوریٹ گورننس 2019 کے تھمسون کی تعبیل میں، آپ کے ڈائریکٹرز کی رپورٹ کہ :

- ❖ انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حالت، اس کے کام کا نتیجہ، نقدی کے بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔
- ❖ کمپنی نے اکاؤنٹس کی مناسب کمائیں رکھی ہیں جیسا کہ قانون کی ضرورت ہے۔
- ❖ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- ❖ اکاؤنٹنگ پالیسیاں اور انکشافات پاکستان میں لاگو ہونے والے بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کے مطابق ہیں، جب تک کہ دوسری صورت میں انکشاف نہ کیا جائے۔
- ❖ اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا جا رہا ہے اور اس کی نگرانی کی جا رہی ہے۔
- ❖ اس میں کوئی خاص شہ نہیں ہے کہ کمپنی کی ایک جاری تشریح کے طور پر جاری رکھنے کی صلاحیت ہے۔
- ❖ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔
- ❖ کلیدی آپریشننگ اور مالیاتی ڈیٹا کا خلاصہ اور گزشتہ چھ سال کے اہم اعداد و شمار کی گراٹھ پر پیشکش منسلک ہے۔
- ❖ بتایا دینی، لیور اور چارجز کی معلومات اکاؤنٹس کو نوٹس میں دی گئی ہیں۔
- ❖ کمپنی فنڈز پر ویڈنٹ فنڈز اسکیم چلاتی ہے۔ فنڈز کے تازہ ترین غیر آڈٹ شدہ کھاتوں کی بنیاد پر اثاثوں کی منصفانہ قیمت روپے تھی۔ دس لاکھ۔

#### بورڈ آف ڈائریکٹرز

31 مارچ کو منعقدہ کمپنی کی غیر معمولی جنرل میٹنگ میں بورڈ آف ڈائریکٹرز کو تین سال کی مدت کے لیے منتخب کیا گیا۔ مارچ 2022 بورڈ نے متفقہ طور پر مسٹر محمد عمر بادانی کو بورڈ کا 'چیئر مین' اور مسٹر احمد علی بادانی کو تین سال کی مدت کے لیے کمپنی کا 'چیف ایگزیکٹو آفیسر' کے طور پر دوبارہ منتخب کیا۔ بورڈ نے ہیومن ریسورس اینڈ ریورنیشن کمیٹی اور آڈٹ کمیٹی کی تشکیل بھی کی۔

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

سال کے دوران اینتھنول سٹینٹ کی سٹیز یونیو 8.70 بلین (8.19:2021) ملین روپے) روپے ریکارڈ کی گئی جو پچھلے سال کے مقابلے میں 6% زیادہ ہے۔ سال کے دوران فروخت ہونے والی اینتھنول کی مقدار سٹینٹ کی سٹیز یونیو روپے ریکارڈ کی CO2 پچھلے سال کے مقابلے میں کم تھی، تاہم، پچھلے سال کے مقابلے میں ڈالر کی شرح مبادلہ میں نمایاں اضافے کی وجہ سے جس کے نتیجے میں سال کی آمدنی میں اضافہ ہوا۔ گئی۔ 213.96 بلین (191.38:2021) ملین روپے) جو پچھلے سال کے مقابلے میں 12% زیادہ ہے۔ سال کے لیے مجموعی منافع کارجن 28% (2021:14) % ریکارڈ کیا گیا جو پچھلے سال کے مقابلے میں 14% زیادہ ہے۔ جی پی مارجن میں اضافے کی بنیادی وجہ بہتر مارجن اور خام مال کی بروقت خریداری اور سال کے دوران ایکسیجنگ فائدہ ہے۔

1,319.80 ملین روپے کا بعد از ٹیکس منافع پوسٹ کرنے میں کامیاب رہی۔ کے مقابلے اپنے تمام اخراجات۔ 502.55 ملین پچھلے سال روپے

مالیاتی سال 2023 کا نقطہ نظر معمول پرست بحالی ہے، تاہم، لاک ڈاؤن کی مدت سے پہلے دیکھی جانے والی سطح تک پہنچنے کے لیے اتنا مضبوط نہیں ہو گا۔ جیسے ہی معیشتیں بحال ہونا شروع ہوتی ہیں، اگلے چند مہینوں میں قیوں میں کمی کی توقع کی جاتی ہے۔ اینتھنول کی طلب مستحکم رہنے کی امید ہے لیکن قیمتیں تھوڑی نرم ہو سکتی ہیں۔

یونیکول لمیٹڈ کے بورڈ آف ڈائریکٹرز نے 13 دسمبر 2022 کو ہونے والی اپنی میٹنگ میں 30 ستمبر 2022 کو ختم ہونے والے سال کے لیے 25% (2.5) روپے فی شیئر) پر حتمی نقد ڈیویڈنڈ تجویز کیا ہے۔ یہ عبوری نقد رقم کے علاوہ ہے۔ بورڈ آف ڈائریکٹرز کے ذریعے منظور شدہ ڈیویڈنڈ سپلیٹ @ 55% (5.5) روپے فی شیئر) ادا کر چکے ہیں۔

فاران پاور لمیٹڈ (ایف پی ایل) 26.5 - (میگا واٹ پیگاس میں ہائی پریشر پاور پروڈیکٹ نے اہم سنگ میل حاصل کی تھی۔ - ٹریف کی منظوری، لیٹر آف سپورٹ) ایل او ایس (اور 2017 میں جزیشن لائسنس۔ لیکن سی پی پی اے کی جانب سے عمل درآمد کے معاہدے (IA) پر دستخط کرنے سے انکار کی وجہ سے پروڈیکٹ روک دیا گیا ہے۔) اور پاور پراجیکٹ ریسٹ (PPA)۔ کمپنی نے بنیادی طور پر اس پروڈیکٹ کو شلیف کرنے کا فیصلہ کیا ہے کیونکہ اب پروڈیکٹ کی لاگت میں نمایاں اضافے کی وجہ سے یہ پروڈیکٹ مالی طور پر قابل عمل نہیں ہے۔ کمپنی FPL کی جانب سے کمپنی کی طرف سے دی گئی کارکردگی کی بینک گارنٹی جاری کرنے کے لیے اپنے قانونی مشیر کے ذریعے پہلے ہی AEDB سے رابطہ کر چکی ہے۔

- UniEnergy Limited (UEL) جو انکھ وینچر 50MW ونڈ پاور پروڈیکٹ کو لیٹر آف انٹینٹ دیا گیا ہے اور جھیمیر، ضلع ٹھٹھہ میں پروڈیکٹ کے قیام کے لیے رسمی طور پر زمین الاٹ کی گئی ہے۔ کمپنی ابتدائی مرحلے میں ہے اور اس نے ابھی تک اپنا کام شروع نہیں کیا ہے، UEL کی اصل سرگرمی 50 میگا واٹ کے ہوائے بجلی پیدا کرنے والے پروڈیکٹ کی تعمیر، اسے چلانے اور برقرار رکھنا ہو گی تاکہ اس کے سلسلے میں بجلی کی پیداوار اور سپلائی ہو۔ سب سے وکی شراکت داروں نے اس منصوبے کے لیے جاری مالی ضروریات کو پورا کرنے کے لیے کمپنی میں ابتدائی ایکویٹی سرمایہ کاری کی ہے۔ اس سلسلے میں یونیکول نے روپے کی ایکویٹی سرمایہ کاری کی ہے۔ شیئر ہولڈرز کی منظوری کے بعد 15 ملین۔ کمپنی نے 16 اکتوبر 2015 کو متبادل توثاتی کے ترقیاتی بورڈ سے لیٹر آف انٹینٹ حاصل کیا۔

## UNIFOOD INDUSTRIES LIMITED

دسمبر 2016 سے، کمپنی UniFood Industries Limited (یہاں بعد میں 'UFIL' کہا جاتا ہے) کے عام حصص میں سرمایہ کاری کر رہی ہے۔ UFIL کی بنیادی سرگرمیاں بیکری اور دیگر کسٹیکٹری مصنوعات تیار کرنا ہے۔ تجارتی پیداوار کے آغاز کے بعد سے، UFIL اپنے کسٹیکٹری کاروبار کو چلانے میں کامیاب نہیں ہوا ہے اور اس نے مسلسل اہم آپریشنل نقصانات کی اطلاع دی ہے۔ اس کے مطابق، 06 جون 2022 کو ہونے والی اپنی میٹنگ میں، کمپنی کے بورڈ آف ڈائریکٹرز نے سرمایہ کاری کے تصرف کے لیے ایک - فارش فیش کی جسے بعد ازاں کمپنی کے اراکین نے اپنی ایکٹیو آرڈینری جزل میٹنگ (EOGM) میں منظور کر لیا جو کہ 29 جون 2022 کو منعقد ہوا۔

اس سلسلے میں، جولائی 2022 میں، کمپنی (UFIL) کے دیگر اراکین کے ساتھ) نے سترنگ فوڈز (پرائیویٹ) لمیٹڈ (یہاں بعد میں 'اسرمایہ کار' کہا جاتا ہے) کے ساتھ 'شیئر پراجیکٹ ریسٹ' کیا۔ جس کے تحت سرمایہ کار نے UFIL میں حصص کی مکمل رقم حاصل کرنے پر رضامندی ظاہر کی۔ 592.114 ملین (3.184 روپے فی عام شیئر)۔ چونکہ کمپنی کے پاس UFIL میں 34.67% شیئر ہولڈنگ ہے، اس لیے مذکورہ فروخت پر غور کرنے کا حصہ Rs. 205.263 ملین۔

مالیاتی رپورٹنگ فریم ورک:

سال کے دوران، JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کریڈٹ ریٹنگ کا مظاہرہ کیا اور پچھلے سال کی تفویض کردہ درجہ بندی کو برقرار رکھا یعنی 'A- / A-2' (A minus / A – Two)۔ طویل مدتی درجہ بندی 'A-' 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۔ 'A-2' کی مختصر مدت کی درجہ بندی بروقت ادائیگی کے اچھے یقین کو ظاہر کرتی ہے۔ کمپنیل مارکیٹ تک اچھی رسائی کے ساتھ لیکویڈیٹی عوامل اور کمپنی کے بنیادی اصول درست ہیں، خطرے کے عوامل چھوٹے ہیں اور تفویض کردہ درجہ بندی پر آؤٹ لک 'منفی' ہے۔

سرمائے کا ڈھانچہ عام حصص کے سرمائے اور طویل / قلیل مدتی قرضوں پر مشتمل ہوتا ہے۔ کیش فلو نے ظاہر کیا کہ آپریٹنگ سرگرمیوں میں استعمال ہونے والی نقد رقم 444.7 ملین روپے تھی جو پچھلے سال کے 1.412 ملین روپے تھی۔ زیر جائزہ سال کے دوران، ہم نے مختلف اسلامی مصنوعات کے تحت 5.93 ملین روپے کا درکنگ کمپنیل فنانس حاصل کیا تاکہ ہماری درکنگ کمپنیل کی ضرورت کو پورا کیا جاسکے اور اس کے علاوہ 2000 روپے کا بقایا قرضہ کھولا جاسکے۔ 2.33 ملین روپے، جس میں سے 5.31 ملین روپے سال کے اختتام سے پہلے ادا کیے جاسکے تھے۔ کمپنی نے طویل مدتی فنانس / آئی ٹی ای آر ایف کے ذریعے اپنے طویل مدتی منصوبوں اور بڑی ادا ہائیک کا انتظام کیا، ڈی ایم / آئی ٹی ای آر ایف کے تحت کمپنیل نوعیت کے اخراجات کے لیے سال کے دوران 416 ملین روپے حاصل کیے۔

توسیع اور جدید کاری کے منصوبے:

سرمایہ کا ساتھ طویل / چھوٹے مدت ڈیٹس سے مشتمل ہے۔ آپریٹنگ سرگرمیوں میں استعمال ہونے والی 444.7 ملین روپے کی رقم استعمال ہوئی، جو پچھلے سال 1.412 ملین روپے رہے۔ سال میں، ہم نے مختلف اسلامی محصولات سے کار کردہ سرمایہ فنانس کے تحت 5.93 ملین روپے حاصل کیے ہیں، جو ہمارے کار کردہ سرمایہ کی ضرورت کے لئے ہے، اس کے علاوہ 2.33 ملین روپے کے واجب الادا ہیں، جن میں سے 5.31 ملین ادا کئے۔

توسیع اور جدید کاری کے منصوبے:

کمپنی نے اسلامی موقعی اقتصادی ریفرنس فیکیٹی (ITERF) کے تحت 700 ملین روپے کے طویل مدت فنانسنگ کا مکمل طور پر استعمال کیا ہے، سی بی ٹی کی میعاد کی فنانسنگ سکیم، اور زیادہ تر امور کی صرف کی کے پروجیکٹس پر مشتمل خرچ کیے ہیں، جن پر ہم نے جاری سیزن 2022-23 میں سے پہلے دن سے کام کیا ہے۔ ہم اس سیزن اور آئیے ہوئے سیزن سے یہ پروجیکٹس سے پورے فائدے کا استعمال کریں گے جو ہماری مالی نتائج کو بڑھادیں گے۔ صرف ایک "ریفرنس سیکٹر نیو گول" پلائی ہو جین کے مسئلے کی وجہ سے دیکھو رہی نہیں ہو سکی ہے۔

پونیکول لمیٹڈ - ڈسٹری بیوٹیشن:

سال میں، ڈسٹری بیوٹیشن نے تصفیوں کی پروڈکشن 54,639 میٹرک ٹن (54,888: 2021) میٹرک ٹن کی ریکارڈ کی ہے جو پچھلے سال سے 0.45% کم ہے سال میں ریکارڈ ہوئی پروڈکشن سیلڈ فی کلو میٹرا سپر 19.6% (2021: 19.3%) تھی۔ عملی دن 313 دن (2021: 335 دن) ریکارڈ ہوئے۔

سال کے لیے CO2 سنگٹ کی پیداوار اور فروخت کا حجم بالترتیب 10,914 MT (2021: 11,451 MT) اور 10,214 MT (2021: 10,360 MT) ریکارڈ کیا گیا جو کہ گزشتہ سال کے مقابلے میں 4.7% اور 1.4% کم تھا۔ سال کے لیے CO2 سنگٹ کے پلانٹ کے آپریشنل دن 269 دن (2021: 292 دن) رہے۔

قیسوں پر۔ اس کے باوجود، ہماری مل کا مجموعی منافع نسبتاً کم تھا کیونکہ ہماری مل کے جھڑائی کی محل وقوع اور علاقے میں شدید مسابقت کی وجہ سے گئے کی قیمتیں زیادہ تھیں، جس کی وجہ سے ٹی پی ٹی کی مد میں اضافی لاگت آئی۔ مزید مالیاتی لاگت نے ہمارے منافع کو ختم کر دیا

فینینس کی لاگت 259.78 ملین روپے سے 469.5 ملین روپے تک ایک طرف اٹھے، جو دو ڈیجیٹل فنانسنگ ریٹ تیار کرنے کی وجہ سے 80% بڑھا ہے۔ اس کے علاوہ سبسڈی ریسیوربل میں جمع شدہ فنڈ کی وجہ سے فروخت میں رکاوٹ رہی ہے

#### :آپریٹل کارکردگی

دو سال کے وقفے کے بعد ملک میں ایک بار پھر چینی کی بڑی پیداوار کی اطلاع ملی۔ سیزن 2021-22 کے لیے ملک میں چینی کی پیداوار 7.876 ملین میٹرک ٹن بتائی گئی، جو پچھلے سیزن 2020-21 میں پیدا ہونے والے 5.631 ملین میٹرک ٹن سے 40 فیصد زیادہ ہے۔ سندھ زون میں کام کرنے والی ملوں نے 15.524 ملین میٹرک ٹن کے مقابلے میں 22.277 ملین میٹرک ٹن گئے کی کرشنگ کی، جو کہ 43 فیصد زیادہ ہے اور 2.291 ملین میٹرک ٹن چینی پیدا کی گئی جس کی اوسط ریکوری 10.286 فیصد تھی جو کہ 1.556 ملین میٹرک ٹن کی پیداوار تھی۔ 10.02 فیصد کی اوسط وصولی کے ساتھ 47 فیصد اضافہ ہوا۔

سندھ حکومت نے کرشنگ سیزن 2021-22 کے لیے گئے کی کم از کم امدادی قیمت 250 روپے فی من مقرر کی ہے۔ جو پچھلے سیزن سے 48 روپے بڑھ گئی ہے۔ پنجاب حکومت سے 25 زیادہ ہے۔ پنجاب میں صوبائی حکومت نے گئے کی کم از کم امدادی قیمت 225 روپے فی من مقرر کی جس کی وجہ سے سندھ زون ملز کو چینی کی پیداوار کی لاگت میں 6/7 فی کلو روپے کا اضافہ ہوا۔

ملز میں سیزن 2021-22 کی تجزیاتی ذیل میں دی گئی ہے

سیزن 2021-22	سیزن 2020-21		
- 19 نومبر 2021 -	- 23 نومبر 2020 -	تاریخ	سیزن شروع ہوا۔
- 27 مارچ 2022 -	- 28 فروری 2021 -	تاریخ	سیزن کا اختتام
129	98	دن	آپریٹیشن کا دورانیہ
845,437	601,717	میٹرک ٹن	گئے کا پسا ہوا
92,862	63,691	میٹرک ٹن	شوگر کی پیداوار
10.984	10.585	%	بازیابی
250	202	فی 40 کلو گرام	کم از کم امدادی قیمت - سندھ زون

#### :لیکویڈیٹی منجمنٹ اور سرمائے کا ڈھانچہ

آپ کی کمپنی مالی سال 2004-05 سے اپنی تمام مالی ضروریات کا سہارا صرف نامور اسلامی بینکوں سے شریعہ کیپٹال انٹراڈکٹ پروٹیکس اور اسٹیک ہولڈرز کو حلال آمدنی فراہم کر رہی ہے۔ کمپنی کے پاس کافی حد تک منظور شدہ مالیاتی سہولیات کی حد تقریباً 4.9 ملین روپے ہے اور اسلامک فنانسنگ کی مختلف مصنوعات کے تحت تقریباً 1 ملین متوقع موسمی سہولیات اپنی روزمرہ کے کام کرنے والے سرمائے کی بڑی ضروریات کو پورا کرنے کے لیے، اور غیر استعمال شدہ روپے کی منظوری دی گئی ہے۔ 136.5 ملین طویل مدتی فنانسنگ - الحمد للہ، ہم رہا انٹرنسٹ فری کارپوریٹ ادارہ ہیں۔ سستی فروخت اور چھٹے ہونے برآمدی سبسڈی کی وجہ سے کاشتکاروں کو بروقت ادائیگی کے لیے سال کے دوران ہماری مالی اعانت حاصل کی گئی۔ اس کے باوجود، ہم نے تمام دستیاب مالیاتی ذرائع کے ذریعے اپنی فنانسنگ کی ضروریات کو مؤثر طریقے سے منظم کیا تاکہ تمام ذمہ داریوں کو بروقت ادا کرنا یقینی بنایا جاسکے۔ لیکن فنانس کی لاگت دوہرے ہندسے تک بڑھنے کی وجہ سے ہماری مالیاتی لاگت اٹھائی پڑی۔

ڈائریکٹرز کی رپورٹ  
30 ستمبر 2022 کو ختم ہونے والی مدت کے لیے

پیارے شیئر ہولڈرز،

کے نام سے جو نہایت مہربان اور نہایت مہربان ہے، آپ کے ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کر رہے ہیں۔

مالیاتی کارکردگی:

زیر نظر سال معاشی اور سیاسی چیلنجوں سے بھرا ہوا تھا جس میں پاکستانی روپے کا کمزور ہونا، مہنگائی میں اضافہ اور مارک اپ کی شرح میں اضافہ شامل تھا، ان سب نے ملک کے صنعتی شعبے پر منفی اثرات مرتب کیے تھے۔ تاہم، کمپنی کے شعبے نے غیر معمولی طور پر اچھی کارکردگی کا مظاہرہ کیا اور دو سال کے وقفے کے بعد بھرپور پیداوار کی اطلاع دی۔ لیکن، حکومت نے انتہائی غیر متوقع فیصلہ کیا اور اضافی کمپنی کی برآمد کی اجازت دینے سے انکار کر دیا، جس کے نتیجے میں پاکستان کے اہم وقت میں ملک کے لیے قیمتی زر مبادلہ کمانے کے مواقع ضائع ہو گئے اور صنعت کے لیے مالیاتی چیلنجز بڑھ گئے کیونکہ پورے مالی سال 2021-22 کے دوران مقامی سطح پر قیمتوں میں کمی رہی

مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2022 روپے '000	2021 روپے '000	
7,697,085	5,582,067	مجموعی فروخت
(180,689)	(409,359)	قبل از ٹیکس منافع/(تقصان)
357,304	18,947	ایسوسی ایٹس کے منافع میں حصہ - نیٹ
176,616	(390,412)	
132,226	92,730	منفی: ٹیلیفیشن
17,008	(112,483)	کرنٹ
149,224	(19,753)	ڈیپریٹڈ
27,383	(370,659)	بعد از ٹیکس منافع/(تقصان)
1.09	(14.82)	آمدنی/(تقصان) فی شیئر

گروس فروخت سے بڑھے ہیں، جو اعلیٰ فروخت کی حجم اور پچھلے سال کے فروخت کے قیمت کی بہتری کی وجہ سے ہے۔ پروفٹ 436 ملین روپے سے زیادہ بڑھی ہے، جو جاری موسم میں ہمارے پچھلے فروخت کے وعدے پر مثبت مارکیٹیز اور پچھلے سال کے بڑے قیمت کے کمی کی اور سٹاک کی وجہ سے ہیں۔ ہم نے سیزن کے دوران مختلف سٹریٹجی استعمال کی۔ یہاں تک کہ سٹاک کیسٹ میں بھی اپنے ہم منصبوں سے زیادہ



# 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, 2022 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, 2022.

Further, we highlight below the Company's explanation for non-compliance with non-mandatory requirements of the Code as stated in paragraph 19 of the Statement of Compliance:

S. No.	Nature of Requirement	Paragraph No.	Description of the Non-Compliance
1	Non-mandatory	19	Considering the volume and nature of transactions and corporate structure of the Company, positions of CFO and Company Secretary have not been segregated. However, the Company may segregate the duties of two offices should the need arise.



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ  
Chartered Accountants

Karachi

Date: January 06, 2023

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

M/s. **Faran Sugar Mills Limited** ('the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019, ('the Regulations') in the following manner:

1. The total number of directors are 9 as per the following:
  - a) Male 8
  - b) Female 1

2. The Composition of the Board is as follows:

Category	N a m e
<b>Independent Directors</b>	Mr. Irfan Zakaria Bawany Mr. Ahmed Ghulam Hussain Ms. Tasneem Yusuf
<b>Non-Executive Directors</b>	Mr. Omar Amin Bawany Mr. Hamza Omar Bawany Mr. Muhammad Altamash Ahmed Bawany Mr. Khurram Aftab
<b>Executive Directors</b>	Mr. Ahmed Ali Bawany Mr. Bilal Omar Bawany

3. The Directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including this company;
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. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 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 the Companies Act, 2017 and Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations;

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

9. Up to the date of reporting period (i.e. September 30, 2022), following Directors have attained Directors training program:

- |                            |                         |
|----------------------------|-------------------------|
| • Mr. Irfan Zakaria        | • Mr. Ahmed Ali Bawany  |
| • Ms. Tasneem Yusuf        | • Mr. Bilal Omar Bawany |
| • Mr. Khurram Aftab        | • Mr. Hamza Omar Bawany |
| • Mr. Ahmed Ghulam Hussain |                         |

One Director Mr. Muhammed Omar Amin Bawany, meets the criteria of exemption from Directors Training Program. The remaining director, Mr. Muhammad Altamash, will obtain certification under the Director's Training Program in due course of time as encouraged under the Regulations.

10. The Board has approved appointment of Chief Financial Officer, 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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below;

#### Audit Committee

Mr. Ahmed Ghulam Hussain	<i>Chairman</i>
Mr. Mohammed Omar Amin Bawany	<i>Member</i>
Mr. Irfan Zakaria Bawany	<i>Member</i>

#### HR and Remuneration Committee

Mr. Ahmed Ghulam Hussain	<i>Chairman</i>
Mr. Mohammed Omar Amin Bawany	<i>Member</i>
Mr. Ahmed Ali Bawany	<i>Member</i>

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per following:
- |                                   |           |
|-----------------------------------|-----------|
| i. Audit Committee                | Quarterly |
| ii. HR and Remuneration Committee | Annual    |
15. The Board has set-up an effective internal audit function which is 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 (ICAP) 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 ICAP and that they and their partners of the firm involved in the audit are not close relative ( spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or a 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 Companies Act 2017, 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 other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. We confirm that there has been no non-compliance with the requirements of the Regulations, other than those covered under Regulations 3, 6, 7, 8, 27, 32, 33 and 36, except for the matter stated below;
- 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.

On behalf of the Board



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**MUHAMMAD OMAR AMIN BAWANY**  
Chairman of the Board of Directors

# INDEPENDENT AUDITORS' REPORT

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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, 2022, 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, 2022 and of the profit, total comprehensive income, 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.

### Emphasis of Matter

We refer to note 11 to the financial statements which fully discloses the matter that the members of the Company, in their Extra Ordinary General Meeting held on June 29, 2022 have approved the disposal of the Company's investment in its associate, M/s. UniFood Industries Limited. Since the said investment meets the criteria for classification as 'held for sale' as specified in the applicable financial reporting standard, it has been duly classified as such in the Company's statement of financial position as at September 30, 2022. Our opinion is not modified in respect of this matter.

## Key Audit Matters (KAMs)

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:

Expenditures incurred on capital projects and long term borrowings received under the SBP's Islamic Temporary Economic Refinance Facility (ITERF)	
Why the matter was selected as a KAM	How the matter was addressed in our audit
<p>As disclosed in note 4.2 to the financial statements, the Company has made substantial investment in various capital projects. The aggregate cost incurred during the year on such projects was Rs. 717.689 million which was partly financed through long-term facilities obtained from commercial banks under the SBP's Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs. 317.636 million (refer note 16.1 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 capital projects and the corresponding loan proceeds received from commercial banks;</li> <li>▪ Recalculating the amount of expenditures incurred on the capital projects 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 lending 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 16.1 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 understand ability of the narrative disclosures made in note 16.1 to the financial statements in relation to the long term borrowings received from banks under ITERF facility.</li> </ul>



# INDEPENDENT AUDITORS' REPORT

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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 reports 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.

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

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;
- 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; and
- 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.

# INDEPENDENT AUDITORS' REPORT

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- a. 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;
- b. investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- c. 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 06, 2023

UDIN: CR2022102136xfnEHTP8

# FINANCIAL STATEMENTS

# STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

ASSETS	Note	2022 ----- Rupees -----	2021
<b>Non-current assets</b>			
Property, plant and equipment	4	2,789,634,053	2,184,228,749
Long term investments	5	1,171,593,738	1,086,731,311
Long term advances		23,658,340	-
Long term deposits	6	12,657,942	12,300,394
		<b>3,997,544,073</b>	<b>3,283,260,454</b>
<b>Current assets</b>			
Stores and spares	7	118,971,987	89,044,811
Stock in trade	8	2,008,432,120	1,046,274,285
Trade debts	9	228,669,662	143,904,042
Short term investments	10	1,159,425	1,370,259
Investment in associate classified as held for sale	11	11,535,839	-
Loans, advances, deposits and other receivables	12	665,352,325	889,303,499
Taxation – net	13	113,085,679	107,298,074
Cash and bank balances	14	132,674,392	138,827,049
		<b>3,279,881,429</b>	<b>2,416,022,019</b>
<b>Total Assets</b>		<b>7,277,425,502</b>	<b>5,699,282,473</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital	15	400,000,000	400,000,000
Issued, subscribed and paid up capital	15	250,069,550	250,069,550
<b>Capital reserve</b>			
Share premium		8,472,152	8,472,152
Surplus on re-measurement of investment		665,152	2,731,819
		<b>9,137,304</b>	<b>11,203,971</b>
<b>Revenue reserves</b>			
General reserve		-	49,952,868
Unappropriated profit		1,521,510,706	1,444,175,319
		<b>1,521,510,706</b>	<b>1,494,128,187</b>
		<b>1,780,717,560</b>	<b>1,755,401,708</b>
<b>Non-current liabilities</b>			
Long term borrowings from banking companies	16	800,819,109	807,663,292
Deferred liabilities	17	465,568,527	369,734,702
		<b>1,266,387,636</b>	<b>1,177,397,993</b>
<b>Current liabilities</b>			
Trade and other payables	18	714,949,852	248,636,367
Current maturity of long term liabilities	19	376,057,485	136,002,779
Short term borrowings from banking companies	20	2,955,413,470	2,330,000,000
Accrued mark up		173,224,722	41,019,729
Unclaimed dividend		10,674,777	10,823,897
		<b>4,230,320,306</b>	<b>2,766,482,772</b>
<b>Contingency and commitment</b>	21		
<b>Total equity and liabilities</b>		<b>7,277,425,502</b>	<b>5,699,282,473</b>

The annexed notes from 1 to 39 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, 2022

	Notes	2022 Rupees	2021 Rupees
Sales revenue - net	22	6,671,766,330	4,860,284,706
Cost of sales	23	(6,194,843,688)	(4,819,903,446)
<b>Gross profit</b>		<b>476,922,642</b>	<b>40,381,260</b>
Administrative expenses	24	(172,778,406)	(161,231,659)
Selling and distribution costs	25	(69,756,163)	(52,697,810)
Other income	26	55,210,942	24,628,777
Other expenses	27	(731,445)	(650,926)
		<b>288,867,570</b>	<b>(149,570,358)</b>
Finance costs	28	(469,556,345)	(259,788,296)
		<b>(180,688,775)</b>	<b>(409,358,654)</b>
Share of profit or loss of associates - net	29	357,304,934	18,946,774
<b>Profit / (Loss) before taxation</b>		<b>176,616,159</b>	<b>(390,411,880)</b>
Taxation	30	(149,233,640)	19,752,706
<b>Profit / (Loss) after taxation</b>		<b>27,382,519</b>	<b>(370,659,174)</b>
<b>Earnings / (Loss) per share - basic and diluted</b>	31	<b>1.09</b>	<b>(14.82)</b>

The annexed notes from 1 to 39 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, 2022

	2022	2021
	----- Rupees -----	
<b>Profit / (Loss) after taxation</b>	<b>27,382,519</b>	(370,659,174)
Other comprehensive Income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Unrealized (loss) / profit on re-measurement of investment in certificates of B.F. Modaraba	(2,066,667)	1,596,970
<b>Total comprehensive Income / (loss) for the year</b>	<b>25,315,852</b>	(369,062,204)

The annexed notes from 1 to 39 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, 2022

The annexed notes from 1 to 39 forms an integral part of these financial statements.

  
Muhammad Ayub  
Chief Financial Officer

# STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

	Notes	2022 Rupees	2021 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	32	(1,233,526)	(1,008,220,827)
Taxes paid		(138,013,576)	(164,069,762)
Market Committee fee paid		-	(4,194,441)
Payment to Workers' Profit Participation Fund		-	(1,249,937)
Finance cost paid		(305,455,889)	(234,488,234)
<b>Net cash used in operating activities</b>		<b>(444,702,991)</b>	<b>(1,412,223,201)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(746,512,227)	(404,850,814)
Investment in equity accounted investee		(66,160,000)	(136,931,320)
Proceeds from sale of property, plant and equipment		9,306,146	4,066,000
Dividend received		325,525,945	212,551,987
Interest received		4,794,411	3,154,692
Long term advances made		(23,658,340)	-
Long term deposits - net		(357,548)	(2,196,800)
<b>Net cash used in investing activities</b>		<b>(497,061,613)</b>	<b>(324,206,255)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(149,120)	(1,658)
Financing obtained under ITERF facility	16.1	317,635,672	377,860,620
Financing obtained for payment of wages and salaries	16.2	-	18,739,823
Diminishing Musharaka financing obtained	16.3	98,605,561	500,000,000
Repayments under Diminishing Musharaka financing	16.3	(52,611,119)	(79,956,633)
Repayment under financing for salaries and wages-principal portion		(53,282,517)	(37,681,405)
Short term borrowings - net		625,413,470	936,033,779
<b>Net cash generated from financing activities</b>		<b>935,611,947</b>	<b>1,714,994,526</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(6,152,657)</b>	<b>(21,434,931)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>138,827,049</b>	<b>160,261,980</b>
<b>Cash and cash equivalents at the end of the year</b>	14	<b>132,674,392</b>	<b>138,827,049</b>

The annexed notes from 1 to 39 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, 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 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 The geographical location and address of the Company's business units, including plant are as follows:

**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.

**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; and
- Provisions 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 provisions of, and directives issued under, the Companies Act, 2017 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 <b>control</b> over M/s. Faran Power Limited.
Investment in associates	Whether the Company has <b>significant influence</b> over M/s. Unicol Limited and M/s. Uni Energy Limited.
Timing of revenue recognition	<i>Local sales revenue:</i> Whether <b>control</b> of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises;  <i>Export sales revenue:</i> Whether <b>control</b> 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.
Investment in subsidiary	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.

(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, 2022.*

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to these financial statements, the same have not been disclosed.

#### 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:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. 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 IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Covenants amendment apply for the annual periods beginning on or after January 01, 2024 with early adoption permitted. These amendments in the standards have been added to specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. The management of the Company is currently in the process of assessing the impacts of these amendments to its 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 include:
  - (a) requiring companies to disclose their material accounting policies rather than their 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 a company'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 management of the Company is currently in the process of assessing the impacts of above amendments to its 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, companies 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:
  - (a) IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
  - (b) IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
  - (c) IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

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 an 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.

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

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 customer obtains control of the good sold as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### 3.6 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to its assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investees are no longer equity accounted.

### 3.7 Financial assets

#### 3.7.1 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.

**3.7.2 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.

**3.7.3 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.

#### 3.7.4 **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 de-recognition event.

#### 3.8 **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.

#### 3.9 **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.

#### 3.10 **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.

#### 3.11 **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.

### 3.12 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 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 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.

### 3.13 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.

#### 3.14 **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'.

#### 3.15 **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.

#### 3.16 **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.

### 3.17 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.

### 3.18 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.

### 3.19 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 and unused tax credits.

#### *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.

#### 3.20 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	2022	2021
			----- Rupees -----	
	Operating fixed assets	4.1	2,663,270,005	1,836,238,350
	Capital work-in-progress	4.2	126,364,048	347,990,399
			<u>2,789,634,053</u>	<u>2,184,228,749</u>

#### 4.1 Operating fixed assets

As at September 30, 2020	99,690,777	231,962,222	244,991,803	5,738,868	2,433,064,311	4,657,905	14,125,679	31,144,580	43,984,512	4,849,761	97,805,133	3,212,015,551
Cost	-	(141,588,598)	(80,717,038)	(5,290,097)	(1,050,465,943)	(4,476,335)	(5,313,790)	(16,890,922)	(19,375,045)	(3,392,720)	(68,613,384)	(1,396,123,872)
Accumulated depreciation	99,690,777	90,373,624	164,274,765	448,771	1,382,598,368	181,570	8,811,889	14,253,658	24,609,467	1,457,041	29,191,749	1,815,891,679
Net book value												
Movement during the year ended September 30, 2021												
Opening net book value	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	29,191,749	1,815,891,679
Additions during the year:												
- Transfer from CWIP	-	-	-	-	117,637,819	-	-	984,361	-	-	-	118,622,180
- Other additions	-	-	-	-	-	-	-	3,015,258	-	-	4,262,002	7,277,260
- Disposals:												
- Cost	-	-	-	-	-	-	-	-	-	-	-	-
- Accumulated depreciation	-	-	-	-	-	-	-	3,999,619	-	-	4,262,002	125,899,440
- Depreciation for the year	-	-	-	-	-	-	-	-	-	-	-	-
Closing net book value	99,690,777	81,669,550	148,453,116	405,549	1,430,921,214	164,083	7,963,197	15,644,288	22,239,277	1,368,859	26,718,440	1,836,238,350
As at September 30, 2021												
Cost	99,690,777	231,962,222	244,991,803	5,738,868	2,550,702,130	4,657,905	14,125,679	35,144,109	43,984,512	4,849,761	96,992,825	3,332,840,681
Accumulated depreciation	-	(150,292,672)	(96,538,687)	(5,333,319)	(1,119,780,916)	(4,493,822)	(6,162,482)	(18,499,911)	(21,745,235)	(3,480,502)	(70,374,385)	(1,496,602,331)
Net book value	99,690,777	81,669,550	148,453,116	405,549	1,430,921,214	164,083	7,963,197	15,644,288	22,239,277	1,368,859	26,718,440	1,836,238,350
Movement during the year ended September 30, 2022												
Opening net book value	99,690,777	81,669,550	148,453,116	405,549	1,430,921,214	164,083	7,963,197	15,644,288	22,239,277	1,368,859	26,718,440	1,836,238,350
Additions during the year:												
- Transfer from CWIP	-	-	-	-	939,315,595	-	-	-	-	-	-	939,315,595
- Other additions	-	-	-	-	-	-	73,000	249,583	-	-	28,500,400	28,822,983
- Disposals:												
- Cost	-	-	-	-	-	-	-	-	-	-	-	-
- Accumulated depreciation	-	-	-	-	-	-	-	249,583	-	-	28,500,400	968,138,578
- Depreciation for the year	-	(7,865,767)	(14,297,833)	(39,059)	(104,709,636)	(15,803)	(773,983)	(1,673,448)	(2,141,512)	(79,691)	(6,773,829)	(12,346,606)
Closing net book value	99,690,777	73,803,783	134,155,283	366,490	2,265,527,173	148,280	7,262,214	15,220,423	20,097,365	1,289,168	45,709,049	2,663,270,005
As at September 30, 2022												
Cost	99,690,777	231,962,222	244,991,803	5,738,868	3,490,017,725	4,657,905	14,198,679	35,393,782	43,984,512	4,849,761	113,146,619	4,288,632,653
Accumulated depreciation	-	(158,158,439)	(110,836,520)	(5,372,378)	(1,224,490,552)	(4,509,625)	(6,936,465)	(20,173,359)	(23,887,147)	(3,560,593)	(67,437,570)	(1,625,362,648)
Net book value	99,690,777	73,803,783	134,155,283	366,490	2,265,527,173	148,280	7,262,214	15,220,423	20,097,365	1,289,168	45,709,049	2,663,270,005
Annual rate of depreciation	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.

			2022	2021
			Rupees	
4.1.2	Depreciation charge for the year has been allocated as follows:	Note		
	Cost of goods manufactured	23.1	112,591,207	78,036,534
	Administration expenses	24	25,779,754	26,359,032
			<b>138,370,961</b>	<b>104,395,566</b>
4.2	<b>Capital work-in-progress</b>			
	Opening balance		347,990,399	69,039,025
	Additions during the year		717,689,244	397,573,554
	Transfers to operating fixed assets		(939,315,595)	(118,622,180)
	Closing balance		<b>126,364,048</b>	<b>347,990,399</b>
5.	<b>LONG TERM INVESTMENTS</b>			
	Investment in subsidiary	5.1	99,970	99,970
	Investment in associates	5.2	1,167,078,616	1,080,149,522
	Investment in certificates of B.F. Modaraba	5.3	4,415,152	6,481,819
			<b>1,171,593,738</b>	<b>1,086,731,311</b>

5.1. Investment in subsidiary - at cost

2022	2021		2022	2021
— Number of shares —			Rupees	
<b>9,970</b>	9,970	Ordinary shares of Rs. 10/- each	<b>99,970</b>	99,970

5.1.1 The Company has a subsidiary, 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 registered office of FPL is situated at 43/1/E(B), P.E.C.H.S Block 6, Karachi.

5.1.2 The principal activity of FPL is to generate power and supply it to Hyderabad Electric Supply Corporation (HESCO) via Central Power Purchasing Authority (CPPA). However, FPL has not yet commenced its business operations. Though FPL had already achieved major milestones i.e. obtaining tariff approval, Letter of Support (LOS) and generation license in 2017, the project has been halted due to CPPA's denial to sign the Implementation Agreement (IA) and the Purchase Power Agreement (PPA). The Company has principally decided to shelf the project as it no longer appears to be financially viable due to significant increase in cost.

5.1.3 In accordance with the provision 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 subsidiary). However, keeping in view the fact that the Company has principally decided to discontinue the project and, in this respect, has already approached, through its legal counsel, M/s. Alternate Energy Development Board (AEDB) to release the performance guarantee given by the Company, on behalf of the subsidiary, on December 14, 2022, the Company applied to the Securities and Exchange Commission of Pakistan (SECP) for seeking exemption from the requirement to prepare the consolidated financial statements. The Management expects that the said exemption will be granted in due course of time.

5.2	Investment in associates	Note	2022	2021
			Rupees	
	<i>Unquoted investments</i>			
	Unicol Limited	5.2.1	1,146,524,153	1,031,591,820
	Uni Energy Limited	5.2.2	20,554,463	20,228,698
	UniFood Industries Limited	5.2.3 & 11	-	28,329,004
			<b>1,167,078,616</b>	<b>1,080,149,522</b>

#### 5.2.1 Investment in Unicol Limited

As at September 30, 2022, the Company held 49,999,998 (2021: 49,999,998) ordinary shares of M/s. Unicol Limited (UL) which gives the Company 33.33% (2021: 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	2022	2021
	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
	<b>499,999,980</b>	<b>499,999,980</b>
<i>Accumulated share of profit:</i>		
Opening balance	531,591,840	576,576,160
Cash dividend received during the year	(325,000,000)	(212,499,987)
Share of profit for the year	439,932,333	167,515,667
	<b>646,524,173</b>	<b>531,591,840</b>
<b>Carrying amount as of the reporting date</b>	<b>1,146,524,153</b>	<b>1,031,591,820</b>

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

Based on its audited financial statements for the year ended September 30, 2022, the summarized financial information of M/s. Unicol Limited is as under:

	2022	2021
	Rupees	
Current assets	4,719,315,000	2,777,232,000
Non-current assets	2,323,968,000	2,484,416,000
Current liabilities	3,592,280,000	2,095,359,000
Non-current liabilities	11,431,000	71,514,000
Revenue	8,916,824,000	8,382,169,000
Profit after tax for the year	1,319,797,000	502,547,000
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<b>1,319,797,000</b>	<b>502,547,000</b>

#### 5.2.2 Investment in Uni Energy Limited

As at September 30, 2022, the Company held 1,999,998 (2021: 1,999,998) ordinary shares of M/s. Uni Energy Limited (UEL) which gives the Company 20% (2021: 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**

	2022	2021
	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	228,717	148,018
Share of profit for the year	325,766	80,700
	554,483	228,718
Carrying amount as of the reporting date	20,554,463	20,228,698

- (i) The share of profit for the year has been calculated based on profits as adjusted by its un-audited financial information for the quarter ended September 30, 2022.

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

Based on its un-audited financial statements for the year ended June 30, 2022, the financial information of M/s. Uni Energy Limited is summarized below:

	2022	2021
	Rupees	
Current assets	52,697,785	50,437,818
Non-current assets	51,881,901	53,051,901
Current liabilities	2,864,850	2,787,800
Non-current liabilities	-	-
Revenue	-	-
Profit after tax for the year	101,917	403,499
Other comprehensive income for the year	-	-
Total comprehensive income for the year	101,917	403,499

**5.2.3 Investment in UniFood Industries Limited**

As at September 30, 2022, the Company held 64,471,736 (2021: 57,855,736) ordinary shares of M/s. UniFood Industries Limited (UFIL) which gives the Company 34.67% (2021: 34.67%) voting power in UFIL. The principal business activity of UFIL is to produce bakery and other confectionary products. The registered office of UFIL is situated at 43/1/E(B) P.E.C.H.S, Block 6, Karachi.

During the year, the members of the Company in their Extra Ordinary General Meeting (EOGM) held on June 29, 2022 resolved to dispose of the investment. Since, as of the reporting date, the investment met the criteria for classification as 'held for sale' as specified in the applicable reporting standard, it has been duly classified as such, and reported under 'current assets' in the statement of financial position as of that date. Refer note 11 to these financial statements for further information.

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

As at September 30, 2022, the Company held 939,394 (2021: 939,394) certificates of M/s. B.F. Modaraba ('the Modaraba') which gives the Company 12.50% (2021: 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**

	2022	2021
	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	2,731,819	1,134,849
Increase in fair value during the year	(2,066,667)	1,596,970
	665,152	2,731,818
Carrying amount as of the reporting date	4,415,152	6,481,819

**(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, 2022, the Company received a dividend from from M/s. B.F. Modaraba amounting to Rs. 469,696 (2021: Nil).

	2022	2021
	Rupees	
<b>6. LONG TERM DEPOSITS</b>		
Security deposits in respect of:		
- Utilities	3,208,442	2,850,894
- Ijarah financing facility	9,429,500	9,429,500
- Others	20,000	20,000
	12,657,942	12,300,394
<b>7. STORES AND SPARES</b>		
Stores on hand	105,286,539	79,270,303
Spares on hand	21,071,600	17,945,535
	126,358,139	97,215,838
Less: Provision for slow moving stores and spares	(11,789,445)	(11,789,445)
	114,568,694	85,426,393
Packing materials	4,403,293	3,618,418
	118,971,987	89,044,811
<b>8. STOCK-IN-TRADE</b>		
Finished goods:		
- Sugar	1,993,503,877	1,042,472,302
- Bagasse	11,538,450	-
	2,005,042,327	1,042,472,302
Work in process	3,389,793	3,801,983
	2,008,432,120	1,046,274,285

- 8.1 As of the reporting date, the value of stock pledged against bank borrowings amounted to Rs. 1.897 billion (2021: Rs. 455.69 million).

		<b>2022</b>	2021
		<b>Rupees</b>	
9.	<b>TRADE DEBTS - unsecured, considered good</b>		
	Local receivables	<b>228,669,662</b>	143,904,042

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

	<b>September 30, 2022</b>				
<b>Party name</b>	<b>Not yet due</b>	<b>1-30 days past due</b>	<b>31-60 days past due</b>	<b>More than 60 days past due</b>	<b>Total</b>
	<b>Rupees</b>				

Unicol Limited	<b>2,018,067</b>	-	-	-	<b>2,018,067</b>
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	<b>September 30, 2021</b>				
<b>Party name</b>	<b>Not yet due</b>	<b>1-30 days past due</b>	<b>31-60 days past due</b>	<b>More than 60 days past due</b>	<b>Total</b>
	<b>Rupees</b>				

Unicol Limited	694,965	-	-	-	694,965
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		<b>2022</b>	2021
		<b>Rupees</b>	
9.2	<b>Maximum aggregate amounts outstanding during the year</b>		
	Unicol Limited	<b>94,304,178</b>	155,406,219
	UniFood Industries Limited	<b>15,439,000</b>	7,065,000

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

*Investment in quoted equity securities*

<b>2022</b>	2021		<b>2022</b>		2021
<b>Number of shares</b>		<b>Scrip name</b>	<b>Cost</b>	<b>Fair value</b>	<b>Cost</b>
			<b>Rupees</b>		<b>Fair value</b>
<b>5,000</b>	5,000	Oil and Gas Development Company	<b>728,856</b>	<b>378,600</b>	728,856
<b>2,500</b>	2,500	Pakistan State Oil Company Limited	<b>545,925</b>	<b>406,075</b>	545,925
<b>25,000</b>	25,000	Fauji Cement Company Limited	<b>424,347</b>	<b>374,750</b>	424,347
			<b>1,699,128</b>	<b>1,159,425</b>	1,699,128

10.1	<b>Unrealized loss on remeasurement of investments as of the reporting date</b>		<b>2022</b>	2021
		Note	<b>Rupees</b>	
	Market value of the investment		<b>1,159,425</b>	1,370,259
	Cost of investment		<b>(1,699,018)</b>	(1,699,018)
			<b>(539,593)</b>	(328,759)
10.2	<b>Movement in unrealized loss on remeasurement of investments</b>			
	At the beginning of the year		<b>(328,793)</b>	(183,518)
	Change in fair value of investment during the year	27	<b>(210,800)</b>	(145,275)
	At the end of the year		<b>(539,593)</b>	(328,793)



## 11. INVESTMENT IN ASSOCIATE CLASSIFIED AS HELD FOR SALE

Since December 2016, the Company has been holding an investment in the ordinary shares of M/s. UniFood Industries Limited (here-in-after referred to as 'UFIL'). The principal activities of UFIL is to produce bakery and other confectionary products. Since its commencement of commercial production, UFIL has not been successful in running its confectionary business and has consistently reported significant operational losses. Accordingly, in their meeting held on June 06, 2022, the Board of Directors of the Company put forward a recommendation for the disposal of the investment which was, subsequently, approved by the members of the Company in their Extra Ordinary General Meeting (EOGM) held on June 29, 2022.

In this relation, in July 2022, the Company (along with other members of UFIL) entered into a 'Share Purchase Agreement' with M/s. Sunridge Foods (Private) Limited (here-in-after referred to as 'the investor') whereby the investor agreed to acquire the entire shareholding in UFIL for a total consideration of Rs. 592.114 million (or Rs. 3.184 per ordinary share). Since the Company holds 34.67% shareholding in UFIL, its share of the said sale consideration amounts to Rs. 205.263 million. As of September 30, 2022, however, the transfer of the shares had not yet taken place.

Since, as of the reporting date (i.e. September 30, 2022), the investment met all the criteria for classification as 'held for sale' as specified in the International Financial Reporting Standard (IFRS) 5 'Non-Current Assets Held for Sale and Discontinued Operations', it has been duly classified as such, and its carrying amount (NIL - as reported in note 11.1 below) reported under 'current assets' in the statement of financial position of the Company as of that date. However, in accordance with the said reporting standard, the carrying amount of the investment as at September 30, 2021 (i.e. the corresponding figure) has not been so reclassified (and, hence, continued to be reported under the head 'Long term investments - Investment in associates' - as reported in the financial statements of the Company for FY 2020-21).

### 11.1 Carrying amount of the investment and changes therein

	2022 (Reported under current assets)	2021 (Reported under non-current assets - Note 5.2)
	Rupees	
Cost of investment: 64,471,736 shares of Rs. 10/ each (2021: 57,855,736 shares of Rs. 10 each)	644,717,360	578,557,360
<i>Accumulated share of loss:</i>		
Opening balance	(550,228,356)	(401,578,763)
Share of loss for the year	(82,953,165)	(148,649,593)
	(633,181,521)	(550,228,356)
<b>Carrying amount as of the reporting date</b>	<b>11,535,839</b>	<b>28,329,004</b>

11.1.1 The share of loss for the year, amounting to Rs. 82.953 million, is based on the loss after taxation of UFIL for the period from October 01, 2021 to June 29, 2022 (i.e. up to the date of classification of the investment as 'held for sale').

### 11.2 Summarized financial information of the associate

Based on its audited financial statements for the year ended June 30, 2022, the financial information of M/s. UniFood Industries Limited is as summarized below:

		2022	2021
	Note	Rupees	
Current assets		66,481,485	177,759,289
Non-current assets		879,021,167	869,049,578
Current liabilities		454,310,781	387,479,993
Non-current liabilities		261,881,681	412,822,852
Revenue		817,793,206	658,615,498
Loss for the year after taxation		338,291,682	427,027,105
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		338,291,682	427,027,105
<b>12. LOANS, ADVANCES, DEPOSITS AND OTHER RECEIVABLES - Unsecured</b>			
Loans (interest-free)	12.1	16,587,913	28,949,747
Advances (interest-free)	12.2	77,507,576	206,256,623
Deposits	12.3	17,071,605	108,259,426
Other receivables	12.4	554,185,231	545,837,703
		665,352,325	889,303,499
<b>12.1 Loans (interest-free)</b>			
Loan to growers		13,453,287	27,986,673
Loan to employees	12.1.1	3,134,626	963,074
		16,587,913	28,949,747
12.1.1	These loans have been provided to employees in accordance with the terms of employment. These loans are recovered through deduction from monthly payroll.		
<b>12.2 Advances (interest-free)</b>			
Advance to suppliers			
- Suppliers of goods		44,626,362	191,217,514
- Suppliers of services		27,539,726	11,821,922
		72,166,088	203,039,436
Advance to contractors		2,668,783	77,428
Advance sales tax		-	1,276,090
Other advances		2,672,705	1,863,669
		77,507,576	206,256,623
<b>12.3 Deposits</b>			
Bid Money	12.3.1	16,356,208	17,006,208
TERF Deposits	12.3.2	-	90,537,821
Others		715,397	715,397
		17,071,605	108,259,426
12.3.1	This represents amount deposited with M/s. Utility Stores Corporation and Pakistan Army against tenders for the supply of sugar.		
12.3.2	This represents amount deposited with suppliers for the purpose of manufacturing assembling and installation of asset to make an asset available for use.		

		2022	2021
	note	Rupees	
12.4	<b>Other receivables</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	25,588,279	17,240,751
		<b>554,185,231</b>	<b>545,837,703</b>
12.4.1	<b>Freight subsidy receivable</b>		
	Government of Sindh	304,730,417	304,730,417
	Trading Development Authority of Pakistan (TDAP)	83,283,750	83,283,750
	Federal Government	69,971,591	69,971,591
		<b>457,985,758</b>	<b>457,985,758</b>

12.4.1 This represents the Cash Freight Support receivable from the Government of Sindh (in relation to exports made by the Company in the FY 2016-17 and FY 2017-18). The long-standing amount of Rs. 304.73 million represents the Government of Sindh's 50% share in said export incentive announced by the Federal Government in October 2017 (vide the notification no. F. No. 7(2)/2012-EXP.III dated October 03, 2017 issued by the Ministry of Commerce). In this relation, in September 2021, the Company, along with several other sugar mills, filed a Constitutional Petition (bearing no. 5368/2021) before the Honorable Court of Sindh for the recovery of the said subsidy. As of the reporting date, the matter was yet pending for adjudication. However, in the opinion of its legal counsel, the Company has a good case on merit and its decision is expected to be announced in favor of the Company within the next financial year.

12.4.1.2 This represents the Inland Freight Subsidy receivable from TDAP (in relation to exports made by the Company in the FY 2012-13 and FY 2013-14). In this relation, the Pakistan Sugar Mills Association (PSMA) as well as the Company have recently approached TDAP requesting the release of the said subsidy; however, any response from TDAP is still forthcoming.

12.4.2 This includes an amount of Rs.16.958 million (2021: Nil) refundable from certain suppliers of plant / machinery items. This represents the aggregate amount of the payments made, by the Company, to such suppliers prior to their disbursement, by the lending banks, under the Islamic Temporary Economic Refinance Facility (ITERF).

	2022	2021
	Rupees	
13.	<b>TAXATION – net</b>	
	Opening balance	35,958,571
	Taxes deducted at source during the year	164,069,762
		<b>200,028,333</b>
	Less: Provision for taxation for the year	(92,730,259)
		<b>107,298,074</b>

#### 13.1 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 2022 (accounting year ended September 30, 2021) 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.

		2022	2021
	note	Rupees	
14. CASH AND BANK BALANCES			
Cash at bank		86,007,186	86,007,186
- In current accounts	14.1	14,470,884	14,470,884
- In deposit accounts with Islamic banks		100,478,070	100,478,070
		38,348,979	38,348,979
Cash in hand		138,827,049	138,827,049

14.1 These represent balances held in deposit accounts carrying profit at the rates ranging from 4.50% to 14% (2021: 3.96% to 6.01%).

#### 15 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		2022	2021
---	---		Rupees	
		<b>Authorized capital</b>		
40,000,000	40,000,000	Ordinary shares of Rs. 10/- each	400,000,000	400,000,000
		<b>Issued, subscribed and paid up capital</b>		
		<b>Ordinary shares of Rs. 10/- each issued:</b>		
18,201,714	18,201,714	- for cash	182,017,140	182,017,140
6,805,241	6,805,241	- as bonus shares	68,052,410	68,052,410
25,006,955	25,006,955		250,069,550	250,069,550

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

		2022	2021
	Note	Rupees	
16. LONG TERM BORROWINGS FROM BANKING COMPANIES			
Financing under SBP schemes			
Islamic Temporary Economic Refinance Facility - (ITERF)	16.1	458,157,383	264,322,339
Salaries and wages financing	16.2	-	15,937,324
		458,157,383	280,259,663
Other financing schemes			
Diminishing Musharaka financing	16.3	342,661,726	527,403,628
	16.4	800,819,109	807,663,291
16.1 Financing under Islamic Temporary Economic Refinance Facility (ITERF)			
Faysal Bank Limited	16.1.1	393,087,736	264,322,339
Bank Islami Pakistan Limited	16.1.2	65,069,647	-
		458,157,383	264,322,339

#### 16.1.1 ITERF from Faysal Bank Limited

During the year, the Company availed an amount of Rs. 220.249 million (2021: Rs. 377.861 million) under the State Bank of Pakistan's (SBP) Islamic Temporary Economic Refinance Facility (ITERF) obtained from M/s.Faysal Bank Limited. The total limit of the facility sanctioned by the bank amounts to Rs. 600 million (2021: Rs. 600 million).

Following is the reconciliation of the amount of financing carried in the statement of financial position:

		2022	2021
	Note	Rupees	
Opening carrying amount - net of deferred grant		277,326,849	-
Funds borrowed during the year:			
Loan proceeds received from the bank		220,248,922	377,860,620
Less: Element of government grant recognized as deferred income		(85,632,188)	(109,813,317)
		134,616,734	268,047,303
		411,943,583	268,047,303
Interest recognized on unwinding of the liability	28	38,997,643	9,279,546
Interest paid during the year		(14,540,985)	-
		436,400,241	277,326,849
Less: Current maturity shown under current liabilities	19.1	(43,312,505)	(13,004,510)
Non-current maturity		393,087,736	264,322,339

#### Terms and conditions of the financing arrangement

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

- The applicable markup rate is 2.75% p.a. (2021: 2.75% p.a.);
- The tenure of the each tranche of the facility is 10 years (including 2-year moratorium period, commencing from the date of disbursement of the funds);
- Each tranche of the loan is to be repaid in 32 equal quarterly instalments; and
- The facility is secured against first pari passu hypothecation charge over the plant and machinery of the Company amounting to Rs. 800 million (with 25% margin) and mortgage charge over the land and building of the Company amounting to Rs. 300 million.

#### 16.1.2 ITERF from Bank Islami Pakistan Limited

During the year, the Company availed an amount of Rs. 97.387 million (2021: NIL) under the State Bank of Pakistan's (SBP) Islamic Temporary Economic Refinance Facility (ITERF) obtained from M/s.Bank Islami Pakistan Limited. The total limit of the facility sanctioned by the bank amounts to Rs. 100 million (2021: NIL).

Following is the reconciliation of the amount of financing carried in the statement of financial position:

		2022	2021
	Note	Rupees	
Opening carrying amount - net of deferred grant		-	-
Funds borrowed during the year:			
Loan proceeds received from the bank		97,386,750	-
Less: Element of government grant recognized as deferred income		(33,704,240)	-
		63,682,510	-
		63,682,510	-
Interest recognized on unwinding of the liability	28	5,420,393	-
Interest paid during the year		(363,721)	-
	19.1	68,739,182	-
Less: Current maturity shown under current liabilities		(3,669,535)	-
Non-current maturity		65,069,647	-

#### Terms and conditions of the financing arrangement

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

- The applicable markup rate is 4% per annum;
- The tenure of the each tranche of the facility is 10 years (including 2-year moratorium period, commencing from the date of disbursement of the funds);
- Each tranche of the loan is to be repaid in 32 equal quarterly instalments; and
- The facility is secured against first pari passu hypothecation charge over the plant and machinery of the Company amounting to Rs. 200 million (with 25% margin).

Since the above ITERF facilities carry markup rates that are well below the prevailing market interest rates, in accordance with a technical opinion issued by 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 method).

## 16.2 Salaries and wages financing

The Company has obtained a long term facility amounting, in aggregate, to Rs. 106.565 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.

Following is the reconciliation of the amount of financing carried in the statement of financial position:

		2022	2021
	Note	Rupees	
<b>Opening carrying amount - net of deferred grant</b>		<b>67,369,117</b>	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
		<b>67,369,117</b>	99,604,756
Interest recognized on unwinding of the liability	28	<b>3,293,064</b>	7,193,248
Loan installments paid during the year		<b>(54,193,881)</b>	(39,428,887)
Closing carrying amount - net of deferred grant		<b>16,468,300</b>	67,369,117
Less: Current maturity shown under current liabilities	19	<b>(16,468,300)</b>	(51,431,793)
Non-current maturity		-	15,937,324

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

- The applicable markup rate ranges between 1.5% to 2.25% per annum;
- The tenure of the each tranche of the facility is 2.5 years (including 6-month grace period commencing from the date of disbursement of the funds); and
- Each tranche of the loan is to be repaid in 8 equal quarterly instalments.

- 16.2.2 Since the facility carries the markup rate which is well below the market interest rate prevailing as on the date of disbursement of funds, in accordance with Circular 11 of 2020 dated August 17, 2020 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per the IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. 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 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 method).

16.3 **Diminishing Musharaka financing**

*Facilities obtained from Islamic banks*

	Movement in Diminishing Musharaka facilities during the year ended September 30, 2022			Total outstanding balance as at September 30,	
	I	III	IV	2022	2021
	Rupees				
Opening balance	569,831,588	10,183,175	-	580,014,763	159,971,396
Obtained during the year	87,857,061	-	10,748,500	98,605,561	500,000,000
	657,688,649	10,183,175	10,748,500	678,620,324	659,971,396
Payments made during the year	(42,427,944)	(10,183,175)	-	(52,611,119)	(79,956,633)
	615,260,705	-	10,748,500	626,009,205	580,014,763
Current maturity shown under current liabilities	(281,277,791)	-	(2,069,688)	(283,347,479)	(52,611,135)
	333,982,914	-	8,678,812	342,661,726	527,403,628

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

	Diminishing Musharaka facility		
	I	III	IV
<b>Purpose:</b>	For procurement of plant and machinery		For procurement of vehicles
<b>Facility amount (Rs.):</b>	785,827,000	36,000,000	50,000,000
<b>Installment frequency</b>	Monthly / Quarterly	Semi-annually	Monthly
<b>Markup rate (formula):</b>	6-Month KIBOR + 0.5% to KIBOR + 1%	6-Month KIBOR + 0.5%	3-Month KIBOR + 1%
<b>Markup rate (floor):</b>	5%	4%	5%
<b>Markup rate (cap):</b>	20%	20%	40%
<b>Tenure</b>	2-5 years	5 Years	5 Years
<b>Security:</b>	Pari Passu / Exclusive Hypothecation Charge over plant and machinery of Rs. 692.91 million (2021: Rs. 775 million)	Constructive Equitable Mortgage Charge over land and building of Rs. 48 million (2021: Rs. 48 million)	Title over DM assets with comprehensive Takaful / Insurance Coverage

- 16.4 As of the reporting date, un-availed long-term financing facilities amounted, in aggregate, to Rs. 136.393 million (2021: Rs.322,140 million).

17.	DEFERRED LIABILITIES		2022	2021
			Rupees	
	Deferred taxation - net	17.1	182,969,414	165,961,744
	Sales tax payable	17.2 & 12.4	109,419,576	109,419,576
	Provision for excise duty	12.4	7,005,677	7,005,677
	Deferred government grant	17.3	166,173,860	87,347,705
			<u>465,568,527</u>	<u>369,734,702</u>
17.1	<b>Deferred taxation – net</b>			
	<i>Deferred tax liability arising in respect of:</i>			
	Property, plant and equipment		391,427,491	304,239,569
	Investment in associates		96,978,626	79,738,776
	Long term borrowing from banking companies		54,949,398	29,594,002
			<u>543,355,515</u>	<u>413,572,347</u>
	<i>Deferred tax asset arising in respect of:</i>			
	Provision for slow moving stores and spares		(3,418,939)	(3,418,939)
	Deferred government grant		(56,675,723)	(30,827,998)
	Unused tax losses	17.1.1	(300,291,439)	(213,363,666)
			<u>(360,386,101)</u>	<u>(247,610,603)</u>
			<u>182,969,414</u>	<u>165,961,744</u>
17.1.1	As of the reporting date, total unused tax losses and unused tax credits amounted to Rs. 1,403.587 million (2021: Rs. 920.054 million) and Rs. 83.397 million (2021: Nil) respectively. 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 and unused tax credits that were expected to be offset against future taxable profits amounting to Rs. 1,035.488 million (2021: Rs. 736.044 million) and Nil (2021: Nil), respectively.			
17.2	<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 12.4 to these financial statements in view of the judgment of the Honourable High Court of Sindh against the said levy. The Collectorate's appeal with the Honourable Supreme Court of Pakistan was remanded back to the Honourable High Court of Sindh where it is currently pending for further adjudication.			
17.3	<b>Deferred government grant</b>		2022	2021
			Rupees	
	Deferred government grant recognized in respect of:			
	- Islamic Temporary Economic Refinance Facility	17.3.1	166,173,860	87,347,705
	- Salaries and wages financing	17.3.2	-	-
			<u>166,173,860</u>	<u>87,347,705</u>
17.3.1	<b>Deferred grant on ITERF</b>			
	Opening balance		104,066,427	-
	Add: Grant recognized during the year		119,336,428	109,813,317
	Less: Amortization for the year		(27,969,329)	(5,746,890)
			<u>195,433,526</u>	<u>104,066,427</u>
	Less: Current maturity shown under current liabilities	19.2	(29,259,666)	(16,718,722)
	Non-current maturity		<u>166,173,860</u>	<u>87,347,705</u>



		2022	2021
		Rupees	
17.3.2	<b>Deferred grant on salaries and wages financing</b>		
	Opening balance	2,237,016	5,598,841
	Add: Grant recognized during the year	-	1,859,923
	Less: Amortization for the year	(2,237,016)	(5,221,748)
		-	2,237,016
	Less: Current maturity shown under current liabilities	-	(2,237,016)
	Non-current maturity	-	-
18.	<b>TRADE AND OTHER PAYABLES</b>		
	<b>Trade creditors:</b>		
	- Sugarcane growers	44,426,487	14,174,188
	- Suppliers of stores and spares	151,239,357	58,138,257
		195,665,844	72,312,445
	<b>Other payables:</b>		
	Advance and deposit from customers	210,194,808	10,998,016
	Sales tax payable	180,179,038	40,766,090
	Accrued liabilities	53,169,362	47,941,244
	Workers' Welfare Fund	38,641,793	38,641,793
	Workers' Profit Participation Fund	3,189,509	3,189,509
	Special Excise Duty payable	13,208,869	13,208,869
	Road cess payable	4,774,799	4,774,807
	Security deposits	4,618,956	5,701,271
	Withholding income tax payable	3,359,626	1,282,253
	Others	7,947,248	9,820,070
		519,284,008	176,323,922
		714,949,852	248,636,367

18.1 **Advances and deposits from customers**

During the year, the performance obligations underlying the opening contract liability of Rs. 10.998 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. 210.195 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

18.2 **Accrued liabilities**

This includes an amount of Rs. 6.81 million (2021: Rs. 8.25 million) due to M/s. Reliance Insurance Limited, a related party.

		2022	2021
	Note	Rupees	
18.3	<b>Workers' Welfare Fund</b>		
	Opening balance	38,641,793	38,641,793
	Add: charge for the year	-	-
		38,641,793	38,641,793
	Less: payment during the year	-	-
	Closing balance	38,641,793	38,641,793
18.4	<b>Workers' Profit Participation Fund</b>		
	Opening balance	3,189,509	4,439,446
	Add: charge for the year	-	-
		3,189,509	4,439,446
	Less: payment during the year	-	(1,249,937)
	Closing balance	3,189,509	3,189,509
18.5	<b>Special Excise Duty payable</b>		
	This represents the amount of provision made on account of Special Excise Duty (SED) provided for the months of May and June 2011. In February 2013, the Honourable High Court of Sindh decided the petition in the favour of the Company following which the Commissioner Inland Revenue - Large Taxpayers' Unit filed an appeal against the said decision in the Honorable Supreme Court of Pakistan where it is currently pending for further adjudication.		
		2022	2021
	Note	Rupees	
19.	<b>CURRENT MATURITY OF LONG TERM LIABILITIES</b>		
	<b>Current maturity of:</b>		
	- Islamic Temporary Economic Refinance	19.1 46,982,040	13,004,510
	- Salaries and wages financing	16.2 16,468,300	51,431,793
	- Diminishing Musharaka financing	16.3 283,347,479	52,610,738
		346,797,819	117,047,041
	- Deferred government grant	19.2 29,259,666	18,955,738
		376,057,485	136,002,779
19.1	<b>Current maturity of ITERF</b>		
	Faysal Bank Limited	16.1.1 43,312,505	13,004,510
	Bank Islami Pakistan Limited	16.1.2 3,669,535	-
		46,982,040	13,004,510
19.2	<b>Current maturity of deferred government grant</b>		
	Islamic Temporary Economic Refinance Facility	17.3.1 29,259,666	16,718,722
	Salaries and wages financing	17.3.2 -	2,237,016
		29,259,666	18,955,738
20.	<b>SHORT TERM BORROWINGS - Secured</b>		
	Islamic financing arrangements	20.1 2,955,413,470	2,330,000,000
20.1	This represents the amount availed against Islamic finance facilities provided by various Islamic banks. As at the reporting date, the aggregate limit of these available finances amounted to Rs. 5,300 million (2021: Rs. 5,200 million). These finances are secured against pledge of refined sugar and first pari passu charge over fixed assets of the Company including land, building and plant & machinery carrying profit at the rate of KIBOR + 0.50% to 1.25% per annum (2021: KIBOR + 0.50% to 1% per annum).		

20.2 As of the reporting date, there were no un-availed short-term financing facilities.

## 21. CONTINGENCIES AND COMMITMENTS

### 21.1 Contingencies

#### 21.1.1 Contingent liability existing at the reporting date

On November 05, 2020, the Competition Commission of Pakistan (CCP) issued a show cause notice (SCN) to the Company alleging violation of various sections of Competition Act, 2010. The SCN was replied to by Company's learned legal counsel. However, CCP vide its order dated August 12, 2021, imposed upon the Company a penalty of Rs. 230 million for sharing certain information with Pakistan Sugar Mills Association (PSMA) to avail sugar export permission, and another penalty of Rs. 50 million for availing a tender from M/s. Utility Store Corporation. Being aggrieved with the aforesaid order, on October 07, 2021, the Company filed a Suit (bearing no. 2273 of 2021) before the Honorable High Court of Sindh ('the Court') which, vide its order dated October 08, 2021 suspended the operation of the impugned order till the next date of hearing. Thereafter, the case was fixed for hearing on various dates falling in the period February - April 2022.

In its order dated June 13, 2022, the Court accepted the Company's stance for illegally exercising casting vote in the impugned CCP order, and held that a casting vote in the judicial matter was not available under Competition Act, 2010 and, accordingly, suspended the said order till the final disposal of the Suit subject to furnishing of a 50% bank guarantee. In compliance with the said Court's order, the bank guarantee was duly submitted by the Company with the Nazir of the Court on July 25, 2022. Subsequently, the Company preferred an appeal before the Competition Appellate Tribunal, Islamabad (CAT) which, vide its order dated August 02, 2022, directed that, till the final adjudication of the appeal, no coercive measures shall be taken by the CCP against the appellant for recovery of the aforesaid penalties.

"Thereafter, the Company also filed a High Court Appeal (H.C.A.) before the Court against the aforesaid submission of the bank guarantee. In its order dated August 25, 2022, the Court disposed of the above H.C.A. in terms of a 'Joint Statement' signed by the learned counsel for both the parties to the case. As per the said Joint Statement, the Court's order dated June 13, 2022 was set aside, the bank guarantees previously submitted by the plaintiffs in Suit No. 2273 of 2021 (and other connected suits) were directed to be discharged and returned, the CCP was directed not to initiate recovery proceedings against the plaintiffs until the final decision of the appeals pending before the CAT, and the Single Judge was directed to frame the issues in Suit No. 2273 of 2021 (and other connected suits) and decide the suits expeditiously."

As of the reporting date, the Company's appeal before the Court and CAT were yet pending for final adjudication. In the opinion of its legal counsel, the Company has a good case on merit and, hence, the final outcome of aforesaid appeals was expected to be in favour of the Company. Accordingly, no provision for the aforesaid imposed penalties amounting, in aggregate to Rs. 280 million, has been recognized in these financial statements.

#### 21.1.2 Previously reported contingent liability that was resolved during the year

In its financial statements for the year ended September 30, 2021, the Company had disclosed the following matter as a contingent liability. However, during the year, certain key developments occurred due to which the previously reported uncertainties surrounding such matter were resolved and, hence, the same was no longer regarded as a contingent liability as at September 30, 2022.

As disclosed in note 19.1.1 to its financial statements for the year ended September 30, 2021, the Commissioner Inland Revenue Zone II, LTO, vide its notice dated July 13, 2020, had selected the case of the Company for the tax years 2015, 2017, 2018 and 2019 for audit under section 177(1) of the Income Tax Ordinance, 2001 ('the Ordinance'). In response thereto, the Company had submitted a written reply along with certain supporting documents. Later on, the Deputy Commissioner Inland Revenue (DCIR) had issued fresh show cause notices (u/s 122(9) of the Ordinance) whereby he had made various additions to the taxable income declared by the Company for the aforesaid tax years (on account of items such as inadmissible expenses, credit entries in bank statements, advances received from customers etc.). In response thereto, the Company had filed a comprehensive reply along with certain supporting evidences. However, subsequently, the DCIR had issued the amended assessment orders (u/s 122(1) of the Ordinance) creating a substantial tax demand. A summary of the said demand is presented below:

Tax year	Date of the order issued u/s. 122(1) of the Ordinance	Tax liability as declared by the Company in its income tax returns ('deemed assessment')	Tax liability as assessed by the DCIR ('amended assessment')
		----- Rupees -----	
2015	December 28, 2020	43,617,474	5,007,381,656
2017	November 26, 2020	46,161,071	5,862,042,311
2018	November 26, 2020	64,075,787	5,307,745,072
2019	November 26, 2020	86,664,683	3,054,852,553
<b>Total</b>		<b>240,519,015</b>	<b>19,232,021,592</b>

Being aggrieved, the Company had preferred an appeal against the aforesaid tax demand before the Honourable Commissioner Inland Revenue (Appeals) [CIR(A)], who vide his orders dated March 31, 2021 and April 09, 2021, decided the appeal in favour of the DCIR. Thereafter, the Company had filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the aforesaid decision of the CIR(A) which was pending for adjudication as at the previous annual reporting date (i.e. September 30, 2021).

In June 2022, the ATIR announced its final verdict on the impugned order of the CIR(A) whereby certain additions made by DCIR to the taxable income were deleted (resulting in deletion of the corresponding tax demand of Rs. 18.974 billion), whereas, certain other issues were remanded back to the DCIR (resulting in remand back of the remaining tax demand of Rs. 258.169 million) with the direction that those matters be re-examined by DCIR and, if deemed appropriate, a fresh notice in respect thereof be issued to the Company. However, up to the date of approval of these financial statements, the Company has not received any further notice from the DCIR.

			<b>2022</b>	<b>2021</b>
	Note		<b>----- Rupees -----</b>	
21.2	<b>Commitments</b>			
	Financial guarantee provided	21.2.1	<b>15,461,550</b>	11,700,000
	Commitments for capital expenditures		<b>39,136,277</b>	322,139,380
21.2.1	This represents a bank guarantee equivalent to \$67,500/- arranged by the Company for the benefit of M/s. Alternate Energy Development Board (AEDB) on behalf of its subsidiary, M/s. Faran Power Limited. The guarantee is due to expire on January 31, 2023.			
			<b>2022</b>	<b>2021</b>
	Note		<b>----- Rupees -----</b>	
22.	<b>SALES REVENUE – net</b>			
	Revenue from local sales - net	22.1	<b>6,671,766,330</b>	4,860,284,706
	Revenue from export sales		<b>-</b>	-
			<b>6,671,766,330</b>	4,860,284,706
22.1	<b>Revenue from local sales - net</b>			
	Sales of sugar - gross		<b>6,706,090,177</b>	4,894,119,615
	Less: Sales tax / advance income tax		<b>(1,002,467,709)</b>	(717,405,645)
			<b>5,703,622,468</b>	4,176,713,970
	Sales of molasses		<b>850,842,720</b>	648,001,834
	Sales of bagasse - gross		<b>137,152,571</b>	39,945,583
	Less: Sales tax		<b>(19,851,429)</b>	(4,376,681)
			<b>117,301,142</b>	35,568,902
	Net sales revenue		<b>6,671,766,330</b>	4,860,284,706

		2022	2021
	Note	Rupees	
23.	<b>COST OF SALES</b>		
		1,042,472,302	381,647,677
		7,157,413,713	5,480,728,072
		8,199,886,015	5,862,375,749
		(2,005,042,327)	(1,042,472,302)
		6,194,843,688	4,819,903,446
23.1	<b>Cost of goods manufactured</b>		
		6,297,283,794	4,845,465,028
		334,021,817	295,065,274
		144,336,750	94,816,719
		134,515,221	83,705,352
		112,591,207	78,036,534
		66,809,602	30,998,322
		35,489,992	24,123,666
		16,992,926	18,422,308
		10,588,407	7,713,507
		4,371,807	3,270,656
		859,717,729	636,152,338
		7,157,001,523	5,481,617,366
		3,801,983	2,912,689
		(3,389,793)	(3,801,983)
		412,190	(889,294)
		7,157,413,713	5,480,728,072
23.1.1	This includes Rs. 3.66 million (2021: Rs. 3.52 million) in respect of staff retirement benefits.		
24.	<b>ADMINISTRATIVE EXPENSES</b>		
		100,173,329	91,891,066
		25,779,754	26,359,032
		10,684,503	10,371,993
		8,866,323	5,109,595
		6,684,185	7,642,898
		5,088,953	4,082,094
		4,114,132	3,117,229
		3,566,690	3,918,460
		1,972,585	1,836,967
		1,200,292	1,548,619
		1,405,000	1,175,000
		776,307	533,196
		756,258	803,500
		674,775	894,205
		546,751	197,812
		310,700	310,700
		121,344	684,293
		56,525	755,000
		172,778,406	161,231,659

24.1 This includes Rs. 2.755 million (2021: Rs. 2.368 million) in respect of staff retirement benefits.

		2022	2021
	Note	Rupees	
24.2	<b>Auditors' remuneration</b>		
		925,000	825,000
	Statutory audit fee	300,000	200,000
	Half yearly review	150,000	125,000
	Certification charges	30,000	25,000
	Out of pocket expenses	1,405,000	1,175,000
25.	<b>SELLING AND DISTRIBUTION EXPENSES</b>		
		12,534,018	7,515,520
	Loading, stacking, bagging and storage	57,222,145	45,182,290
	Transportation	69,756,163	52,697,810
26.	<b>OTHER INCOME</b>		
		30,206,345	10,968,638
	Amortization of deferred government grant	12,572,186	6,945,003
	Sale of scrap	6,570,184	2,908,797
	Gain on sale of property, plant and equipment	4,794,411	3,154,692
	Profit on deposit accounts	525,945	52,000
	Dividend income	18,683	162,387
	Exchange gain	523,188	437,260
	Miscellaneous	55,210,942	24,628,777
27.	<b>OTHER EXPENSES</b>		
		520,645	505,651
	Donation	210,800	145,275
	Unrealized loss on re-measurement of investments in quoted equity securities to fair value	731,445	650,926

27.1 None of the directors or their spouses have any interest in the donee institutions. Further, there is no single party to whom the donation exceeds the higher of: (a) 10% of the Company's total donation expense for the year or; (b) Rs. 1 million.

		2022	2021
	Note	Rupees	
28.	<b>FINANCE COSTS</b>		
		399,614,732	227,261,063
	Markup on short term borrowings		
	Markup on long term borrowings:		
	- ITERF from Faysal Bank Limited	38,997,643	9,279,546
	- ITERF from Bank Islami Pakistan Limited	5,420,393	-
	- Salaries and wages financing	3,293,064	7,193,248
	- Diminishing Musharaka financing	18,235,329	8,720,961
		65,946,429	25,193,755
		465,561,161	252,454,818
	Bank charges	3,995,184	7,333,478
		469,556,345	259,788,296

		2022	2021
	Note	Rupees	
29.	<b>SHARE OF PROFIT OR LOSS OF ASSOCIATES – net</b>		
	Unicol Limited	439,932,333	167,515,667
	Uni Energy Limited	325,766	80,700
	Uni Food Industries Limited	(82,953,165)	(148,649,593)
		<u>357,304,934</u>	<u>18,946,774</u>
30.	<b>TAXATION</b>		
	Current	132,225,971	92,730,259
	Deferred	17,007,669	(112,482,965)
		<u>149,233,640</u>	<u>(19,752,706)</u>

30.1 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 taxation and share of profit / loss of associates in both reporting years and its income subject to taxation under the normal tax regime has attracted the provisions of section 113 of the Income Tax Ordinance, 2001 (Minimum tax).

		2022	2021
		Rupees	
31.	<b>EARNINGS / (LOSS) PER SHARE</b>		
31.1	<b>Basic earnings / (loss) per share</b>		
	Profit / (loss) after taxation	<u>27,382,519</u>	<u>(370,659,174)</u>
		Number	
	Weighted average number of ordinary shares outstanding during the year	<u>25,006,955</u>	<u>25,006,955</u>
		Rupees	
	Earnings / (loss) per share - basic	<u>1.09</u>	<u>(14.82)</u>
31.2	<b>Diluted earnings / loss per share</b>		

There was no dilutive effect on the basic earnings / loss per share of the Company, since there were no potential ordinary shares in issue as at September 30, 2022 and September 30, 2021.

32.

**CASH USED IN OPERATIONS****Profit / (loss) before taxation**

Adjustment for non-cash and other items:

- Depreciation
- Provision for Market Committee fee
- Amortization of deferred government grant
- Gain on sale of property, plant and equipment
- Profit on deposit accounts
- Dividend income
- Unrealized loss on re-measurement of investments
- Finance costs
- Share of profit of associates - net

**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

Note

2022

2021

Rupees

176,616,159

(390,411,880)

4.1.2

138,370,961

104,395,566

26

-

1,984,529

26

(30,206,345)

(10,968,638)

26

(6,570,184)

(2,908,797)

26

(4,794,411)

(3,154,692)

26

(525,945)

(52,000)

27

210,800

145,275

28

469,556,345

259,788,296

29

(357,304,934)

(18,946,774)

385,352,446

(60,129,115)

(29,927,176)

(5,070,460)

(962,157,835)

(661,713,919)

(84,765,620)

39,443,543

223,951,174

(212,557,409)

466,313,485

(108,193,467)

(386,585,972)

(948,091,712)

(1,233,526)

(1,008,220,827)

33.

**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 of the Chief Executive and Directors is disclosed in note 34 to these financial statements. Transactions entered into during the year, and balances held with, related parties are given below:

**ASSOCIATES*****Transactions***

Sale of sugar to UniFood Industries Limited

Sale of molasses to Unicol Limited

Sale of bagasse to Unicol Limited

***Balances outstanding***

Trade receivable from Unicol Limited

**OTHER RELATED PARTIES*****Transactions***

Insurance premium to Reliance Insurance Ltd.

Provident fund contribution

***Balances outstanding***

Insurance premium payable to Reliance Insurance Ltd.

Contribution payable to provident fund

2022

2021

Rupees

15,751,118

6,735,000

850,842,720

648,001,834

47,306,524

17,199,000

2,018,067

694,965

24,000,000

21,600,000

6,413,910

6,074,585

6,810,727

8,259,236

379,779

776,119



- 33.1 As disclosed in note 21.2, the Company has provided a corporate guarantee to M/s. Alternate Energy Development (AEDB) on behalf of its subsidiary, M/s. Faran Power Limited, amounting to Rs. 15.462 million (2021: Rs. 11.700 million).

#### 34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including certain benefits to Chief Executive, Directors and executives of the Company, are as follows:

		2022			
	Note	Chief Executive	Directors	Executives	Total
Rupees					
Managerial remuneration		14,887,636	14,658,545	27,889,799	57,435,980
Contribution to provident fund		-	-	2,532,946	2,532,946
Other perquisites and benefits	34.1	1,488,764	1,465,855	24,100,080	27,054,699
Bonus		-	-	7,606,542	7,606,542
		16,376,400	16,124,400	62,129,367	94,630,167
Number of persons		1	2	13	
		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	34.1	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
Number of persons		1	2	13	

- 34.1 Other perquisites and benefits mainly include house rent allowance, utilities allowances and medical allowance.
- 34.2 In addition to above, three non-executive directors of the Company were paid fees to attend the board meetings amounting, in aggregate, to Rs. 480,000 (2021: Rs. 280,000).
- 34.3 The Chief Executive, Directors and executives are also provided with free use of Company-maintained cars in accordance with their terms of service.

#### 35. FINANCIAL INSTRUMENTS

##### 35.1 Financial risk analysis

##### 35.1 Financial risk analysis

The Board of Directors has overall responsibility for the establishment and oversight of 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

##### 35.1.1 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 financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means. The financial assets written off are not subject to enforcement activity.

**Maximum exposure to credit risk**

As of the reporting date, the maximum exposure to credit risk was as follows :

		2022	2021
	Note	Rupees	
Long term deposits		12,657,942	12,300,394
Trade debts	(a)	228,669,662	143,904,042
Short term loans		16,587,913	28,949,747
Short term advances		2,672,705	1,863,669
Short term deposits		17,071,605	17,721,605
Other receivables		25,588,279	17,240,751
Bank balances	(b)	128,453,589	100,478,070
		<b>431,701,695</b>	<b>322,458,278</b>

**Note (a) - Credit risk exposure on trade debts**

As part of its credit risk management strategy on trade debts, 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 ageing analysis of trade debts was as follows:

	September 30, 2022		September 30, 2021	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
	Rupees			
Not past due	228,669,662	-	143,904,042	-
Past due 1 to 180 days	-	-	-	-
More than 180 days	-	-	-	-
	<b>228,669,662</b>	<b>-</b>	<b>143,904,042</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. 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	A1+	AAA
Bank Al Falah Limited	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Askari Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A+
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A1	A+
Dubai Islamic Bank Pakistan Ltd	JCR-VIS	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AAA
United Bank Limited	JCR-VIS	A1+	AAA

#### *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 exposed to the following concentrations of credit risk:

	September 30, 2022			September 30, 2021		
	Total exposure	Concentration	% of total exposure	Total exposure	Concentration	% of total exposure
	Rupees			Rupees		
Trade debts	228,669,662	132,098,104	58%	143,904,042	111,180,550	77%
Bank balances	128,453,589	108,621,784	85%	100,478,070	73,802,527	73%
		240,719,888			184,983,077	

35.1.2

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations 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: 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 non-derivative financial liabilities:

	September 30, 2022					
	Carrying amount	Contractual cash flows	One to six months	Seven to twelve months	More than 1 to 5 years	More than 5 years
	(Rupees)					
Non-derivative financial liabilities						
Long term borrowings	1,147,616,928	1,573,105,199	212,288,400	207,043,100	791,981,370	361,792,329
Short term borrowings	2,955,413,470	2,955,413,470	2,955,413,470	-	-	-
Trade and other payables	248,317,454	248,317,454	248,317,454	-	-	-
Accrued markup	173,224,722	173,224,722	173,224,722	-	-	-
	4,524,572,574	4,950,060,845	3,589,244,046	207,043,100	791,981,370	361,792,329

	September 30, 2021					
	Carrying amount	Contractual cash flows	One to six months	Seven to twelve months	More than 1 to 5 years	More than 5 years
	(Rupees)					
Non-derivative financial liabilities						
Long term borrowings	924,710,332	1,187,416,536	65,607,760	61,201,106	834,787,702	225,819,968
Short term borrowings	2,330,000,000	2,330,000,000	2,330,000,000	-	-	-
Trade and other payables	123,686,124	123,686,124	123,686,124	-	-	-
Accrued markup	41,019,729	41,019,729	41,019,729	-	-	-
	3,419,416,185	3,682,122,389	2,560,313,613	61,201,106	834,787,702	225,819,968

### 35.1.3 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 / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

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

	Effective interest rate (%)		Carrying amount (Rs.)	
	2022	2021	2022	2021
<b>Financial liabilities</b>				
- Long term financing	15% - 17.24%	7.37% - 8.88%	626,009,205	580,014,366
- Short term finance	11.36% - 17.24%	7.75% - 8.95%	2,955,413,470	2,330,000,000
<b>Financial assets</b>				
- Bank deposits - pls account	4.50% - 14%	3.96% - 6.01%	52,047,089	14,470,884

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect the carrying amount of any financial instrument.

The following information summarizes the estimated effects of 1% hypothetical increase and decrease in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	(Decrease) / increase in profit before taxation 100 bp increase	100 bp (decrease)
<b>As at September 30, 2022</b>		
Cash flow sensitivity - Variable rate financial instruments	(35,293,756)	35,293,756
<b>As at September 30, 2021</b>		
Cash flow sensitivity - Variable rate financial instruments	(35,293,756)	35,293,756

### iii. Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity prices. As at the reporting date, the Company was not exposed to any material other price risk.

	2022	2021
	Rupees	
<b>35.2 Financial instruments by categories</b>		
<b>35.2.1 Financial assets</b>		
<i>At amortized cost</i>		
Long term deposits	12,657,942	12,300,394
Trade debts	228,669,662	143,904,042
Short term loans	16,587,913	28,949,747
Short term advances	2,672,705	1,863,669
Short term deposits	17,071,605	17,721,605
Other receivables	25,588,279	17,240,751
	132,674,392	138,827,049
	435,922,498	360,807,257
<i>At fair value through profit or loss</i>		
Short term investments in quoted equity securities	1,159,425	1,370,259
<i>At fair value through other comprehensive income</i>		
Long term investment in B.F. Modaraba	4,415,152	6,481,819
<b>35.2.2 Financial liabilities</b>		
<i>At amortized cost</i>		
Long term borrowings from banking companies	1,147,616,928	924,710,332
Short term borrowings from banking companies	2,955,413,470	2,330,000,000
Trade and other payables	248,317,454	123,686,124
Accrued mark up	173,224,722	41,019,729
	4,524,572,574	3,419,416,185

### 36. 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, 2022</b>			
- Investment in B.F. Modaraba	4,415,152	-	-
- Short term investments	1,159,425	-	-
	<b>5,574,577</b>	-	-
	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>	-	-

### 37. 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.

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

	2022	2021
	Rupees	
<b>Borrowings</b>		
Long term borrowings	1,316,228,244	1,025,002,134
	1,316,228,244	1,025,002,134
<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 reserve	-	49,952,868
Unappropriated profits	1,521,510,706	1,444,175,319
	1,780,052,408	1,752,669,889
<b>Total capital being managed by the Company</b>	<b>3,096,280,652</b>	<b>2,777,672,023</b>

The Company is not subject to externally imposed capital requirements.

### 38. SEGMENT INFORMATION

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:

- Revenue from sale of sugar represents 85.49% (2021: 85.94%) of the total revenue of the Company.
- 100% (2021: 100%) gross sales of the Company were made to customers based in Pakistan.
- As at September 30, 2022 and September 30, 2021 all non-current assets of the Company were located in Pakistan.
- Revenue earned from one major customer, excluding sales tax, of more than 10% of total sales amounted to Rs. 952.56 million (2021: Rs. 710.40 million). The major customer resides in Pakistan.

### 39. GENERAL

#### 39.1 Plant capacity and actual production

	2022		2021	
	"Quantity (metric tons)"	No. of days	"Quantity (metric tons)"	No. of days
Sugarcane crushing capacity	1,620,000	180	1,620,000	180
Sugarcane crushed	845,437	129	601,717	98

- 39.1.1 The main reason for underutilization of the installed capacity was limited availability of sugarcane.

#### 39.2 Number of employees

	2022	2021
	Number	
Total number of employees as at September 30	673	667
Average number of employees during the year	730	725

39.3 **Investments made by the provident fund**

The investments out of the 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.

39.4 **Reclassification of corresponding figures**

Certain corresponding figures in these financial statements have been rearranged and reclassified for the purpose of comparison and better presentation. Following reclassifications have been made in the financial statements.

Reclassification from component	Reclassification to component	Rupees
Others (Trade and other payables)	Road cess payable (Trade and other payables)	<u>4,774,807</u>
Others (Trade and other payables)	Security deposits (Trade and other payables)	<u>5,701,271</u>
Others (Trade and other payables)	Withholding income tax payable (Trade and other payables)	<u>1,282,253</u>
Handling, Transportation and storage (Selling and distribution expenses)	Loading, stacking, bagging and storage (Selling and distribution expenses)	<u>7,515,520</u>

39.5 **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 06, 2023.

39.6 **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

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Notice is hereby given that the 41<sup>st</sup> Annual General Meeting of the Company will be held on Friday, January 27, 2023 at 11:00 AM 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 meeting held on June 29, 2022
2. To receive, consider and approve annual audited financial statement of the Company for the year ended September 30, 2022 together with the reports of the auditors' and directors' thereon.
3. To appoint auditor of the company for the year September 30, 2023, 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, 2023.

## Special Business

4. To consider and approve enhancement in monthly emolument of the Chairman, Chief Executive and working Directors, w.e.f. October 2022
5. To consider and approve renewal of Investment upto un-utilized amount of Rs. 630 million and Corporate Guarantee; if required, in the Uni-Energy Limited.
6. To transact any other business with permission of the Chair.

## BY ORDER OF THE BOARD

Karachi.

Dated: January 06, 2023



**Muhammad Ayub**  
Company Secretary

## Notes:

1. Share Transfer Books will be closed from January 21, 2023 to January 27, 2023 (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 20, 2023 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.

# NOTICE OF ANNUAL GENERAL MEETING

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

The audited financial statements of the Company for the year ended September 30, 2022, have been made available on the Company's website [www.faran.com.pk](http://www.faran.com.pk)

## 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. Deduction of income tax from dividend at revised rates

Pursuant to the provisions of the Finance Act 2020 effective July 1, 2020, the rates of deduction of Income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:

Sr. No.	Nature of Shareholder	Rate of Deduction
1.	Filer of Income tax Return	15%
2.	Non-Filer of Income tax Return	30%

To enable the Company to make tax deductions on the amount of cash dividend at 15% instead of 30%, shareholders are requested to please check and ensure Filer status from Active Taxpayers List (ATL) available at FBR website <http://www.fbr.gov.pk/> as well as ensure that their CNIC/Passport number has been recorded by the participant/Investor Account Services or by Share Registrar (in case of physical shareholding). Corporate entities (non-individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant/Investor Account Services or in case of physical shareholding by Company's Share Registrar. Members who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his/her shareholding.

If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the Annual General Meeting date.

Folio / CDC A/c No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal / Joint Shareholder
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#### **10. Payment of Cash Dividend through electronic mode (Mandatory)**

Under the provision of Section 242 of the Companies Act, 2017 it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on the Company's website i.e. [www.faran.com.pk](http://www.faran.com.pk) and send it duly signed along with a copy of CNIC to the share Registrar of the Company i.e. M/s. C&K Management Associates (PVT.) Ltd. 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi., in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

#### **11. 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.

#### **12. 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.

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, 2023. The approval of the Members of the Company will be sought for

# NOTICE OF ANNUAL GENERAL MEETING

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## Item No. 4 of the Agenda

Chairman, Vice Chairman and Chief Executive Remuneration

The Board of Directors in its meeting held on January 06, 2023 recommended to approve remuneration along with other benefits as per service rule for the Chairman and Chief Executive, and Directors, w.e.f. October 01, 2022 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. 1,501,200/- per month and Mr. Bilal Omar Bawany, Director, a sum of Rs. 393,900/- per month w.e.f. from October 01, 2022, and other benefits as per service rules.”

“Further resolved that the monthly honorarium of Rs. 1,084,200/- for the Chairman is approved”

## Item No. 5 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.”

# PATTERN OF SHAREHOLDING

For the year ended September 30, 2022

No. of Shareholders	From	Shareholding	To	Total Shares Held
1103	1	-	100	19,351
490	101	-	500	111,938
139	501	-	1000	111,682
174	1001	-	5000	409,667
48	5001	-	10000	378,223
12	10001	-	15000	141,532
7	15001	-	20000	127,348
8	20001	-	25000	188,528
6	25001	-	30000	165,116
2	30001	-	35000	66,890
2	35001	-	40000	73,016
1	45001	-	50000	49,500
3	50001	-	55000	156,378
1	55001	-	60000	59,500
1	60001	-	65000	64,500
1	70001	-	75000	74,500
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
1	230001	-	235000	232,825
1	250001	-	255000	254,722
1	255001	-	260000	256,209
1	265001	-	270000	266,300
1	315001	-	320000	318,221
1	340001	-	345000	340,500
1	480001	-	485000	482,470
1	495001	-	500000	497,585
1	550001	-	555000	551,265
1	640001	-	645000	644,029
1	1115001	-	1120000	1,118,959
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
2024		Total		25,006,955

Sr. No.	Categories of Shareholders	Number of Shareholders	Total Shares Hold	Percentage %
1	INDIVIDUALS	1970	20,538,461	82.13
2	INVESTMENT COMPANIES	1	5,000	0.02
3	INSURANCE COMPANIES	2	169,724	0.68
4	JOINT STOCK COMPANIES	18	806,302	3.22
5	FINANCIAL INSTITUTIONS	5	58,689	0.23
6	MODARABAS	1	231	0.00
7	OTHERS	14	433,250	1.73
8	CHARITABLE TRUSTS	2	522,085	2.09
9	MUTUAL FUND	2	2,123,274	8.49
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	1	4,700	0.02
17	AUTHORIZED CAR DEALER	1	2,500	0.01
18	SHIPPING SERVICES	1	10,000	0.04
	2024		25,006,955	100.00

# DETAIL OF SHAREHOLDERS CATAGORIES

As at September 30, 2022

		No. of Shares	Percentage
1	<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>		
	RELIANCE INSURANCE COMPANY LIMITED	18329	0.07
2	<b>MUTUAL FUNDS</b>		
	CDC-TRUSTEE NATIONAL INVESTMENT	2120274	8.48
3	<b>JOINT STOCK COMPANIES</b>		
	FAWAD YUSUF SECURITIES (PVT.) LIMITED	266300	1.06
	AMIN TAI (PVT.) LIMITED	182663	0.73
	O.A. TRADING CO. (PVT.) LIMITED	102107	0.41
	HABIB SUGAR MILLS LIMITED	90600	0.36
	N. U. A. SECURITIES (PVT.) LIMITED	74500	0.3
	MADINA ESTATES & PROPERTIES (PVT.) LIMITED	52501	0.21
	SUPER PETROCHEMICALS (PVT.) LIMITED	28000	0.11
	MARINE SERVICES (PVT.) LIMITED	3000	0.01
	HH MISBAH SECURITIES (PVT.) LIMITED	2500	0.01
	FIKREES (PVT.) LIMITED	2310	0.01
	STOCK MASTER SECURITES (PVT.) LIMITED	519	0
	AZEE SECURITIES (PVT.) LIMITED	500	0
	NAEEM'S SECURITIES (PVT.) LIMITED	288	0
	AKD SECURITIES LIMITED - AKD TRADE	288	0
	SARFRAZ MAHMOOD (PVT.) LIMITED	133	0
	TAURUS SECURITIES LIMITED	78	0
	M/S NAEEM SECURITY LIMITED	14	0
	MAPLE LEAF CAPITAL LIMITED	1	0
		<b>806302</b>	<b>3.21</b>
4	<b>FINANCIAL INSTITUTIONS</b>		
	MUHAMMAD SALIM KASMANI (PRIVATE) LIMITED	30000	0.12
	NATIONAL BANK OF PAKISTAN	26520	0.11
	NATIONAL BANK OF PAKISTAN	1731	0.01
	NATIONAL BANK OF PAKISTAN	346	0
	MUSLIM COMMERCIAL BANK LTD.	92	0
		<b>58689</b>	<b>0.24</b>
5	<b>INSURANCE COMPANY</b>		
	STATE LIFE OF PAKISTAN	151395	0.61
6	<b>DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN</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. IRFAN ZAKARIA	2625	0.01

# DETAIL OF SHAREHOLDERS CATAGORIES

As at September 30, 2022

	No. of Shares	Percentage
6 <b>DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN</b> <i>(contd.)</i>		
MR. ALTAMASH AHMED ALI	2500	0.01
MR. AHMED GHULAM HUSSAIN	2500	0.01
MRS. RUKHSANA OMAR BAWANY	2131256	8.52
MST. GULSHANARA	2299512	9.2
MST. SHAHEDA	2562262	10.25
MST. AYSHA	2285576	9.14
MS. TASNEEM YUSUF	2500	0.01
	<b>14763937</b>	<b>59.05</b>
7 <b>EXECUTIVES</b>	NIL	NIL
8 <b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>	NIL	NIL
9 <b>GENERAL PUBLIC</b>	<b>7088029</b>	28.34
<b>TOTAL</b>	<b>25006955</b>	100.00

SHARE HOLDERS HOLDING FIVE PERCENTS OR MORE INTREST	Shares Held	Percentage %
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



# GLOSSARY OF TERMS

<b>AGM</b>	Annual General Meeting
<b>AEDB</b>	Alternative Energy Development Board
<b>Bagasse</b>	The dry pulpy residue left after the extraction of juice from sugar cane, used as fuel for electricity generators, etc.
<b>Brix</b>	Measure of dissolved solids in sugar liquor or syrup using a refractometer
<b>Centrifugal</b>	Centrifuge used to separate sugar from mother liquor
<b>Clarified Juice</b>	Juices from clarifiers is referred as clear juice
<b>Clarifier</b>	Apparatus for the separation by sedimentation of suspended solids from turbid sugar solution
<b>Dissolved Solids</b>	All solute materials which is in solution, including sucrose, monosaccharide's, ash and other organic impurities
<b>DuPont Analysis</b>	A method of performance measurement, which examines return on equity (ROE) analyzing profit margin, total asset turnover, and financial leverage
<b>EITDA</b>	Earnings before Interest, Taxes, Depreciation and Amortization.
<b>Ethanol</b>	A colorless volatile flammable liquid which is produced by the natural fermentation of sugars
<b>HESCO</b>	Hyderabad Electric Supply Company
<b>IASB</b>	International Accounting Standards Board.
<b>IFRIC</b>	International Financial Reporting Issues Committee
<b>IFRS</b>	International Financial Reporting Standard
<b>KIBOR</b>	Karachi Inter Bank Offer Rate
<b>LOI</b>	Letter of Intent
<b>Liming</b>	Process in juice purification with lime in the form of milk of lime
<b>Molasses</b>	Thick, dark brown juice obtained from raw sugar during the refining process
<b>NEPRA</b>	National Electric Power Regulator Authority
<b>Operating Cycle</b>	The average time between purchasing or acquiring inventory and receiving cash proceeds from its sale
<b>PSMA</b>	Pakistan Sugar Mills Association:
<b>Sucrose</b>	A pure chemical compound $C_{12}H_{22}O_{11}$ .
<b>Vacuum Pan</b>	Vacuum evaporator crystallizer used for rapid crystallization of sugar from liquor syrup or molasses
<b>Wind Power</b>	Power obtained by harnessing the energy of the wind

## FARAN SUGAR MILLS LIMITED

### Proxy Form



FARAN SUGAR MILLS LTD.

#### 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  
ID No. & A/c No. \_\_\_\_\_  
\_\_\_\_\_  
No. of Shares held \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_

being member of Faran Sugar Mills Limited, hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

another member of the Company as my/ our proxy to attend & vote for me/ us and on my/ our behalf at the 41<sup>st</sup> Annual General Meeting of the Company to be held on Friday, January 27, 2023 at 11:00 a.m. and at any adjournment thereof.

#### WITNESSES

1. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

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

Signature of  
Shareholder

Please affix  
Revenue  
Stamp

2. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

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

پروکسی فارم

فارن شوگر ملز لمیٹڈ

41 واں سالانہ اجلاس



اہم نوٹ

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

رجسٹرڈ فلیو نمبر / پارٹیشن کرنے والے کی شناخت نمبر
اکاؤنٹ نمبر
شیئرز کی تعداد

میں مسمیٰ / مسماة \_\_\_\_\_ سکنہ \_\_\_\_\_  
ضلع \_\_\_\_\_ بحیثیت ممبر فارن شوگر ملز لمیٹڈ مسمیٰ / مسماة \_\_\_\_\_  
سکنہ \_\_\_\_\_ کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری  
طرف سے کمپنی کے سالانہ اجلاس عام (یا جو بھی صورت حال ہو) جو مورخہ جمعہ، 27 جنوری، 2023 دوپہر 11:00 بجے بقام دی انٹیلیٹوٹ  
اف چارٹرڈ اکاؤنٹنٹس اف پاکستان، کانٹنن کراچی میں منعقد ہو رہا ہے۔ اس میں اور اس کے کسی ملتی شددہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

ریونیو  
اسٹیپ

دستخط شیئرز ہولڈر

گواہان  
1- دستخط \_\_\_\_\_  
نام \_\_\_\_\_  
پتہ \_\_\_\_\_  
NIC/پاسپورٹ نمبر \_\_\_\_\_

2- دستخط \_\_\_\_\_  
نام \_\_\_\_\_  
پتہ \_\_\_\_\_  
NIC/پاسپورٹ نمبر \_\_\_\_\_

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



**FARAN SUGAR MILLS LTD.**

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