Faran Sugar Mills Limited | www.faran.com.pk

Third Quarterly ACCOUNTS (Un-Audited)

FOR THE PERIOD ENDED

JUNE 30

2026

CORPORATE
INFORMATION

Date of Incorporation
November 3, 1981

Date of Commencement of Business
November 25, 1981

Board of Directors

Muhammad Omar Amin Bawany	Chairman
Ahmed Ali Bawany	Chief Executive
Bilal Omar Bawany	
Mohammad Altamash Bawany	
Ahmed Ghulamhussain	
Irfan Zakaria Bawany	
Dawood E. Bawany	
Matiuddin Siddiqui	NIT
Tasneem Yusuf	

Audit Committee

Ahmed Ghulamhussain	Chairman
Muhammad Omar Amin Bawany	Member
Irfan Zakaria Bawany	Member

Human Resource & Remuneration Committee

Ahmed Ghulamhussain	Chairman
Muhammad Omar Amin Bawany	Member
Ahmed Ali Bawany	Member

Auditors
Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Chief Financial officer & Company Secretary
Muhammad Ayub

Legal Advisor
KMS Law Associates

Bankers (Islamic Banking Division)
Bank AL-Habib 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.
Soneri Bank Ltd.

Share Registrar
C&K Management Associates (PVT.) Ltd.
M13, Progressive Plaza, Civil Lines Quarter,
Near P.I.D.C., Beaumont Road, Karachi.
Tel: (92-21) 35687639, 35685930

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

Mills
Shaikh Bhirkio,
Distt. Tando M. Khan.

E-mail & Website
info@faran.com.pk
www.faran.com.pk

Stock Exchange Symbol
FRSM

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

CHIEF EXECUTIVE REVIEW
FOR THE NINE MONTHS ENDED JUNE 30, 2025

Dear Shareholders,

By the grace of Almighty ALLAH, on behalf of the Board of Directors, I present a brief review of the performance of your company for the **Nine months** ended **June 30, 2026**.

Financial results operational results are summarized as follows:

Financial Results	**June 2026 – Rs.**	**June 2025 – Rs.**
Gross Turn-Over	**9,816,380,673**	9,420,304,413
Gross Profit	**674,958,134**	495,595,987
Financial cost	**(427,854,975)**	(603,118,353)
Share of Profit from Associates	**223,392,554**	119,422,667
Net Profit / (Loss) before taxation	**282,864,101**	(184,433,272)
Net Profit / (Loss) after taxation	**10,751,033**	(131,870,205)
Earnings / (Loss) per Share	**0.27**	(3.72)

The sugar market remained largely demand-driven and sentiment-led during the period, with these factors playing a decisive role in determining sugar prices. The market witnessed significant volatility primarily due to the substantial increase in sugar production. Initial estimates projected national production at approximately 6.5–6.7 million tons; however, actual production reached around 7.7 million tons, compared to 5.9 million tons in the preceding crushing season (2024–25). As the Federal Government approval for sugar exports was not yet granted for this season despite of surplus sugar stock, the additional sugar production remained in the domestic market, resulting in an oversupply and continued pressure on sugar prices throughout the 2025–26 crushing season and have now fallen below the cost of production.

Despite these challenging market conditions, the management remained vigilant and continuously monitored market sentiments. A prudent sales strategy was adopted, focusing on timely sales commitments and effective customer portfolio management. This proactive approach enabled the Company to capitalize on relatively favorable selling prices whenever market opportunities arose, maintain an optimal level of carryover stock at the end of the crushing season, and ensure timely cash inflows for meeting its financial obligations to growers and suppliers. It also facilitated the repayment of working capital borrowings before maturity, thereby reducing finance cost

Management's strategic sales planning and disciplined execution produced encouraging results despite the overall declining trend in sugar prices. Consequently, the Company earned a profit before taxation of Rs. 282 million during the period under review.

However, the Company's profitability was significantly reduced by the recognition of deferred tax expense and the levy of Super Tax, amounting in aggregate to Rs. 169 million. As a result, the Company reported a net profit after taxation of Rs. 4.0 million, representing a significant turnaround from the net loss after taxation of Rs. 131.8 million recorded in the corresponding period of the previous year.

Unicol Limited (Joint venture company) commenced financial year 2025-26 on a positive footing with Q3 closing with a consolidated Operating Profit of Rs 1.767 Billion while the profit after tax stood at Rs 671 Million, out of which Rs. 223 million was reflected under head of ‘share of profit from the Associates’ in Faran Account. While regional geopolitical turbulence disrupted freight and delayed containerized shipments lowering third quarter turnover along with operating profit compared to last year, strong cost controls and diversified product sales successfully protected the company’s core profit margins.

The prevailing market conditions highlighted that the domestic sugar market is not yet sufficiently mature or resilient to absorb surplus production and stabilize prices through normal market forces. The situation was further exacerbated by policy uncertainties and the presence of informal market participants operating outside the documented economy and exploiting regulatory loopholes, thereby distorting fair market competition and efficient price discovery.

Also on the deregulation front, the Sindh Government has sent a dissent note to GoP (Government of Pakistan) on immediate deregulation, citing serious reasons in favor of protecting the growers who are already in a deregulated regime for the past two years. It seems like the Government has completely missed the point of a deregulated sugar economy and has not studied the proposal well. Efforts are underway by PSMA (Pakistan Sugar Mills Association) to get the Government to see and agree to the logical point of view of a deregulated sugar economy, as endorsed by KPK and Punjab.

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

Ahmed Ali Bawany
Chief Executive

Bilal Omar Bawany
Director

Karachi: July 23, 2026

تاہم، مؤخر شدہ ٹیکس (Deferred Tax) کے اخراجات اور سپر ٹیکس (Super Tax) کی مد میں مجموعی طور پر 169 ملین روپے کے بوجھ نے کمپنی کے منافع کو نمایاں طور پر متاثر کیا۔ اس کے نتیجے میں کمپنی نے ٹیکس کے بعد 10.8 ملین روپے کا خالص منافع حاصل کیا، جو گزشتہ سال کی اسی مدت میں ہونے والے 131.9 ملین روپے کے خالص نقصان کے مقابلے میں ایک نمایاں بہتری اور مثبت تبدیلی کی عکاسی کرتا ہے۔

یونیکول لمیٹڈ (جوائنٹ وینچر کمپنی) نے مالی سال 2025-26 کا آغاز مثبت انداز میں کیا۔ تیسرے سہ ماہی کے اختتام پر کمپنی نے 1.767 ارب روپے کا مجموعی عملیاتی منافع (Consolidated Operating Profit) حاصل کیا، جبکہ ٹیکس کے بعد منافع 671 ملین روپے رہا، جس میں سے 223 ملین روپے کمپنی کے مالیاتی گوشواروں میں "وابستہ اداروں سے منافع میں حصہ" کے تحت شامل کیے گئے۔ اگرچہ خطے میں جغرافیائی و سیاسی کشیدگی (Geopolitical Turbulence) کے باعث مال برداری کے نظام میں رکاوٹیں پیدا ہوئیں اور کنٹینرائزڈ برآمدی شپمنٹس میں تاخیر ہوئی، جس کے نتیجے میں گزشتہ سال کے مقابلے میں تیسرے سہ ماہی کے دوران فروخت اور آپریٹنگ منافع میں کمی واقع ہوئی، تاہم مؤثر لاگت کنٹرول اور متنوع مصنوعات کی فروخت کی حکمتِ عملی نے کمپنی کے بنیادی منافع کے مارجن کو کامیابی سے برقرار رکھا۔

موجودہ مارکیٹ صورتحال اس امر کی نشاندہی کرتی ہے کہ ملکی چینی کی مارکیٹ ابھی اس قدر مستحکم اور پختہ نہیں ہو سکی کہ وہ اضافی پیداوار کو معمول کی مارکیٹ قوتوں کے ذریعے جذب کر کے قیمتوں میں استحکام پیدا کر سکے۔ مزید برآں، حکومتی پالیسیوں میں غیر یقینی صورتحال اور غیر دستاویزی معیشت میں کام کرنے والے غیر رسمی مارکیٹ عناصر کی موجودگی، جو ضابطہ جاتی خامیوں سے فائدہ اٹھاتے ہیں، منصفانہ مسابقت اور قیمتوں کے شفاف تعین کے عمل کو متاثر کر رہی ہے۔

ڈی ریگولیشن (Deregulation) کے حوالے سے بھی پیش رفت جاری ہے۔ حکومتِ سندھ نے فوری ڈی ریگولیشن کے مجوزہ اقدام پر حکومتِ پاکستان کو اختلافی نوٹ (Dissent Note) ارسال کیا ہے، جس میں ان کا مؤقف ہے کہ گزشتہ دو برسوں سے ڈی ریگولیٹڈ نظام میں کام کرنے والے گنے کے کاشتکاروں کے مفادات کے تحفظ کے لیے فوری ڈی ریگولیشن مناسب نہیں ہوگی۔ ایسا محسوس ہوتا ہے کہ حکومت ڈی ریگولیٹڈ شوگر اکانومی کے بنیادی تصور اور اس کے مقاصد کا مکمل ادراک نہیں کر سکی اور نہ ہی اس تجویز کا جامع جائزہ لیا گیا ہے۔ اس ضمن میں پاکستان شوگر ملز ایسوسی ایشن (PSMA) حکومت کو ڈی ریگولیٹڈ شوگر اکانومی کے منطقی اور مؤثر فوائد سے آگاہ کرنے کے لیے مسلسل کوششیں کر رہی ہے، جس کی تائید خیبر پختونخوا اور پنجاب کی صوبائی حکومتیں بھی کر چکی ہیں۔

آخر میں، ہم دعا گو ہیں کہ اللہ تعالیٰ ہمیں ان مشکل حالات کا کامیابی سے مقابلہ کرنے کی ہمت، بصیرت اور استقامت عطا فرمائے اور ہماری کوششوں میں برکت دے۔

آمین ثم آمین۔

احمد علی باوانی	بلال عمر باوانی
چیف ایگزیکیٹو	ڈائریکٹر

کراچی

23 جولائی 2026

محترم شیئر ہولڈرز،

اللہ تعالیٰ کے فضل و کرم سے، مجھے بورڈ آف ڈائریکٹرز کی جانب سے آپ کی کمپنی کی 30 جون 2026 کو ختم ہونے والے نو ماہ کے دوران کارکردگی کا مختصر جائزہ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

اس عرصے کے مالیاتی اور عملیاتی نتائج کا خلاصہ درج ذیل ہے:

مالیاتی نتائج	**جون 2026 (روپے)**	**جون 2025 (روپے)**
مجموعی فروخت (Gross Turnover)	9,816,380,673	9,420,304,413
مجموعی منافع (Gross Profit)	674,958,134	495,595,987
مالیاتی اخراجات (Finance Cost)	(427,854,975)	(603,118,353)
وابستہ اداروں سے منافع میں حصہ	223,392,554	119,422,667
ٹیکس سے قبل منافع / (نقصان)	282,864,101	(184,433,272)
ٹیکس کے بعد خالص منافع / (نقصان)	10,751,033	(131,870,205)
فی حصص آمدنی / (نقصان)	0.27	(3.72)

زیرِ جائزہ مدت کے دوران چینی کی مارکیٹ بنیادی طور پر طلب و رسد کے رجحانات اور مارکیٹ کے عمومی تاثر (Market Sentiment) کے زیرِ اثر رہی، جنہوں نے چینی کی قیمتوں کے تعین میں فیصلہ کن کردار ادا کیا۔ اس عرصے میں مارکیٹ میں نمایاں اتار چڑھاؤ دیکھنے میں آیا، جس کی بنیادی وجہ چینی کی پیداوار میں غیر معمولی اضافہ تھا۔ ابتدائی اندازوں کے مطابق قومی سطح پر چینی کی پیداوار تقریباً 6.5 سے 6.7 ملین ٹن متوقع تھی، تاہم حقیقی پیداوار تقریباً 7.7 ملین ٹن رہی، جو گزشتہ کرشنگ سیزن (2024-25) کی 5.9 ملین ٹن پیداوار سے نمایاں طور پر زیادہ تھی۔ اگرچہ ملک میں چینی کا خاطر خواہ اضافی ذخیرہ موجود تھا، تاہم وفاقی حکومت کی جانب سے اس سیزن کے دوران چینی برآمد کرنے کی منظوری نہ ملنے کے باعث اضافی پیداوار مقامی مارکیٹ ہی میں موجود رہی، جس کے نتیجے میں رسد میں نمایاں اضافہ ہوا اور پورے 2025-26 کے کرشنگ سیزن کے دوران چینی کی قیمتیں مسلسل دباؤ کا شکار رہیں، جو اب لاگتِ پیداوار سے بھی کم سطح پر آچکی ہیں۔

ان مشکل مارکیٹ حالات کے باوجود، انتظامیہ نے مسلسل مارکیٹ کے رجحانات پر گہری نظر رکھی اور ایک محتاط و مؤثر فروختی حکمتِ عملی اختیار کی، جس میں بروقت فروختی معاہدوں اور صارفین کے پورٹ فولیو کے مؤثر انتظام پر خصوصی توجہ دی گئی۔ اس فعال حکمتِ عملی کے نتیجے میں کمپنی کو مارکیٹ میں سازگار مواقع کے دوران نسبتاً بہتر قیمتوں پر فروخت کرنے، کرشنگ سیزن کے اختتام پر مناسب مقدار میں اختتامی ذخیرہ (Carryover Stock) برقرار رکھنے، اور کاشتکاروں و سپلائرز کے مالی واجبات کی بروقت ادائیگی کے لیے مطلوبہ نقد رقوم کی فراہمی یقینی بنانے میں کامیابی حاصل ہوئی۔ مزید برآں، کمپنی نے ورکنگ کیپیٹل فنانسنگ کو مقررہ میعاد سے قبل ادا کر دیا، جس سے مالیاتی اخراجات میں بھی نمایاں کمی واقع ہوئی۔

انتظامیہ کی مؤثر فروختی منصوبہ بندی اور نظم و ضبط کے ساتھ اس پر عملدرآمد کے نتیجے میں، چینی کی قیمتوں میں مجموعی کمی کے باوجود کمپنی نے اطمینان بخش مالی نتائج حاصل کیے۔ چنانچہ زیرِ جائزہ مدت کے دوران کمپنی نے 282.9 ملین روپے کا ٹیکس سے قبل منافع حاصل کیا۔

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JUNE 30, 2026

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT JUNE 30, 2026

	Note	Un-Audited Jun-2026	Audited Sep-2025
ASSETS		------------- Rupees	-------------
Non-current assets			
Property, plant and equipment	5	**2,906,566,006**	3,014,275,336
Long term investments	6	**1,488,304,094**	1,258,448,507
Long term advances		**-**	3,779,974
Deferred tax asset		**235,125,094**	376,821,500
Long term deposits		**9,635,569**	9,307,534
		4,639,630,763	4,662,632,851
Current assets			
Stores and spares		**145,569,461**	133,043,321
Stock in trade		**3,210,435,079**	412,544,937
Trade debts		**522,702,388**	320,506,866
Loans, advances, deposits, prepayments and other receivables		**239,712,381**	312,582,670
Taxation		**50,152,199**	
Cash and bank balances		**206,601,039**	137,270,147
		4,375,172,546	1,315,947,941
Total assets		**9,014,803,309**	5,978,580,792
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital		**400,000,000**	400,000,000
Issued, subscribed and paid up capital		**395,109,889**	395,109,889
Capital reserve			
Share premium		**371,073,000**	371,073,000
Surplus on re-measurement of investment		**17,480,304**	11,017,273
		388,553,304	382,090,273
Revenue reserves			
Unappropriated profit		**1,411,443,603**	1,400,692,570
		2,195,106,796	2,177,892,732
Non-current liabilities			
Long term borrowings from banking companies		**325,003,156**	400,216,576
Deferred liabilities		**122,660,931**	136,121,656
		447,664,087	536,338,232
Current liabilities			
Trade and other payables		**885,224,533**	863,710,551
Accrued mark up		**204,704,403**	73,553,316
Current portion of long term finance		**153,891,390**	165,780,122
Unclaimed dividend		**9,407,036**	9,407,036
Taxation - net		**-**	8,004,900
Short term borrowing from banking companies	7	**5,118,805,062**	2,143,893,903
		6,372,032,424	3,264,349,828
Contingency and commitment	8		
Total equity and liabilities		**9,014,803,309**	5,978,580,792

The annexed notes from 1 to 12 forms an integral part of these financial statements.

Ahmed Ali Bawany
Chief Executive

Muhammad Omar Bawany
Chairman

Muhamamd Ayub
Chief Financial Officer

CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTH ENDED JUNE 30, 2026

	Nine Month Ended		Quarter Ended	
	Jun 30, 2026	Jun 30, 2025	**Jun 30, 2026**	Jun 30, 2025
	---------- *Rupees* ----------		---------- *Rupees* ----------	
Turnover - net	**7,874,551,730**	7,976,809,279	**2,892,290,920**	2,567,718,053
Cost of sales	**(7,199,593,596)**	(7,481,213,292)	**(2,790,668,586)**	(2,101,808,489)
Gross profit	**674,958,134**	495,595,987	**101,622,334**	465,909,564
Administrative expenses	**(164,757,762)**	(170,451,756)	**(58,093,979)**	(58,442,973)
Selling and distribution costs	**(77,324,045)**	(64,587,816)	**(12,508,881)**	(8,852,291)
	(242,081,807)	(235,039,572)	**(70,602,860)**	(67,295,264)
Operating profit	**432,876,327**	260,556,415	**31,019,474**	398,614,300
Other income	**55,023,367**	42,853,618	**13,580,964**	8,613,817
Other expenses	**(573,172)**	(4,147,618)	**(341,419)**	(386,031)
	54,450,195	38,706,000	**13,239,545**	8,227,786
	487,326,522	299,262,414	**44,259,019**	406,842,085
Finance costs	**(427,854,975)**	(603,118,353)	**(184,834,038)**	(172,004,094)
	59,471,547	(303,855,939)	**(140,575,019)**	234,837,991
Share of profit from equity accounted investments	**223,392,554**	119,422,667	**23,263,141**	104,089,334
Profit before levies and taxation	**282,864,101**	(184,433,272)	**(117,311,878)**	338,927,325
Levies	**(130,416,709)**	(100,016,294)	**(35,813,655)**	(32,307,727)
Profit before taxation	**152,447,392**	(284,449,567)	**(153,125,533)**	306,619,598
Taxation	**(141,696,359)**	152,579,360	**146,436,763**	(26,817,760)
Profit after taxation	**10,751,033**	(131,870,206)	**(6,688,770)**	279,801,838
Earnings per share - basic and diluted	**0.27**	(3.72)	**(0.17)**	7.08

The annexed notes from 1 to 12 forms an integral part of these financial statements.

Ahmed Ali Bawany
Chief Executive

Muhammad Omar Bawany
Chairman

Muhamamd Ayub
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTH ENDED JUNE 30, 2026

	Nine Month Ended		Quarter Ended	
	Jun 30, 2026	Jun 30, 2025	**Jun 30, 2026**	Jun 30, 2025
	-------------- **Rupees** --------------		-------------- **Rupees** --------------	
Profit / (Loss) after taxation	**10,751,033**	(131,870,206)	(6,688,770)	279,801,838
Other comprehensive Income				
Items that will not be reclassified subsequently to profit or loss:				
Unrealised gain on re-measurement of investment in certificates of B.F. Modaraba	**6,463,031**	1,972,727	6,716,667	7,937,879
Total comprehensive income / (loss) for the period	**17,214,064**	(129,897,479)	27,897	287,739,718

The annexed notes from 1 to 12 forms an integral part of these financial statements.

Ahmed Ali Bawany	**Muhammad Omar Bawany**	**Muhamamd Ayub**
Chief Executive	Chairman	Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2026

		Capital reserves	Revenue reserves		
	Issued, subscribed and paid up capital	Share premium	Unappropriated profits	Surplus on re-measurement of investment	Total
	----- (Rupees) -----				
Balance as at October 1, 2024	**250,069,550**	**8,472,152**	**1,146,001,102**	**4,187,879**	**1,408,730,683**
Transactions with owners			-		-
Right Share issue	145,040,339	362,600,848			507,641,187
Total comprehensive income for the nine month ended June 30, 2025					
- Profit after taxation	-	-	(131,870,206)	-	(131,870,206)
- Other comprehensive income	-	-	-	1,972,727	1,972,727
	-	-	(131,870,206)	1,972,727	(129,897,479)
Balance as at June 30, 2025	**395,109,889**	**371,073,000**	**1,014,130,896**	**6,160,606**	**1,786,474,391**
Total comprehensive income for the period ended September 30, 2025					
- Profit after taxation	-	-	386,561,674	-	386,561,674
- Other comprehensive income	-	-	-	4,856,667	4,856,667
	-	**-**	**386,561,674**	**4,856,667**	**391,418,341**
Balance as at September 30, 2025	**395,109,889**	**371,073,000**	**1,400,692,570**	**11,017,273**	**2,177,892,732**
Balance as at October 1, 2025	395,109,889	371,073,000	1,400,692,570	11,017,273	2,177,892,732
Total comprehensive income for the nine month ended June 30, 2026					
- Profit after taxation	-	-	10,751,033	-	10,751,033
- Other comprehensive income	-	-	-	6,463,031	6,463,031
	-	**-**	**10,751,033**	**6,463,031**	**17,214,064**
Balance as at June 30, 2026	**395,109,889**	**371,073,000**	**1,411,443,603**	**17,480,304**	**2,195,106,796**

The annexed notes from 1 to 12 forms an integral part of these financial statements.

Ahmed Ali Bawany
Chief Executive

Muhammad Omar Bawany
Chairman

Muhamamd Ayub
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTH ENDED JUNE 30, 2026

	Note	Jun 30, 2026	Jun 30, 2025
		------------- Rupees -------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH GENERATED FROM OPERATIONS			
Profit before taxation		**282,864,101**	**(184,433,272)**
Adjustments for:			
Depreciation		126,167,366	126,082,760
Share in profit from equity accounted investments		(223,392,554)	(119,422,667)
Dividend income		-	(123,375)
Finance costs		427,854,975	603,118,352
Gain on disposal of property, plant and equipment		(2,164,688)	(283,980)
		328,465,099	609,371,091
		611,329,200	**424,937,818**
Working capital changes			
Increase in stores and spares		(12,526,140)	(40,902,554)
Increase in stock in trade		(2,797,890,142)	(530,310,734)
Increase/ (decrease) in trade debts		(202,195,522)	92,417,111
Decrease in loans, advances, deposits, prepayments and other receivables		72,870,289	359,144,995
Increase/ (Decrease) in trade and other payables		8,053,257	(646,653,803)
		(2,931,688,259)	(740,784,634)
Cash used in operating activites		(2,320,359,059)	(315,860,312)
Taxes paid		(188,573,808)	(119,592,416)
Finance cost paid		(296,703,887)	(993,869,695)
Net cash used in operating activities		**(2,805,636,753)**	**(1,454,829,278)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(22,152,547)	(78,509,794)
Disposal of Subsidy		-	99,970
Proceeds from sale of fixed assets		5,859,246	455,244
Long term advances made		3,779,974	-
Sale of Investment		-	6,231,409
Dividend received		-	123,375
Long term deposits - net		(328,035)	(1,945,501)
Net cash used in investing activities		**(12,841,362)**	**(73,545,297)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans - net		(87,102,153)	(109,595,426)
Right Issue			507,641,189
Short term finance - net		3,474,911,159	33,931,040
Net cash generated from financing activities		**3,387,809,007**	**431,976,803**
Net increase/ (decrease) in cash and cash equivalents		**569,330,892**	**(1,096,397,772)**
Cash and cash equivalents at the beginning of the year		(1,362,729,853)	97,330,221
Cash and cash equivalents at the end of the year		**(793,398,961)**	**(999,067,551)**
Cash and cash equivalents comprise of the following:			
Cash and bank balances		206,601,039	300,932,449
Short term running Musharika finance		(1,000,000,000)	(1,300,000,000)
		(793,398,961)	**(999,067,551)**

The annexed notes from 1 to 12 forms an integral part of these financial statements.

Ahmed Ali Bawany	**Muhammad Omar Bawany**	**Muhamamd Ayub**
Chief Executive	Chairman	Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE NINE MONTH ENDED JUNE 30, 2026

1 STATUS AND NATURE OF BUSINESS

Faran Sugar Mills Limited ('the Company') was incorporated in Pakistan on November 03, 1981 as a public limited company under the repealed Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984 on October 8, 1984 and, subsequently, by Companies Act, 2017 on May 30, 2017). The shares of the Company are listed on Pakistan Stock Exchange (PSX). The principal business of the Company is the production and sale of white crystalline sugar.

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

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

1.1 SEASONALITY OF OPERATIONS

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial information are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange. The condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard - 34 “Interim Financial Reporting” as applicable in Pakistan. The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended September 30,2026.

The comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2026 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2025 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the quarter ended June 30, 2026 have been extracted from the condensed interim financial information for the quarter ended June 30, 2025.

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

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

3 SIGNIFICANT ACCOUNTING POLICIES

These interim financial information have been prepared using the same accounting convention, basis of preparation and significant accounting policies as those applied in the preparation of the audited financial statements for the year ended September 30, 2025.

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

4 ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended September 30, 2025.

		Note	Un-Audited 30-Jun-26	Audited Sep 30, 2025
			Rupees	
5	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating Fixed Assets	5.1	**2,906,566,006**	3,014,275,336
	Capital Work in Progress		**-**	-
			2,906,566,006	3,014,275,336
5.1	**Operating Fixed Assets**			
	Opening WDV		**3,014,275,336**	2,978,482,854
	Additions to fixed asset during the period			
	Plant and machinery		**20,189,006**	135,092,442
	Solar system		**-**	63,836,001
	Factory building		**-**	12,498,313
	Furniture and fixtures		**150,000**	-
	Office and mill equipment		**451,840**	720,500
	Electrical equipments		**-**	1,638,125
	Vehicles		**1,361,700**	1,604,400
			22,152,546	215,389,781
	Disposals		**(3,694,510)**	(249,532)
	Depreciation for the period		**(126,167,366)**	(179,347,767)
			2,906,566,006	3,014,275,336
6	**LONG TERM INVESTMENTS**			
	Equity accounted investment in Associates	6.1	**1,467,073,789**	1,243,681,234
	Available for sale investments		**21,230,304**	14,767,273
	Investment in subsidiary company		**-**	-
			1,488,304,094	1,258,448,507
6.1	Equity accounted investments			
	Unicol Limited		**1,457,546,828**	1,234,018,827
	Uni Energy Limited	6.1.1	**9,526,961**	9,662,407
			1,467,073,789	1,243,681,234

6.1.1 Carrying amounts of these equity accounted investees are adjusted on the basis of share of profit of their Un-Audited financial statements for the half year ended upto Mar 31, 2026

7 SHORT TERM FINANCE - SECURED

This represents the availed amount of Islamic finance facilities provided by various banks. As at the reporting date, the aggregate limit of these available finances amounted to Rs. 7,800 million (Sep 2025: Rs. 7,800 million). These finances are secured against pledge of refined sugar and first pari passu charge on fixed assets of the Company including land, building and plant & machinery carrying profit at the rate of KIBOR + 0.50% to 1.25% per annum (Sep 2025: KIBOR + 0.50% to 1% per annum).

8 CONTINGENCIES AND COMMITMENTS

Contingencies

8.1 There is no material change in the contingencies as disclosed in the published annual financial statement for the year ended September 30, 2025

8.1.1 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
The CAT disposed of the above-mentioned Appeal vide its order dated May 21, 2025, whereby the impugned CCP Order dated August 13, 2021 was set aside and the matter was remanded back to the Commission with the direction that the Chairman or any other member not previously involved should hear the case afresh and decide the matter within 90 days of the Order. Being aggrieved with the CAT's direction to remand the matter back to the Commission, the Company filed a Civil Appeal No. 466/2025 before the Honourable Supreme Court of Pakistan (the Apex Court) who vide its Order dated September 18, 2025, upheld the CAT order to the extent of casting vote and remanding the case back to the CAT, to hear the case afresh and decide the matter within 90 days of this Order.

The appeal before the CAT was subsequently withdrawn on October 28, 2025, due to a split decision between the two Members of the Tribunal; consequently, no operative order remains in force. The Competition Commission of Pakistan (CCP) filed a review petition before the Supreme Court of Pakistan challenging the order dated September 18, 2025, whereby the Supreme Court had set aside the CAT's direction to remand the case to CCP and instead remanded it back to the CAT. The Supreme Court dismissed the said review petition vide order dated January 15, 2026, holding that the review petitions were neither factually nor legally maintainable. Consequently, the order dated September 18, 2025 passed by the Supreme Court attains finality and shall prevail over lower court proceedings i.e. Suit No. 2273 of 2021, re-numbered as Suit No. 5331 of 2025, remains pending before the Court of the Senior Civil Judge / Assistant Sessions Judge-XV, Karachi South (City Court, Karachi).

8.2 The Deputy Commissioner Inland Revenue (DCIR) vide its order, dated November 29, 2024, raised a demand of Rs. 10.308 million (including default surcharge u/s. 205 amounting to Rs. 4.146 million and penalty u/s. 182 amounting to Rs. 0.56 million) for the tax year 2019 on the alleged failure of the company to collect / deduct tax under sections 236G, 236H and 153 of the Income Tax Ordinance (ITO), 2001.

In response to the said order, on December 27, 2024 , the Company filed an appeal before the Commissioner Inland Revenue (Appeals-I) challenging the demand raised by the DCIR on the grounds that the order passed was bad in law and the DCIR has grossly erred in raising the demand @ 1% u/s 236H of the income tax ordinance, 2001 which was not applicable to the Company and similarly also erred in calculating the withholding tax liability against various heads of expenses claimed which were duly reconciled with the reconciliation filed with the DCIR as required under rule 44(4) of the Income Tax Rules (ITR), 2002. Accordingly, the levy created against the impugned expenses arbitrarily is unjustified and unwarranted.

On June 25, 2025, Commissioner Inland Revenue (Appeals-I), through its order set aside the appeal filed by the Company and upheld the order passed by the DCIR previously.

Being aggrieved by the aforesaid order, the Company filed an appeal No. ITA 756/2025 with the Appellate Tribunal Inland Revenue (ATIR) on the grounds that order passed by the learned CIR(A) was bad in law and against the facts of the case.

The ATIR vide its order dated February 25, 2026 dismissed the appeal filed by the Company and upheld the order of the learned CIR(A). Being aggrieved by the said order, the Company filed a Reference Application (ITRA No. 67 of 2026) dated March 18, 2026 before the Honorable Sindh High Court (SHC). Vide order dated April 02, 2026, the SHC, on joint submission of both parties, set aside the impugned ATIR order and remanded the matter back to the learned Tribunal for fresh adjudication in accordance with law. The SHC further directed that no coercive action shall be taken against the Company pending such adjudication.

After due consultation with its legal advisor, and in view of the decision in a similar case which was in favor of the Company, the Company expects a favorable outcome and, accordingly, has not made any provision in this regard.

Commitments

8.3 As of the reporting date, there were no material commitments.

9 RELATED PARTY TRANSACTIONS

Significant transactions with related parties during the period ended are as follows:

	Quarter Ended	
Transactions with Associate	**30-Jun-26**	**30-Jun-25**
	Rupees	
Share of profit in associates - net of tax	**223,528,000**	119,422,667
Sale of goods	**1,246,642,496**	886,480,156
Transactions with other related parties		
Remuneration to Chief Executive and Directors	**26,758,890**	26,758,890
Insurance premium	**19,338,935**	30,892,628
Sale of goods	**64,830,765**	49,300,085
Provident fund contribution	**5,680,762**	6,187,598

All transactions with related parties were carried out on arm's length

	As at	
Balances with related parties at the end of the period are as follows:	**30-Jun-26**	**30-Sep-25**
	Rupees	
Due from Associate	**3,395,674**	8,272,542
Advance from Associate	**215,029,444**	-

10 FINANCIAL RISK MANAGEMENT

The companies financial risk management objectives and policies are consistent with that disclosed in the financial statements for

11 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the company at there meeting held on July

12 GENERAL

- Figure have been rounded off to the nearest rupee.
- Following reclassification has been made in the profit & loss Account

Reclassified from Component	Reclassified to Component	Amount Rupees
Other expenses	Levies	-

Ahmed Ali Bawany
Chief Executive

Muhammad Omar Bawany
Chairman

Muhamamd Ayub
Chief Financial Officer

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