

# **FINANCIAL STATEMENTS**

## **(REVIEWED)**

FOR THE HALF YEAR ENDED  
MARCH 31, 2023



**FARAN SUGAR MILLS LTD.**

# CORPORATE INFORMATION

**Date of Incorporation**

November 3, 1981

**Date of Commencement of Business**

November 25, 1981

**Board of Directors**

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

**Audit Committee**

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

**Human Resource & Remuneration Committee**

Ahmed Ghulam Hussain	Chairman
Muhammad Omar Amin Bawany	Member
Ahmed Ali Bawany	Member

**Auditors**

Rahman Serfaraz Rahim Iqbal Rafiq  
Chartered Accountants

**Chief Financial officer & Company Secretary**

Muhammad Ayub

**Legal Advisor**

Ghulam Rasool Korai

**Bankers (Islamic Banking Division)**

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

**Share Registrar**

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

**Registered Office**

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

**Mills**

Shaikh Bhirkio,  
Distt. Tando M. Khan.

**E-mail & Website**

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

**Stock Exchange Symbol**

FRSM

**Registration Number**

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

# CHIEF EXECUTIVE REVIEW

FOR THE PERIOD ENDED MARCH 31, 2023

Dear Shareholders,

By the grace of Almighty Allah, on behalf of the Board of Directors, I present a brief review of the performance of your Company for the Half year ended March 31, 2023, which have been reviewed by the External Auditors.

Financial results for the Half year are summarized as follows:

	Mar-2023 Rs. '000	Mar-2022 Rs. '000
Gross sales	4,300,129	4,317,510
Profit / (Loss) before share of Associates & taxation	(231,539)	288,253
Share of profit from Associate-net	768,828	103,408
Profit before taxation	537,290	391,661
Taxation	(146,224)	(143,052)
Profit after Taxation	391,065	248,609
Earnings per Share Rs.	15.64	9.94

Gross sale of sugar declined by 12.16% mainly due to low sales volume as well as decrease in selling price of refined sugar, however, selling price of molasses significantly improved, consequently overall turnover was almost at same level as compared to the same corresponding period of last year. Margin on sugar sale shrank due to higher cost of manufacturing and lower sales price. For season 2022-23, the Sindh government fixed minimum support price for sugarcane at Rs. 302 per maund – Rs. 52 jump from the previous season, but average actual rate paid around Rs. 335 per maund due to constrain supply of cane. Further, rising of minimum labour wages and hyperinflation and the exorbitant rise in the oil prices pushed up the chemicals, spare parts of the machinery and the other input cost as well as staff cost, resulting in jacking up the cost of production of refined sugar. However, the price of sugar has increased much less in comparison to food inflation in the country which has gone up by 47 percent in the last one year.

Other income was supported from the sale proceeds of divestment of UniFood shares amounting to Rs. 188.38 million. Finance cost shot up to 381.44 million from Rs. 152.18 million, increased by 151% due to steep rise in KIBOR rate, huge financing obtained for timely growers' payments & for cost saving projects and sluggish sale volume that eroded our profitability. Huge fund is required for timely payment to growers as payments are made in 3-4 months while sugar is sold all year around due to its monthly distribution.

However, the company's bottom line highly benefited from the share of profit from Unicol Limited, a joint venture associated company that was up by almost 4.5 times during the first half of the reporting year. The distillery reported exceptional profit of Rs. 2.305 billion, out of which our shares of profit of Rs. 768.6 million that has been reflected in shares of profit from equity accounted investees-net.

## Operational Performance:

As per Track and Trace system of FBR, around 6.657 million tons sugar produced in the country during the season 2022-23 and carry over stock of 0.99 million tons was in the beginning of crushing season 2023-23, cumulative available sugar for the country was 7.647 million tons for the year 2022-23. By the grace of Almighty Allah, our mills performance was satisfactory in terms of cane crushing and sugar production.

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

		<b>Season 2022-23</b>	Season 2021-22
Season commenced	Date	<b>November 28, 2022</b>	November 19, 2021
Season end	Date	<b>February 27, 2023</b>	March 27, 2022
Duration of Operation	Days	<b>92</b>	129
Sugar-cane Crushed	Metric tons	<b>764,606</b>	845,437
Sugar Production	Metric tons	<b>79,427</b>	92,862
Recovery	%	<b>10.387</b>	10.984
Minimum Support Price-Sindh Zone	Per 40 kg	<b>302</b>	250

The sugar industry of Pakistan had been demanding permission for the export of surplus sugar since March 2022 due to huge production in season 2021-22. It was estimated a surplus sugar stock of 1.2 million metric tons and the industry asked the permission of exporting at least one million tons of surplus sugar. However, the government inordinately delayed the decision. If the government would have timely allowed export of one million tons of sugar it would have ultimately given a positive message to farmers who would have timely increased plantation and invested more in their fields to increase yield.

In December 2022, the government finally gave permission to export 250,000 metric tons of sugar, allocating 61 percent of sugar export quota to Punjab (152,500 tons), 32 percent to Sindh (80,000 tons) and 7 percent to KP (17,500 tons). After fulfilling all governmental prerequisites, the sugar industry has exported 172,180 metric tons of sugar till March 2023 earning approximately US\$ 85 million.

The continually increasing international sugar price meant that sugar domestically in Pakistan was priced at half of prices across our border in Afghanistan. PSMA had been continually stressed the need to control our porous borders to Afghanistan or otherwise the huge arbitrage would make it lucrative to smuggle this commodity as well along with what had been seen happening in urea and wheat previously. PSMA again sensitized the government that the smugglers mafia had been taken benefit of higher sugar prices in the international market and smuggle sugar out of the country.

If the government had given due consideration to the apprehensions and demands of the sugar industry then its earnings of foreign exchange would have been added to the national exchequer instead of landing into the pockets of smugglers mafia. Sadly the industry couldn't export the surplus and the country couldn't benefit from this due to the huge smuggling.

Domestic price were very depressed during the crushing season 2022-23. However, as there is continuous improvement in domestic selling price of sugar, as well as anticipation of historical ever- highest profit in Unicol, we expect, Insha Allah, the bottom line to show healthy growth on year-to-year basis

It might also be reiterated that the sugar industry of Pakistan set up several discounted sugar stalls much below its cost of production in different cities of the country during the holy month of Ramazan. This step of the sugar industry was also acknowledged by government circles

Unicol Limited has entered into an agreement to acquire the entire assets of Popular Sugar Mills Limited. This investment is intended to diversify the revenue stream of Unicol Limited as well as entrant to new geographical region and thus add to its potential for future profitability, benefiting its ultimate shareholders.

May Allah bestow the strength on us to continue our success, AMEEN!



**Ahmed Ali Bawany**  
Chief Executive



**Muhammad Omar Bawany**  
Director

Karachi:  
May 26, 2023

پاکستان کی شوگر انڈسٹری مارچ 2022 سے زائر چینی کی برآمد کی اجازت کا مطالبہ کر رہی تھی کیونکہ سیزن 22-2021 میں بہت زیادہ پیداوار تھی۔ اس کا نتیجہ 1.2 ملین میٹرک ٹن اضافی چینی کا ذخیرہ تھا اور صنعت نے کم از کم 10 لاکھ ٹن اضافی چینی برآمد کرنے کی اجازت طلب کی۔ تاہم حکومت نے اس فیصلے میں غیر معمولی تاخیر کی۔ اگر حکومت بروقت 0.10 لاکھ ٹن چینی کی برآمد کی اجازت دیتی تو اس سے بااثر کسانوں کو ایک مثبت پیغام ملتا جو بروقت شکر کاری کرتے اور پیداوار بڑھانے کے لیے اپنے کھیتوں میں مزید سرمایہ کاری کرتے۔

دسمبر 2022 میں، حکومت نے آخر کار 250,000 میٹرک ٹن چینی برآمد کرنے کی اجازت دے دی، چینی کے برآمدی کوٹے کا 61 فیصد بھاریا (152,500 ٹن)، 32 فیصد سندھ (80,000 ٹن) اور 7 فیصد غیر بھاریا (17,500 ٹن) مختص کیا گیا۔ تمام کوٹے شکر کاروں کو پورا کرنے کے بعد چینی کی صنعت نے مارچ 2023 تک 172,180 میٹرک ٹن چینی برآمد کی ہے جس سے تقریباً 85 ملین امریکی ڈالر کی آمدنی ہوئی ہے۔

چینی کی بین الاقوامی قیمتوں میں مسلسل اضافے کا مطالبہ ہے کہ پاکستان میں چینی کی مقامی سطح پر افغانستان میں ہماری سرحد کے پار قیمت آدھی قیمت ہے۔ پی ایس ایم اے کی جانب سے مسلسل زور دیا جاتا رہا ہے کہ وہ افغانستان کی ہماری غیر معمولی سرحدوں کو کھول کر سے روک بڑی من مانی اس اجناس کی اسمگلنگ کے ساتھ ساتھ اس کے ساتھ ساتھ جو کچھ پیلے یوریا اور گندم میں ہوتا دیکھا جا چکا ہے اسے منافع بخش بنانے کے لیے پی ایس ایم اے نے حکومت کو ایک بار پھر آگے بڑھایا کہ منظرہ اپنی بین الاقوامی مارکیٹ میں چینی کی قیمتوں میں اضافے کا فائدہ اٹھا کر چینی کو ملک سے باہر اسمگل کر رہا ہے۔


اگر حکومت شوگر انڈسٹری کے خدشات اور مطالبات پر غور کرتی تو اس کی ذمہ داری کی کمانی منظرہ اپنی کی قیمتوں میں جانے کی بجائے قومی خزانے میں شامل ہوتی۔ افسوس کی بات یہ ہے کہ صنعت سرپس ایکسپورٹ نہیں کر سکی اور ملک اس سے بہت زیادہ اسمگلنگ کی وجہ سے فائدہ نہیں اٹھا سکا۔

کرٹھن سیزن 2022-23 کے دوران گھریلو قیمتیں بہت کم تھیں۔ تاہم، چینی کی مقامی فروخت کی قیمت میں مسلسل بہتری کے ساتھ ساتھ یو ٹیکال میں تاریخی ایک تک سے سب سے زیادہ منافع کی توقع کے ساتھ ہم امید کرتے ہیں، اللہ کا فضلہ سال بہ سال کی بنیاد پر صحت مند ترقی دکھائے گی۔

یہ بات بھی برائی جا سکتی ہے کہ پاکستان کی شوگر انڈسٹری نے رمضان المبارک کے مقدس مہینے میں ملک کے مختلف شہروں میں اپنی پیداواری اگت سے بہت کم چینی کے کئی سائز لگائے۔ شوگر انڈسٹری کے اس قدم کو حکومتی حلقوں کی جانب سے بھی سراہا گیا۔

یو ٹیکال لوڈنگ سے پارلر شوگر ملوں کے تمام ہائوں کو خریدنے کا معاہدہ کیا ہے۔ اس سرمایہ کاری کا مقصد یو ٹیکال لوڈنگ کے ریلوے میٹرو کو متوجہ بنانے کے ساتھ ساتھ سے جغرافیائی نقطہ میں داخل ہونا اور اس طرح اس کے حتمی شیڈر ہو لٹرز کو فائدہ پہنچانے کے مستقبل کے منافع کی صلاحیت میں اضافہ کرنا ہے۔

اللہ ہمیں اپنی کامیابیوں کو جاری رکھنے کی توفیق عطا فرمائے آمین!

  
محمد فرمان  
چیرمین

  
احسان یدانی  
چیف ایگزیکٹو

کراچی: 26 مئی 2023

چیف ایگزیکٹو کا چارج  
31 اگست 2023 کو ختم ہونے والی مدت کے لیے

بیانے شیئر ہولڈرز

اللہ تعالیٰ کے فضل و کرم سے، بورڈ آف ڈائریکٹرز کی جانب سے، ایس آپ کی کھیتی کی 431 اگست 2023 کو ہونے والی ششماہی کی کارکردگی کا ایک مختصر جائزہ پیش کر رہوں، جس کا بیرونی آڈیٹرز نے جانچ لیا ہے۔  
ششماہی کے مالی نتائج کا خلاصہ اس طرح ہے:

مارچ 2022	مارچ 2023	
روپے '000	روپے '000	
4,317,510	4,300,129	مقامی فروخت - مجموعی
288,253	(231,539)	قبل از ٹیکس منافع (تقصان)
103,408	768,828	ایسوی لیٹ سے منافع کا حصہ - نیٹ
391,661	537,290	قبل از ٹیکس منافع
(143,052)	(146,224)	منفی ٹیکس
248,609	391,065	بعد از ٹیکس منافع
9.94	15.64	فی شیئر آمدنی

کھیتی کی مجموعی فروخت میں 12.16% کی کمی واقع ہوئی جس کی بنیادی وجہ کم فروخت کے حجم کے ساتھ ساتھ ریٹائمنگ چینی کی قیمت فروخت میں کمی ہے، تاہم، سولائز کی فروخت کی قیمت میں نمایاں بہتری آئی، نتیجتاً مجموعی کاروباری مدت کے مقابلے تقریباً سی گھنٹے پہلے گزشتہ سال کے۔ کھیتی کی فروخت پر مارچن میٹھی ٹیکس کی زیادہ آگے اور فروخت کی کم قیمت کی وجہ سے کم ہو گیا۔ سیزن 2022-23 کے لیے، ہندو حکومت نے گنے کی کم از کم ادوی قیمت روپے مقرر کی۔ 302 ٹی سی روپے پچھلے سیزن سے 52 روپے، لیکن اوسطاً مل شرٹ تقریباً روپے ادائیگی گنے کی سپلائی میں رکاوٹ کی وجہ سے 335 فی منٹ مزید برآں مزید روپوں کی کم از کم ادوی قیمت میں اضافے اور فراہم کنندہ اور تیل کی قیمتوں میں بے تحاشہ اضافے نے کیو بی کے مشینری کے ایسیٹرز پلاس اور دیگر اینٹ آؤٹ کے ساتھ ساتھ سٹیل کی آگت میں اضافہ کیا، جس کے نتیجے میں ریٹائمنگ چینی کی پیداواری آگت میں اضافہ ہوا، تاہم ملک میں ایشیائی خورد و نوش کی میکانیکی کے مقابلے میں چینی کی قیمت بہت کم ہو گئی ہے جو کہ گزشتہ ایک سال میں 47 فیصد تک بڑھی ہے۔

ہوئی ٹوڈے حصص کی فروخت سے ہونے والی آمدنی سے دیگر آمدنی کی مدد میں 188.38 ملین روپے رہی۔ KIBOR کی شرح میں زبردست اضافے کا شکاروں کی بروقت ادائیگیوں اور آگت کی بچت کے منصوبوں کے لیے حاصل کی گئی عوامی مالی اعانت اور فروخت کے سٹاک کی وجہ سے ٹیکس کاسٹ 152.18 ملین سے بڑھ کر 381.44 ملین ہو گئی جو کہ 151% کا اضافہ ہے۔ جس نے ہمارے منافع کو ختم کر دیا، کاشتکاروں کو بروقت ادائیگی کے لیے بہت زیادہ دباؤ رکھا ہے کیونکہ ادائیگی 3-4 ماہ میں ہو جاتی ہے جبکہ چینی کی باہر تقسیم کی وجہ سے سارا سال فروخت ہوتی ہے۔

تاہم، کھیتی کی باہر لائن کو بیکول لیٹھ، جو کہ پورے سال کی پہلی ششماہی کے دوران تقریباً 4.5 کنا بڑھ گئی، جو اینٹ وینچر سے وابستہ کھیتی کے منافع کے حصص سے بہت زیادہ دباؤ ڈالی ہے۔ 2.305 ملین روپے کا غیر معمولی منافع دیا، جس میں سے ہمارے حصص منافع کے Rs. 768.6 ملین جو کہ ایک نئی اکانڈنڈا اؤٹسٹریٹس سے منافع کے حصص میں ظاہر ہوا ہے۔

تہہ پیش کارکردگی:

ایف بی آر کے ٹریک اینڈ ٹریس سسٹم کے مطابق سیزن 2022-23 کے دوران ملک میں تقریباً 6.657 ملین ٹن چینی پیدا ہوئی اور کھٹک سیزن 2022-23 کے آغاز میں 0.99 ملین ٹن کاغذ خرید، موجود تھا ملک کے لیے مجموعی طور پر دستیاب چینی تھی۔ سال 2022-23 کے لیے 7.647 ملین ٹن۔ اللہ تعالیٰ کے فضل و کرم سے گنے کی کھٹک اور چینی کی پیداوار کے حوالے سے ہماری ملوں کی کارکردگی تسلی بخش رہی۔

کھلم سیزن کے لیے ایس آپ کی ملوں کا وقتی خلاصہ آپ ٹانگ نتیجہ حسب ذیل ہے:

سیزن 2022	سیزن 2023		
19 نومبر 2021	28 نومبر 2022	تاریخ	سیزن کا آغاز
27 اگست 2022	27 دسمبر 2023	تاریخ	سیزن کا اختتام
129	92	دن	آپ ٹین کا دورانیہ
845,437	764,606	میٹرک ٹن	گنے کی کھٹک
92,862	79,427	میٹرک ٹن	جوگر کی پیداوار
10.984	10.387	فیصد	رکوری
250	302	40 کلوگرام	کم سے کم سپورٹ قیمت

# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF M/S. FARAN SUGAR MILLS LIMITED

### Report on Review of Condensed Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of M/s. Faran Sugar Mills Limited ("the Company") as at March 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes thereto for the half yearly period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

#### Scope of review

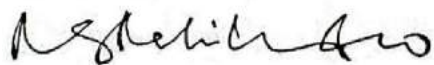
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial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

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended March 31, 2023. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter period ended March 31, 2023.

#### Conclusion

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

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



**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants

Karachi

Date: May 27, 2023

UDIN: RR202310210D8uZQc11j



# Faran Sugar Mills Limited

## Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2023

ASSETS	Note	(Un-audited)	(Audited)
		March 31, 2023	September 30, 2022
		Rupees	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,845,910,399	2,789,634,053
Long term investments	4	1,765,704,244	1,171,593,738
Long term advances	5	43,525,801	23,658,340
Long term deposits		12,950,523	12,657,942
		<u>4,668,090,967</u>	<u>3,997,544,073</u>
<b>Current assets</b>			
Stores and spares		124,836,398	118,971,987
Stock in trade	6	5,277,596,211	2,008,432,120
Trade debts	7	152,949,727	228,669,662
Short term investments		5,455,400	1,159,425
Investment in associate classified as held for sale		-	11,535,839
Loans, advances, deposits and other receivables	8	609,982,787	665,352,325
Taxation - net		98,036,521	113,085,679
Cash and bank balances		223,032,807	132,674,392
		<u>6,491,889,851</u>	<u>3,279,881,429</u>
<b>Total assets</b>		<u><b>11,159,980,818</b></u>	<u><b>7,277,425,502</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital		<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid up capital		<u>250,069,550</u>	<u>250,069,550</u>
<i>Capital reserves</i>			
Share premium		8,472,152	8,472,152
Surplus on re-measurement of investment		946,970	665,152
		<u>9,419,122</u>	<u>9,137,304</u>
<i>Revenue reserves</i>			
Unappropriated profit		<u>1,912,576,009</u>	<u>1,521,510,706</u>
		<u>2,172,064,681</u>	<u>1,780,717,560</u>
<b>Non-current liabilities</b>			
Long term borrowings from banking companies	9	747,606,269	800,819,109
Deferred liabilities	10	517,310,323	465,568,527
		<u>1,264,916,592</u>	<u>1,266,387,636</u>
<b>Current liabilities</b>			
Trade and other payables	11	1,755,968,407	714,949,852
Current portion of long term borrowings from banking companies		372,747,036	376,057,485
Accrued mark up		252,173,443	173,224,722
Unclaimed dividend		10,674,777	10,674,777
Short term borrowings from banking companies	12	5,331,435,883	2,955,413,470
		<u>7,722,999,546</u>	<u>4,230,320,306</u>
<b>Contingency and commitments</b>	13	-	-
<b>Total equity and liabilities</b>		<u><b>11,159,980,818</b></u>	<u><b>7,277,425,502</b></u>

The annexed notes from 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.

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Ahmed Ali Bawany  
Chief Executive Officer

Muhammad Omar Bawany  
Chairman

Muhammad Ayub  
Chief Financial Officer



## Faran Sugar Mills Limited

### Condensed Interim Unconsolidated Statement of Profit or Loss

For the six months and quarter ended March 31, 2023 (unaudited)

	Note	Six-month period ended		Quarter ended	
		Mar. 31, 2023	Mar. 31, 2022	Mar. 31, 2023	Mar. 31, 2022
Rupees					
Sales revenue - net	14	3,827,946,620	3,787,796,104	1,636,579,570	1,573,364,963
Cost of sales	15	(3,734,500,048)	(3,227,681,100)	(1,609,907,355)	(1,295,838,953)
<b>Gross profit</b>		<b>93,446,572</b>	<b>560,115,004</b>	<b>26,672,215</b>	<b>277,526,010</b>
Administrative expenses		(97,476,951)	(83,969,613)	(48,825,494)	(46,655,893)
Selling and distribution costs	16	(78,738,057)	(33,335,445)	(45,839,757)	(22,961,812)
		(176,215,008)	(117,305,058)	(94,665,251)	(69,617,705)
<b>Operating (loss) / profit</b>		<b>(82,768,436)</b>	<b>442,809,946</b>	<b>(67,993,036)</b>	<b>207,908,305</b>
Other income	17	233,247,394	19,351,664	219,866,526	16,750,265
Other expenses		(576,970)	(21,718,955)	(373,532)	(8,113,476)
		232,670,424	(2,367,291)	219,492,994	8,636,789
		149,901,988	440,442,655	151,499,958	216,545,094
Finance costs	18	(381,440,881)	(152,189,427)	(260,733,284)	(109,770,136)
		(231,538,893)	288,253,228	(109,233,326)	106,774,958
Share of profit or loss of associates - net	19	768,828,692	103,407,994	418,751,359	116,991,374
<b>Profit before taxation</b>		<b>537,289,799</b>	<b>391,661,222</b>	<b>309,518,033</b>	<b>223,766,332</b>
Taxation	20	(146,224,496)	(143,051,728)	(118,825,423)	(115,286,086)
<b>Profit after taxation</b>		<b>391,065,303</b>	<b>248,609,494</b>	<b>190,692,610</b>	<b>108,480,246</b>
<b>Earnings per share - basic and diluted</b>		<b>15.64</b>	<b>9.94</b>	<b>7.63</b>	<b>4.34</b>

The annexed notes from 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.

Ahmed Ali Bawany  
Chief Executive Officer

Muhammad Omar Bawany  
Chairman

Muhammad Ayub  
Chief Financial Officer

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## Faran Sugar Mills Limited

### Condensed Interim Unconsolidated Statement of Comprehensive Income

For the six months and quarter ended March 31, 2023 (unaudited)

	<u>Six-month period ended</u>		<u>Quarter ended</u>	
	<u>Mar. 31, 2023</u>	<u>Mar. 31, 2022</u>	<u>Mar. 31, 2023</u>	<u>Mar. 31, 2022</u>
	<u>Rupees</u>			
Profit after taxation	391,065,303	248,609,494	190,692,610	108,480,246
Other comprehensive income / (loss)				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Increase / (decrease) in fair value of the investment in certificates of B.F. Modaraba	281,818	(1,784,849)	1,221,212	(1,596,970)
<b>Total comprehensive income for the period</b>	<b><u>391,347,121</u></b>	<b><u>246,824,645</u></b>	<b><u>191,913,822</u></b>	<b><u>106,883,276</u></b>

The annexed notes from 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.

  
Ahmed Ali Bawany  
Chief Executive Officer

  
Muhammad Omar Bawany  
Chairman

  
Muhammad Ayub  
Chief Financial Officer

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## Faran Sugar Mills Limited

### Condensed Interim Unconsolidated Statement of Changes in Equity


For the six months ended March 31, 2023 (unaudited)

	Issued, subscribed and paid up capital	Capital reserves		Revenue reserves		Total
		Share premium	Surplus on re- measurement of investment	General reserve	Unappropriate d profits	
(Rupees)						
Balance as at September 30, 2021 (audited)	250,069,550	8,472,152	2,731,819	49,952,868	1,444,175,319	1,755,401,708
<i>Total comprehensive income for the half year ended March 31, 2022</i>						
- Profit after taxation	-	-	-	-	248,609,494	248,609,494
- Other comprehensive loss	-	-	(1,784,849)	-	-	(1,784,849)
	-	-	(1,784,849)	-	248,609,494	246,824,645
<b>Balance as at March 31, 2022 (un-audited)</b>	<b>250,069,550</b>	<b>8,472,152</b>	<b>946,970</b>	<b>49,952,868</b>	<b>1,692,784,813</b>	<b>2,002,226,353</b>
Balance as at September 30, 2022 (audited)	250,069,550	8,472,152	665,152	-	1,521,510,706	1,780,717,560
<i>Total comprehensive income for the half year ended March 31, 2023</i>						
- Profit after taxation	-	-	-	-	391,065,303	391,065,303
- Other comprehensive income	-	-	281,818	-	-	281,818
	-	-	281,818	-	391,065,303	391,347,121
<b>Balance as at March 31, 2023 (un-audited)</b>	<b>250,069,550</b>	<b>8,472,152</b>	<b>946,970</b>	<b>-</b>	<b>1,912,576,009</b>	<b>2,172,064,681</b>

The annexed notes from 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.

  
Ahmed Ali Bawany  
Chief Executive Officer

  
Muhammad Omar Bawany  
Chairman

  
Muhammad Ayub  
Chief Financial Officer

*Basir*



# Faran Sugar Mills Limited

## Condensed Interim Unconsolidated Statement of Cash Flows

For the six months ended March 31, 2023 (unaudited)

	Note	March 31, 2023	March 31, 2022
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		537,289,799	391,661,222
<i>Adjustments for non-cash and other items:</i>			
- Depreciation		73,628,361	63,843,453
- Dividend income	17	(57,500)	(495,945)
- Provision for Workers' Profit Participation Fund		-	15,480,839
- Provision for Workers' Welfare Fund		-	5,882,719
- Gain on sale of property, plant and equipment	17	(12,241,932)	(13,551)
- Gain on sale of investment in associate held for sale	17	(188,380,393)	-
- Amortization of deferred government grant	17	(16,338,465)	(13,576,063)
- Finance costs	18	381,440,881	152,189,427
- Share of profit or loss of associates - net	19	(768,828,692)	(103,407,994)
- Loss on re-measurement of investments carried at fair value		111,525	84,887
		<u>(530,666,215)</u>	<u>119,987,772</u>
<b>Working capital changes</b>		<b>6,623,584</b>	<b>511,648,994</b>
<i>(Increase) / decrease in current assets</i>			
- Stores and spares		(5,864,411)	(12,102,117)
- Stock in trade		(3,269,164,091)	(3,550,363,815)
- Trade debts		75,719,935	(211,235,528)
- Loans, advances, deposits and other receivables		55,369,538	242,157,065
<i>Increase / (decrease) in current liabilities</i>			
- Trade and other payables		1,041,018,555	775,719,008
		<u>(2,102,920,474)</u>	<u>(2,755,825,387)</u>
<b>Cash used in operations</b>		<b>(2,096,296,890)</b>	<b>(2,244,176,393)</b>
Income tax paid		(59,206,525)	(85,060,845)
Finance cost paid		(286,182,379)	(85,745,535)
<b>Net cash used in operating activities</b>		<b>(2,441,685,794)</b>	<b>(2,414,982,773)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(132,880,522)	(584,555,142)
Investment made in associate		-	(36,000,000)
Proceeds from disposal of investment in associate held for sale		199,916,232	-
Proceeds from sale of property, plant and equipment		15,217,747	91,451
Dividend received		175,057,490	100,495,940
Long term advances made		(19,867,461)	-
Long term deposits - net		(292,581)	(405,048)
<b>Net cash generated from / (used in) investing activities</b>		<b>237,150,905</b>	<b>(520,372,799)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(129,142)
Long term loans obtained-net of repayment		78,247,198	315,344,672
Long term loans repaid		(159,376,307)	(52,716,536)
Short term finance - net		2,376,022,413	2,819,509,593
<b>Net cash generated from financing activities</b>		<b>2,294,893,304</b>	<b>3,082,008,587</b>
<b>Net increase in cash and cash equivalents</b>		<b>90,358,415</b>	<b>146,653,015</b>
Cash and cash equivalents at the beginning of the period		132,674,392	138,827,049
<b>Cash and cash equivalents at the end of the period</b>		<b>223,032,807</b>	<b>285,480,064</b>

The annexed notes from 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.

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Ahmed Ali Bawany  
Chief Executive Officer

Muhammad Omar Bawany  
Chairman

Muhammad Ayub  
Chief Financial Officer

# Faran Sugar Mills Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the six months ended March 31, 2023 (unaudited)

### 1. STATUS AND NATURE OF BUSINESS

#### 1.1 Brief profile of the Company

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

#### 1.2 Location of the registered office and the manufacturing facilities:

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.

#### 1.3 Seasonality of operations

Due to the seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of availability of sugarcane and costs incurred/accrued upto the reporting date have been accounted for.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Company's annual financial statements for the year ended September 30, 2022.

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

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

- (a) Long term investments in unquoted ordinary shares of associates which are carried under the equity method of accounting;

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

### 2.3 Functional and presentation currency

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

### 2.4 Judgments and sources of estimation uncertainty

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the Company's annual financial statements as at and for the year ended September 30, 2022.

### 2.5 Significant accounting policies

The significant accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the year ended September 30, 2022.

		(Un-audited) March 31, 2023	(Audited) September 30, 2022
	Note	Rupees	
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	3.1	2,611,499,374	2,663,270,005
Capital work in progress	3.2	234,411,025	126,364,048
		<u>2,845,910,399</u>	<u>2,789,634,053</u>
<b>3.1 Operating fixed assets</b>			
Net book value at the beginning of the period / year		2,663,270,005	1,836,238,350
Additions/transferred during the period / year		24,833,545	968,138,578
		<u>2,688,103,550</u>	<u>2,804,376,928</u>
Disposals during the period / year - at net book value		(2,975,815)	(2,735,962)
Depreciation for the period / year		(73,628,361)	(138,370,961)
		<u>(76,604,176)</u>	<u>(141,106,923)</u>
Net book value at the end of the period / year		<u>2,611,499,374</u>	<u>2,663,270,005</u>
<b>3.2 Capital work-in-progress</b>			
Opening balance		126,364,048	347,990,399
Additions during the period / year		108,046,977	717,689,244
Transfers to operating fixed assets		-	(939,315,595)
Closing balance		<u>234,411,025</u>	<u>126,364,048</u>
<b>4. LONG TERM INVESTMENTS</b>			
Investment in subsidiary		99,970	99,970
Investment in associates	4.1	1,760,907,304	1,167,078,616
Investment in certificates of B.F. Modaraba		4,696,970	4,415,152
		<u>1,765,704,244</u>	<u>1,171,593,738</u>

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		(Un-audited) March 31, 2023	(Audited) September 30, 2022
		Rupees	
4.1	<b>Investment in associates</b>		
	<i>Unquoted investments</i>		
	Unicol Limited	1,740,056,635	1,146,524,153
	Uni Energy Limited	20,850,669	20,554,463
		<u>1,760,907,304</u>	<u>1,167,078,616</u>
4.1.1	<b>Investment in Unicol Limited</b>		
	Cost of investment: 10,499,998 shares of Rs.10/- each	104,999,980	104,999,980
	Bonus shares issued: 39,500,000 shares	395,000,000	395,000,000
		<u>499,999,980</u>	<u>499,999,980</u>
	<i>Accumulated share of profit:</i>		
	Opening balance	646,524,173	531,591,840
	Cash dividend received during the period / year	(174,999,990)	(325,000,000)
	Share of profit for the period / year	768,532,472	439,932,333
		<u>1,240,056,655</u>	<u>646,524,173</u>
	<b>Carrying amount as of the reporting date</b>	<u>1,740,056,635</u>	<u>1,146,524,153</u>

4.1.1.1 The share of profit of the associate is based on its un-audited financial statements for the half year ended March 31, 2023.

4.1.1.2 As of the reporting date, the Company held 33.33% (September 30, 2022: 33.33%) voting shares of Unicol Limited.

## 5. LONG TERM ADVANCES

This includes an advance of Rs. 33.288 million (September 30, 2022: Rs. Nil) provided to an Engineering, Procurement and Construction (EPC) contractor, M/s. Adaptive Technologies (Private) Limited, for the supply and installation of a solar power plant.

		(Un-audited) March 31, 2023	(Audited) September 30, 2022
		Rupees	
6.	<b>STOCK-IN-TRADE</b>		
	<i>Finished goods:</i>		
	- Sugar	5,208,237,803	1,993,503,877
	- Bagasse	64,600,000	11,538,450
		<u>5,272,837,803</u>	<u>2,005,042,327</u>
	<i>Work in process</i>	4,758,408	3,389,793
		<u>5,277,596,211</u>	<u>2,008,432,120</u>

6.1 As of the reporting date, the value of stock pledged against bank borrowings amounted to Rs. 3.9 billion (September 30, 2022: Rs. 1.897 billion).

		(Un-audited) March 31, 2023	(Audited) September 30, 2022
		Rupees	
7.	<b>TRADE DEBTS - unsecured, considered good</b>		
	Local receivables	152,949,727	228,669,662

7.1 This includes amount of Rs. 0.229 million (September 30, 2022: Rs. 2.018 million) due from M/s. Unicol Limited, a related party.

*Review*



		(Un-audited) March 31, 2023	(Audited) September 30, 2022
	Note	Rupees	
<b>8. LOANS, ADVANCES, DEPOSITS AND OTHER RECEIVABLES - Unsecured</b>			
Loans (interest-free)		4,198,537	16,587,913
Advances (interest-free)		50,870,490	77,507,576
Deposits		19,071,605	17,071,605
Other receivables	8.1	<u>535,842,155</u>	<u>554,185,231</u>
		<u>609,982,787</u>	<u>665,352,325</u>
<b>8.1 Other receivables</b>			
Freight subsidy receivable	8.1.1	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		<u>7,245,203</u>	<u>25,588,279</u>
		<u>535,842,155</u>	<u>554,185,231</u>
<b>8.1.1 Freight subsidy receivable</b>			
Government of Sindh	8.1.1.1	304,730,417	304,730,417
Trading Development Authority of Pakistan (TDAP)		83,283,750	83,283,750
Federal Government		<u>69,971,591</u>	<u>69,971,591</u>
		<u>457,985,758</u>	<u>457,985,758</u>
<b>8.1.1.1</b>	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 Honourable Court of Sindh for the recovery of the said subsidy. During the period ended March 31, 2023, the Sindh High Court disposed of the petition vide their order dated 30.03.2023 in favor of the Company and issued directives for the disbursement of the outstanding Sindh share of cash freight support by September 30, 2023.		
		(Un-audited) March 31, 2023	(Audited) September 30, 2022
	Note	Rupees	
<b>9. LONG TERM FINANCE- Secured Financing under SBP schemes</b>			
Islamic Temporary Economic Refinance Facility (ITERF)	9.1	447,535,405	458,157,383
Islamic Financing for Renewable Energy (IFRE)	9.2	<u>29,907,695</u>	-
		477,443,100	458,157,383
<b>Other financing schemes</b>			
Diminishing Musharaka financing	9.3	<u>270,163,169</u>	<u>342,661,726</u>
		<u>747,606,269</u>	<u>800,819,109</u>

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	(Un-audited) March 31, 2023	(Audited) September 30, 2022
	Rupees	
<b>9.1 Financing under Islamic Temporary Economic Refinance Facility (ITERF)</b>		
Opening carrying amount - net of deferred grant	505,139,423	277,326,849
Funds borrowed during the period / year:		
Loan proceeds received from the bank	-	317,635,672
Less: Element of government grant recognized as deferred income	-	(119,336,428)
	-	198,299,244
	<u>505,139,423</u>	<u>475,626,093</u>
Add: Interest on unwinding of the loan	26,982,195	44,418,036
Less: Installments paid during the period / year	(16,970,655)	(14,904,706)
	<u>515,150,963</u>	<u>505,139,423</u>
Less: Current maturity shown under current liabilities	(67,615,558)	(46,982,040)
	<u><u>447,535,405</u></u>	<u><u>458,157,383</u></u>
<b>9.2 Islamic Financing for Renewable Energy (IFRE)</b>		
<b>9.2.1 Opening balance</b>	-	-
Loan proceeds received from bank	29,907,695	-
	<u>29,907,695</u>	-
Current maturity shown under current liabilities	-	-
	<u><u>29,907,695</u></u>	<u><u>-</u></u>

During the period, the Company has obtained long-term financing facilities of Rs. 35 million from M/s. Bank Islami Pakistan Limited (BIPL) under the SBP's Islamic Financing for Renewable Energy notified vide IH & SMEFD Circular No. 12 of 2019 dated August 21, 2019. Up to the reporting date, the amount disbursed by BIPL under the said facility amounted to Rs. 29.91 million.

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

- The applicable markup rate is SBP rate plus 4%;
- The tenure of the each tranche of the loan is 10 years (including 3 months as grace period);
- Each tranche of the loan is to be repaid in 39 equal quarterly instalments; and
- The facility is secured against first pari passu / joint pari passu hypothecation charge over the plant and machinery of the Company amounting to Rs. 46.67 million (with 25% margin).

### 9.3 Diminishing Musharaka financing

	<u>Movement in Diminishing Musharaka</u>		<u>Total outstanding balance as at</u>	
	I	II	March 31, 2023	September 30, 2022
	Rupees			
Opening balance	615,260,705	10,748,500	626,009,205	580,014,763
Obtained during the period / year	48,624,579	-	48,624,579	98,605,561
	<u>663,885,284</u>	<u>10,748,500</u>	<u>674,633,784</u>	<u>678,620,324</u>
Payments made during the period / year	(138,862,072)	(1,434,946)	(140,297,018)	(52,611,119)
	<u>525,023,212</u>	<u>9,313,554</u>	<u>534,336,766</u>	<u>626,009,205</u>
Current maturity shown under current liabilities	(262,103,909)	(2,069,688)	(264,173,597)	(283,347,479)
	<u><u>262,919,303</u></u>	<u><u>7,243,866</u></u>	<u><u>270,163,169</u></u>	<u><u>342,661,726</u></u>

*Review*

		(Un-audited) March 31, 2023	(Audited) September 30, 2022
	Note	Rupees	
<b>10. DEFERRED LIABILITIES</b>			
Deferred taxation - net	10.1	254,938,227	182,969,414
Sales tax payable		109,419,576	109,419,576
Provision for excise duty		7,005,677	7,005,677
Deferred government grant	10.2	145,946,843	166,173,860
		<u>517,310,323</u>	<u>465,568,527</u>

**10.1 Deferred taxation - net**

*Deferred tax liability arising in respect of:*

Property, plant and equipment	397,407,639	391,427,491
Investment in associates	186,008,498	96,978,626
Long term finance	48,866,713	54,949,398
	<u>632,282,851</u>	<u>543,355,515</u>

*Deferred tax asset arising in respect of:*

Provision of slow moving stock	(3,418,939)	(3,418,939)
Deferred government grant	(51,937,568)	(56,675,723)
Unused tax losses	(321,988,117)	(300,291,439)
	<u>(377,344,624)</u>	<u>(360,386,101)</u>
	<u>254,938,227</u>	<u>182,969,414</u>

**10.1.1** As of the reporting date, total unused tax losses and unused tax credits amounted to Rs. 1,852.655 million (September 30, 2022: Rs. 1,403.587 million) and Rs. 131.377 million (September 30, 2022: Rs. 83.397 million) 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. 1,110.303 million (September 30, 2022: Rs. 1,035.488 million) and Nil (September 30, 2022: Nil), respectively.

		(Un-audited) March 31, 2023	(Audited) September 30, 2022
		Rupees	
<b>10.2 Deferred government grant</b>			
Opening balance		195,433,526	106,303,443
Add: grant recognized during the period / year		-	119336428
Less: amortization for the period / year		(16,338,465)	(30,206,345)
		<u>179,095,061</u>	<u>195,433,526</u>
Less: Current maturity shown under current liabilities		(33,148,218)	(29,259,666)
		<u>145,946,843</u>	<u>166,173,860</u>

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		(Un-audited) March 31, 2023	(Audited) September 30, 2022
	Note	Rupees	
<b>11. TRADE AND OTHER PAYABLES</b>			
<b>Trade creditors:</b>			
- Sugarcane growers		632,858,082	44,426,487
- Suppliers of stores and spares		<u>112,829,691</u>	<u>151,239,357</u>
		<u>745,687,773</u>	<u>195,665,844</u>
<b>Other payables:</b>			
Advance and deposit from customers	11.1	<u>823,503,005</u>	210,194,808
Sales tax payable		48,707,446	180,179,038
Accrued liabilities	11.2	64,692,777	53,169,362
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		4,774,797	4,774,799
Security deposits		6,731,332	4,618,956
Withholding income tax payable		1,425,018	3,359,626
Others	11.2	<u>5,406,088</u>	<u>7,947,248</u>
		<u>1,010,280,634</u>	<u>519,284,008</u>
		<u><u>1,755,968,407</u></u>	<u><u>714,949,852</u></u>

**11.1 Advances and deposits from customers:**

Advances received against sale of:

- Sugar	11.1.1	769,754,331	197,594,850
- Baggasse		<u>53,748,674</u>	<u>12,599,958</u>
		<u><u>823,503,005</u></u>	<u><u>210,194,808</u></u>

11.1.1 This includes an amount of Rs. 52.975 million (September 30, 2022: Rs. Nil) received as advance from M/s. B.F. Modaraba, a related party.

11.2 This includes an amount of Rs. 4.270 million (September 30, 2022: Rs. 6.81 million) due to M/s. Reliance Insurance Limited, a related party.

		(Un-audited) March 31, 2023	(Audited) September 30, 2022
	Note	Rupees	
<b>12. SHORT TERM FINANCE - secured</b>			
Islamic financing arrangements	12.1	<u>5,331,435,883</u>	<u>2,955,413,470</u>

12.1 This represents the availed amount of Islamic finance facilities provided by various Islamic banks. As at the reporting date, the aggregate limit of these available finances amounted to Rs. 5,500 million (September 30, 2022: Rs. 5,300 million). These finances are secured against pledge of refined sugar and first pari passu charge on fixed assets of the Company including land, building and plant & machinery carrying profit at the rate of KIBOR + 0.5% to 1% per annum (September 30, 2022: KIBOR + 0.50% to 1.25% per annum).

**13. CONTINGENCIES AND COMMITMENTS**

**13.1 Contingencies**

As of the reporting date, the status of the contingent liabilities as disclosed in Note 21.1 to the financial statements of the Company for the year ended September 30, 2022 remains the same.

*Review*

13.2 Commitments

Commitments in respect of corporate guarantee provided to Alternate Energy Development Board (AEDB) on behalf of Faran Power Limited amounted nil (September 30, 2022: \$ 67,500/-).

		<u>For the six-month period ended</u>	
		March 31, 2023 (Un-audited)	March 31, 2022 (Un-audited)
		----- Rupees -----	
14.	<b>SALES REVENUE - net</b>	<i>Note</i>	
	Revenue from local sales - net	<i>14.1</i>	3,827,946,620
	Revenue from export sales		3,787,796,104
			<u>3,827,946,620</u>
14.1	<b>Revenue from local sales - net</b>		<u>3,787,796,104</u>
	Sales of sugar - gross		3,072,788,351
	Less: Sales tax / advance income tax		(453,359,702)
			<u>2,619,428,649</u>
	Sales of molasses		1,098,825,000
	Sales of bagasse - gross		128,516,030
	Less: Sales tax		(18,823,059)
			<u>109,692,971</u>
	<b>Net sales revenue</b>		<u>3,827,946,620</u>
15.	<b>COST OF SALES</b>		
	Opening stock of finished goods		2,005,042,327
	Cost of goods manufactured	<i>15.1</i>	1,042,472,302
			<u>7,002,295,524</u>
			7,820,943,282
	Closing stock of finished goods		(5,272,837,803)
			<u>(4,593,262,182)</u>
			<u>3,227,681,100</u>
15.1	<b>Cost of goods manufactured</b>		
	Raw materials consumed		6,421,158,034
	Conversion costs incurred:		
	- Salaries, wages and benefits		222,642,200
	- Stores and spares consumed		128,204,485
	- Packing materials consumed		71,728,851
	- Depreciation		60,059,636
	- Repair and Maintenance		51,103,567
	- Fuel and power		23,771,947
	- Insurance		11,644,852
	- Vehicle running expenses		8,956,025
	- Others		4,394,542
			<u>582,506,105</u>
			<u>7,003,664,139</u>
	Opening stock of work in process		3,389,793
	Closing stock of work in process		(4,758,408)
			<u>(1,368,615)</u>
			<u>426,065</u>
			<u>6,778,470,980</u>

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		<u>For the six-month period ended</u>	
		March 31, 2023 (Un-audited)	March 31, 2022 (Un-audited)
		Rupees	
16.	<b>SELLING AND DISTRIBUTION EXPENSES</b>		
	Transportation	67,411,595	21,720,877
	Loading, stacking, bagging and storage	11,326,462	11,024,481
	Commission and Brokerage	-	590,087
		<u>78,738,057</u>	<u>33,335,445</u>
17.	<b>OTHER INCOME</b>		
	Gain from disposal of investment in associate	188,380,393	-
	Amortization of deferred government grant	16,338,465	13,576,063
	Gain on sale of property, plant and equipment	12,241,932	13,551
	Sale of scrap	10,476,548	2,888,276
	Profit on deposit accounts	3,265,706	2,104,573
	Exchange gain	1,695,250	-
	Dividend income	57,500	495,945
	Miscellaneous income	791,600	273,256
		<u>233,247,394</u>	<u>19,351,664</u>

17.1 As disclosed in note 11 to the unconsolidated financial statements of the Company for the year ended September 30, 2022, in July 2022, the Company along with other members of Unifood Industries Limited had entered into a 'Share Purchase Agreement' with M/s. Sunridge Foods (Private) Limited (here-in-after referred to as 'the investor') whereby the investor had agreed to acquire the entire shareholding in UFIL for a total consideration of Rs. 592.114 million (or Rs. 3.184 per ordinary share) in which the Company's shares in the said sale consideration amounted to Rs. 205.263 million (34.67%). The transaction was completed during the period ended March 31, 2023 at a revised consideration of Rs. 199.916 million by way of mutual agreement between the parties.

		<u>For the six-month period ended</u>	
		March 31, 2023 (Un-audited)	March 31, 2022 (Un-audited)
		Rupees	
18.	<b>FINANCE COSTS</b>		
	Markup on short term borrowings	290,857,501	123,099,812
	Markup on long term borrowings:		
	- ITERF from Faysal Bank Limited	22,814,181	22,640,670
	- IFRE from Bank Islami Pakistan Limited	4,165,013	-
	- Salaries and wages financing	69,789	2,171,673
	- Diminishing Musharaka financing	59,637,956	3,112,895
		<u>86,686,939</u>	<u>27,925,238</u>
	Bank charges	377,544,440	151,025,050
		3,896,441	1,164,377
		<u>381,440,881</u>	<u>152,189,427</u>
19.	<b>SHARE OF PROFIT OR LOSS OF ASSOCIATES - net</b>		
	Unicol Limited	768,532,472	167,594,667
	Uni Energy Limited	296,220	142,331
	Uni Food Industries Limited	-	(64,329,004)
		<u>768,828,692</u>	<u>103,407,994</u>
20.	<b>TAXATION - net</b>		
	Current	74,255,683	62,453,985
	Deferred	71,968,813	80,597,743
		<u>146,224,496</u>	<u>143,051,728</u>

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

Related parties comprise of the Company's subsidiary, associates, key management personnel (including directors) and their close family members and the staff provident fund. Remuneration and benefits to directors and executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

	<b>For the six-month period ended</b>	
	<b>March 31, 2023 (Un-audited)</b>	<b>March 31, 2022 (Un-audited)</b>
	<b>————— Rupees —————</b>	
<b><u>Transactions during the period</u></b>		
<b><u>ASSOCIATES</u></b>		
<i>Unicol Limited</i>		
Revenue from sale of goods	<u>1,134,147,059</u>	<u>749,701,629</u>
<i>Uni-Food Industries Limited</i>		
Revenue from sale of goods	<u>-</u>	<u>17,229,000</u>
<b><u>KEY MANAGEMENT PERSONNEL</u></b>		
Remuneration of the Chief Executive	<u>9,007,200</u>	<u>8,191,200</u>
Remuneration of directors	<u>8,868,600</u>	<u>8,062,200</u>
Directors' meeting fee	<u>150,000</u>	<u>80,000</u>
<b><u>OTHER RELATED PARTIES</u></b>		
<i>Reliance Insurance Company Ltd.</i>		
Insurance premium paid	<u>14,400,000</u>	<u>12,000,000</u>
<i>Employees' Provident Fund Trust</i>		
Contribution to Provident Fund	<u>3,222,213</u>	<u>3,202,048</u>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>March 31, 2023</b>	<b>September 30, 2022</b>
	<b>————— Rupees —————</b>	
<b><u>Balances at the end of the reporting period</u></b>		
<b><u>ASSOCIATES</u></b>		
<i>Unicol Limited</i>		
Trade receivable against sale of baggasse	<u>229,194</u>	<u>2,018,068</u>
<b><u>OTHER RELATED PARTIES</u></b>		
<i>Reliance Insurance Limited</i>		
Insurance premium payable	<u>4,270,196</u>	<u>6,810,727</u>
<i>Employees' Provident Fund Trust</i>		
Contribution payable	<u>1,389,611</u>	<u>379,779</u>

22. **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:

*Reserve*



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

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

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

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

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

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

	Level 1	Level 2	Level 3
	Rupees		
<b>March 31, 2023</b>			
Investment in certificates B.F. Modaraba	4,696,970	-	-
Short term investment in quoted equity securities	1,047,900	-	-
	<u>5,744,870</u>	-	-
<b>September 30, 2022</b>			
Investment in certificates B.F. Modaraba	4,415,152	-	-
Short term investment in quoted equity securities	1,159,425	-	-
	<u>5,574,577</u>	-	-

## 23. OPERATING SEGMENT

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

- Revenue from sale of Sugar represents 75.16% (March 31, 2022: 79%) of the total revenue of the Company.
- 100% (2022: 100%) gross sales of the Company were made to customers based in Pakistan.
- As at March 31, 2023 and September 30, 2022 all non-current assets of the Company were located in Pakistan.

## 24. GENERAL

### 24.1 Date of authorization of the financial statements for issue


These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on May 26, 2023.

### 24.2 Level of rounding

Unless otherwise indicated, all figures in these condensed interim financial statements have been rounded off to the nearest rupee.

  
Ahmed Ali Bawany  
Chief Executive Officer

  
Muhammad Omar Bawany  
Chairman

  
Muhammad Ayub  
Chief Financial Officer



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