

# **THIRD QUARTERLY ACCOUNTS**

FOR THE PERIOD ENDED  
JUNE 30, 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 JUNE 30, 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 **Nine months** ended June 30, 2023.

Despite of facing very difficult and challenging business environment, Alhamdulillah, the company achieved a commendable pre-tax profit of Rs. 874.296 million including substantial contribution from share of profit by Unicol Limited. This achievement indicates that the company was able to effectively navigate through the difficulties and make strategic decisions to generate positive financial results.

Financial results are summarized as follows:

	June 2023 Rs. '000	June 2022 Rs. '000
Gross sales	7,163,551	5,664,196
Profit before taxation	6,400	121,635
Share of profit in Associate-net	867,896	293,850
	874,296	415,485
Less: Taxation		
Current	(106,010)	(92,139)
Deferred	(71,969)	(73,503)
	(177,979)	(165,641)
Profit after Taxation	696,317	249,843
Earnings per Share	27.84	9.99

Gross sales grew by 26.47% mainly due to both higher sales volume and improved selling price over the same corresponding period of last year. The massive surge in gross profit from previous quarter was attributed primarily to the improved selling price of sugar which remained very depress throughout the crushing season. During the quarter under review, sugar price experienced a steady increase and jumped at a level to allow the company to secure its profit margin.

Other income was supported from the sale proceeds of divestment of UniFood shares amounting to Rs. 188.38 million. Working capital finance cost almost doubled 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. Unicol Limited reported again a handsome after tax profit of Rs. 2.6 billion and may report highest ever profit in final result of financial year 2022-23.

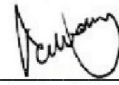
Pakistan has sufficient stocks of sugar, but owing to 18% general sales tax, 23-25% mark-up which sugar millers are paying to banks on working capital, high utility costs, high transportation costs and mainly smuggling, due to artificial containment of sugar prices led to the smuggling of the commodity, has played a major role in escalating the sugar prices in the country. An increase in fertilizer, pesticides, diesel, water, tractor, and other farming-related expenditure has also played a significant role in increasing the sugar cane price which led to an increase in sweetener prices. Despite all the challenges faced by the sugar industry, the price of sugar has increased much less in comparison to ever-historically highest food inflation in the country.

During the quarter, the Honorable High Court allowed remaining export quota of Sindh Zone by allowing 1,000 tons to each mill with a mechanism for export proceeds utilization.

It's very important for the company to closely monitor market trends and factors affecting sugar prices to sustain its profitability in the long term. Economic and market conditions can be volatile, and sugar price is subject to fluctuations that may impact the company's overall financial performance in the future. By staying informed and adaptable to market dynamics, the management make strategic decisions to maintain its margins and overall financial health. As there is continuous improvement in domestic selling price of sugar, as well as anticipation of historical ever- highest profit in Unicol Limited, we expect, Insha Allah, the bottom line to show healthy growth on year-to-year basis



**Ahmed Ali Bawany**  
Chief Executive



**Muhammad Omar Bawany**  
Director

Karachi:  
July 26, 2023

پاکستان میں چینی کا وافر ذخیرہ موجود ہے، لیکن 18 فیصد جزل سیلز ٹیکس، 25-23 فیصد مارک اپ کی وجہ سے جو شوگر ملرز بینکوں کو درکنگ کمیٹیوں، زیادہ یوٹیلیٹی اگت، زیادہ نقل و حمل کے اخراجات اور بنیادی طور پر اسٹاکنگ پر ادا کر رہے ہیں، چینی کی قیمتوں پر مصنوعی پابندی کی وجہ سے ملک میں چینی کی قیمتوں میں اسٹاکنگ کے راستہ ہموار ہو رہا ہے۔ کھاد، کیڑے ماراؤ، پلاٹ، ڈیزل، پانی، ٹریکٹر اور کاشتکاری سے متعلق دیگر اخراجات کی وجہ سے گنے کی قیمت میں اضافہ ہوا جس کی وجہ سے چینی کی قیمتوں میں اضافہ ہوا۔ چینی کی صنعت کو درپیش تمام چیلنجز کے باوجود چینی کی قیمت ملک میں تاریخ کے لحاظ سے سب سے زیادہ غذائی افراط زر کے مقابلے میں بہت کم بڑھی ہے۔

سہ ماہی کے دوران، معزز بائی کورٹ نے ہر مل کو 1,000 ٹن کی اجازت دے کر سندھ زون کے بقایا برآمدی کوٹہ کی اجازت دی۔

کمپنی کے لیے یہ بہت ضروری ہے کہ وہ مارکیٹ کے رجحانات اور چینی کی قیمتوں کو متاثر کرنے والے عوامل پر گہری نظر رکھے تاکہ طویل مدت میں اپنے منافع کو برقرار رکھا جاسکے۔ اقتصادی اور مارکیٹ کے حالات غیر مستحکم ہو سکتے ہیں، اور چینی کی قیمت اتار چڑھاؤ کے تابع ہے جو مستقبل میں کمپنی کی مجموعی مالی کارکردگی کو متاثر کر سکتی ہے۔ باخبر رہنے اور مارکیٹ کی حرکیات کے مطابق موافق رہنے سے، انتظامیہ اپنے ہارجن اور مجموعی مالیاتی صحت کو برقرار رکھنے کے لیے اسٹریٹجک فیصلے کرتی ہے۔ چینی کی مقامی فروخت کی قیمت میں مسلسل بہتری کے ساتھ ساتھ یونیول لمیٹڈ میں تاریخی اب تک کے سب سے زیادہ منافع کی توقع کے ساتھ، ہم امید کرتے ہیں، انشاء اللہ، سال بہ سال کی بنیاد پر صحت مند ترقی دکھائے گی۔



محمد عمر باوانی  
چیئر مین



احمد علی باوانی  
چیئف ایگزیکٹو

کراچی

26 جولائی 2023

چیف ایگزیکٹو کا جائزہ  
30 جون 2023 کو ختم ہونے والی مدت کے لیے

معزز شیئر ہولڈرز،

اللہ تعالیٰ کے فضل و کرم سے، بورڈ آف ڈائریکٹرز کی جانب سے، میں آپ کی کمپنی کی 30 جون 2023 کو ختم ہونے والے نو مہینوں کی کارکردگی کا ایک مختصر جائزہ پیش کر رہا ہوں۔

انتہائی مشکل اور چیلنجنگ کاروباری ماحول کا سامنا کرنے کے باوجود، الحمد للہ، کمپنی نے قابل تعریف قبل از ٹیکس منافع حاصل کیا۔ 874.296 ملین یونیکول لمیٹڈ کے منافع کے حصہ سے خاطر خواہ شراکت سمیت۔ یہ کامیابی اس بات کی نشاندہی کرتی ہے کہ کمپنی مثبت مالیاتی نتائج پیدا کرنے کے لیے مشکلات سے موثر طریقے سے گزرنے اور اسٹریٹجک فیصلے کرنے میں کامیاب رہی۔

مالیاتی نتائج کا خلاصہ درج ذیل ہے:

30 جون 2022	30 جون 2023	
روپے '000	روپے '000	
5,664,196	7,163,551	مجموعی فروخت
121,635	6,400	قبل از ٹیکس منافع
293,850	867,896	ایسوسی ایٹس کے منافع میں حصہ - نیٹ
415,485	874,296	
(92,139)	(106,010)	منفی: بیکیوشن
(73,503)	(71,969)	کرنٹ
(165,641)	(177,979)	ڈلیورڈ
249,843	696,317	بعد از ٹیکس منافع
9.99	27.84	آمدنی فی شیئر

مجموعی فروخت میں 26.47 فیصد اضافہ ہوا جس کی بنیادی وجہ پچھلے سال کی اسی مدت کے مقابلے میں فروخت کے زیادہ حجم اور فروخت کی قیمت میں بہتری ہے۔ پچھلی سہ ماہی سے مجموعی منافع میں بڑے پیمانے پر اضافے کو بنیادی طور پر چینی کی بہتر فروخت کی قیمت قرار دیا گیا جو کرشنک سیزن کے دوران بہت کم رہی تھی۔ زیر نظر سہ ماہی کے دوران، چینی کی قیمت میں مسلسل اضافہ ہوا جس سے کمپنی کے منافع کے مارجن میں اضافہ ہوا۔

دیگر آمدنی یونٹی فوڈ کے حصص کی فروخت سے حاصل ہونے والی رقم سے حاصل ہوئی جس کی رقم 188 ملین روپے ہے۔ KIBOR کی شرح میں زبردست اضافے کی وجہ سے ورکنگ کپینٹل فنانس لاگت تقریباً دو گنی ہو گئی، کاشتکاروں کی بروقت ادائیگیوں اور لاگت کی بچت کے منصوبوں کے لیے حاصل ہونے والی بھاری مالی اعانت اور فروخت کے سست حجم نے ہمارے منافع کو ختم کر دیا۔ یونیکول لمیٹڈ نے ایک بار پھر 2.6 ملین روپے کے زبردست بعد از ٹیکس منافع کا اعلان کیا۔ اور امید ہے کہ مالی سال 2022-23 کے حتمی نتائج میں اب تک کا سب سے زیادہ منافع کا اعلان کریگا۔

**FARAN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT JUNE 30, 2023**

		Un-Audited Jun-2023	Audited Sep-2022
	Note	----- Rupees -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,746,256,086	2,789,634,053
Long term investments	6	1,864,302,193	1,171,593,738
Long term advances		43,525,800	23,658,340
Long term deposits		13,515,708	12,657,942
		<u>4,667,599,787</u>	<u>3,997,544,073</u>
<b>Current assets</b>			
Stores and spares		126,921,537	118,971,987
Stock in trade		3,548,731,365	2,008,432,120
Trade debts		275,613,126	228,669,662
Short term investments		5,398,309	1,159,425
Investment in Associate classified as held for sale		-	11,535,839
Loans, advances, deposits, prepayments and other receivables		771,619,117	665,352,325
Taxation - net		89,002,509	113,085,679
Cash and bank balances		135,037,517	132,674,392
		<u>4,952,323,480</u>	<u>3,279,881,429</u>
<b>Total assets</b>		<u><u>9,619,923,268</u></u>	<u><u>7,277,425,502</u></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		250,069,550	250,069,550
<b>Capital reserve</b>			
Share premium		8,472,152	8,472,152
Surplus on re-measurement of investment		477,274	665,152
		<u>8,949,426</u>	<u>9,137,304</u>
<b>Revenue reserves</b>			
Unappropriated profit		2,217,827,731	1,521,510,706
		<u>2,476,846,706</u>	<u>1,780,717,560</u>
<b>Non-current liabilities</b>			
Long term borrowings from banking companies		659,552,447	800,819,109
Deferred liabilities		508,932,450	465,568,527
		<u>1,168,484,897</u>	<u>1,266,387,636</u>
<b>Current liabilities</b>			
Trade and other payables		1,335,045,847	714,949,852
Accrued mark up		338,886,789	173,224,722
Current portion of long term finance		391,997,959	376,057,485
Unclaimed dividend		10,674,777	10,674,777
Short term finance - secured	7	3,897,986,292	2,955,413,470
		<u>5,974,591,665</u>	<u>4,230,320,306</u>
<b>Contingency and commitment</b>	8		
<b>Total equity and liabilities</b>		<u><u>9,619,923,268</u></u>	<u><u>7,277,425,502</u></u>

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

  
**Chief Executive Officer**  
 Ahmed Ali Bawany


  
**Director**  
 Muhammad Omar Bawany

  
**Chief Financial Officer**  
 Muhammad Ayub

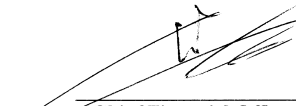
**FARAN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE NINE MONTHS AND QUARTER ENDED JUNE 30, 2023**

	Nine Months		Quarter Ended	
	Jun 30, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022
	----- Rupees -----		----- Rupees -----	
Turnover - net	6,277,145,367	4,955,742,258	2,449,198,747	1,167,946,154
Cost of sales	(5,631,540,926)	(4,392,303,820)	(1,897,040,878)	(1,164,622,720)
Gross profit	<u>645,604,441</u>	<u>563,438,438</u>	<u>552,157,869</u>	<u>3,323,434</u>
Administrative expenses	(158,969,873)	(120,673,261)	(61,492,922)	(36,703,648)
Selling and distribution costs	(121,014,615)	(43,840,239)	(42,276,558)	(10,504,794)
	<u>(279,984,488)</u>	<u>(164,513,500)</u>	<u>(103,769,480)</u>	<u>(47,208,442)</u>
Operating (loss) / profit	<u>365,619,954</u>	<u>398,924,938</u>	<u>448,388,390</u>	<u>(43,885,008)</u>
Other income	259,906,092	39,666,037	26,658,698	20,314,373
Other expenses	(1,231,108)	(9,598,347)	(654,138)	12,120,608
	<u>258,674,984</u>	<u>30,067,691</u>	<u>26,004,560</u>	<u>32,434,982</u>
	<u>624,294,937</u>	<u>428,992,629</u>	<u>474,392,949</u>	<u>(11,450,026)</u>
Finance costs	(617,894,879)	(307,357,998)	(236,453,998)	(155,168,571)
	<u>6,400,058</u>	<u>121,634,631</u>	<u>237,938,951</u>	<u>(166,618,597)</u>
Share of profit / (loss) from equity accounted investments	867,896,333	293,850,661	99,067,641	190,442,667
Profit before taxation	<u>874,296,391</u>	<u>415,485,292</u>	<u>337,006,592</u>	<u>23,824,070</u>
Taxation	(177,979,366)	(165,641,550)	(31,754,870)	(22,619,472)
<b>Profit after taxation</b>	<u><u>696,317,025</u></u>	<u><u>249,843,742</u></u>	<u><u>305,251,722</u></u>	<u><u>1,204,598</u></u>
<b>Earnings per share - basic and diluted</b>	<u><u>27.84</u></u>	<u><u>9.99</u></u>	<u><u>12.21</u></u>	<u><u>0.05</u></u>

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

  
**Chief Executive Officer**  
 Ahmed Ali Bawany

  
**Director**  
 Muhammad Omar Bawany


  
**Chief Financial Officer**  
 Muhammad Ayub



**FARAN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS AND QUARTER ENDED JUNE 30, 2023**

	Quarter Ended		Quarter Ended	
	Jun 30, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022
	'----- Rupees -----'			
Profit after taxation	<b>696,317,025</b>	249,843,742	305,251,722	1,204,598
<b>Other comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Unrealised (loss) on re-measurement of investment in certificates of B.F. Modaraba	<b>(187,879)</b>	(1,972,727)	93,939	(187,878)
<b>Total comprehensive income for the period</b>	<b><u>696,129,147</u></b>	<u>247,871,015</u>	<u>305,345,662</u>	<u>1,016,720</u>

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

  
**Chief Executive Officer**  
 Ahmed Ali Bawany

  
**Director**  
 Muhammad Omar Bawany

  
**Chief Financial Officer**  
 Muhammad Ayub

**FARAN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE NINE MONTH ENDED JUN 30, 2023**

	Quarter Ended	
	Jun 30, 2023	Jun 30, 2022
Note	'----- Rupees -----'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	<b>874,296,391</b>	415,485,292
<i>Adjustments for:</i>		
Depreciation	109,452,597	100,858,385
Share in profit from equity accounted investments	(867,896,333)	(293,850,661)
Dividend income	(66,500)	(500,945)
Finance costs	617,894,879	307,357,998
Gain on disposal of property, plant and equipment	(12,241,932)	(4,838,793)
Gain on sale of investment in associate held for sale	(188,380,393)	-
Gain/ (Loss) on re-measurement of investments carried at fair value	161,116	193,025
	<u>(341,076,566)</u>	<u>109,219,009</u>
	<b>533,219,825</b>	524,704,301
<b>Working capital changes</b>		
Increase in stores and spares	(7,949,550)	(39,186,251)
Increase in stock in trade	(1,540,299,245)	(2,520,880,344)
Decrease in trade debts	(46,943,464)	1,960,605
Increase/ (decrease) in loans, advances, deposits, prepayments and other receivables	(106,266,792)	207,303,974
Increase/ (decrease) in trade and other payables	663,459,918	383,459,497
	<u>(1,037,999,133)</u>	<u>(1,967,342,519)</u>
Cash used in operating activities	(504,779,307)	(1,442,638,218)
Taxes paid	(153,896,196)	(174,101,693)
Finance cost paid	(452,232,812)	(176,327,455)
Net cash used in operating activities	<b>(1,110,908,315)</b>	(1,793,067,366)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(69,050,048)	(592,490,696)
Short term investments	(4,400,000)	-
Investment in equity accounted investee	-	(66,160,000)
Proceeds from disposal of investment in associate held for sale	199,916,232	-
Proceeds from sale of fixed assets	15,217,947	6,808,015
Long term advances made	(19,868,058)	-
Dividend received	175,066,500	200,500,933
Long term deposits - net	(857,766)	(376,548)
Net cash used in investing activities	<b>296,024,807</b>	(451,718,296)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(129,142)
Long term loans - net	(125,326,188)	274,387,052
Short term finance - net	942,572,822	1,928,675,055
Net cash generated from financing activities	817,246,634	2,202,932,965
<b>Net decrease in cash and cash equivalents</b>	<b>2,363,125</b>	(41,852,697)
Cash and cash equivalents at the beginning of the year	132,674,392	138,827,049
<b>Cash and cash equivalents at the end of the year</b>	<b>135,037,517</b>	96,974,350
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	7 135,037,517	96,974,350
Short term running Musharika finance	<u>135,037,517</u>	<u>96,974,350</u>

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

  
**Chief Executive Officer**  
 Ahmed Ali Bawany

  
**Director**  
 Muhammad Omar Bawany

  
**Chief Financial Officer**  
 Muhammad Ayub


**FARAN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2023**

	Issued, subscribed and paid up capital	Capital reserves	Revenue Reserve			Total
		Share premium	General reserve	Unappropriated profits	Surplus on re- measurement of investment	
----- (Rupees) -----						
<b>Balance as at October 1, 2021</b>	<b>250,069,550</b>	<b>8,472,152</b>	<b>49,952,868</b>	<b>1,444,175,319</b>	<b>2,731,819</b>	<b>1,755,401,708</b>
<i>Total comprehensive income for the nine months ended June 30, 2022</i>						
- Profit after taxation	-	-	-	249,843,742	-	249,843,742
- Other comprehensive (loss)	-	-	-	-	(1,972,727)	(1,972,727)
	-	-	-	249,843,742	(1,972,727)	247,871,015
<b>Balance as at June 30, 2022</b>	<b>250,069,550</b>	<b>8,472,152</b>	<b>49,952,868</b>	<b>1,694,019,061</b>	<b>759,092</b>	<b>2,003,272,723</b>
<i>Transfer from general reserve</i>			(49,952,868)	49,952,868		-
<i>Total comprehensive income for the period ended September 30, 2022</i>						
- Loss after taxation	-	-	-	(222,461,223)	-	(222,461,223)
- Other comprehensive income	-	-	-	-	(93,940)	(93,940)
	-	-	-	(222,461,223)	(93,940)	(222,555,163)
<b>Balance as at September 30, 2022</b>	<b>250,069,550</b>	<b>8,472,152</b>	<b>-</b>	<b>1,521,510,706</b>	<b>665,152</b>	<b>1,780,717,560</b>
<b>Balance as at October 1, 2022</b>	<b>250,069,550</b>	<b>8,472,152</b>	<b>-</b>	<b>1,521,510,706</b>	<b>665,152</b>	<b>1,780,717,560</b>
<i>Total comprehensive income for the nine months ended June 30, 2023</i>						
- Profit after taxation	-	-	-	696,317,025	-	696,317,025
- Other comprehensive income	-	-	-	-	(187,879)	(187,879)
	-	-	-	696,317,025	(187,879)	696,129,147
<b>Balance as at June 30, 2023</b>	<b>250,069,550</b>	<b>8,472,152</b>	<b>-</b>	<b>2,217,827,731</b>	<b>477,273</b>	<b>2,476,846,706</b>

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

  
**Chief Executive Officer**  
 Ahmed Ali Bawany

  
**Director**  
 Muhammad Omar Bawany

  
**Chief Financial Officer**  
 Muhammad Ayub

**FARAN SUGAR MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS & QUARTER ENDED JUN 30, 2023**

**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, 2022.

The comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2023 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2022 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, 2023 have been extracted from the condensed interim financial information for the quarter ended June 30, 2022.

**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

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, 2022.

		Un-Audited Jun 30, 2023	Audited Sep 30, 2022
	Note	Rupees	
<b>5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating Fixed Assets	5.1	2,569,998,990	2,663,270,005
Capital Work in Progress		176,257,096	126,364,048
		<u>2,746,256,086</u>	<u>2,789,634,053</u>
<b>5.1</b>	<b>Operating Fixed Assets</b>		
Opening WDV		2,663,270,005	1,836,238,350
Additions to fixed asset during the period			
Plant and machinery		15,350,000	939,315,595
Furniture and fixtures		-	73,000
Office and mill equipment		422,000	249,583
Vehicles		3,385,596	28,500,400
		19,157,596	968,138,578
Disposals		(2,976,015)	(2,735,962)
Depreciation for the period		(109,452,596)	(138,370,961)
		<u>2,569,998,990</u>	<u>2,663,270,005</u>
<b>6</b>	<b>LONG TERM INVESTMENTS</b>		
Equity accounted investment in Associates	6.1	1,859,974,950	1,167,078,616
Available for sale investments		4,227,273	4,415,152
Investment in subsidiary company		99,970	99,970
		1,864,302,193	1,171,593,738
<b>6.1</b>	<b>Equity accounted investments</b>		
Unicol Limited		1,839,420,488	1,146,524,153
Uni Energy Limited		20,554,463	20,554,463
		1,859,974,950	1,167,078,616

**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 quarter ended upto June 30, 2023

## 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. 5,500 million (Sep 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 + 0.50% to 1% per annum (Sep 2022: KIBOR + 0.50% to 1.25% 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, 2022

### Commitments

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

## 9 RELATED PARTY TRANSACTIONS

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

Transactions with Associate	Quarter Ended	
	30-Jun-23	30-Jun-22
	Rupees	
Share of profit in associates - net of tax	867,896,333	388,197,333
Sale of goods	1,134,154,158	924,630,350
Dividend received	175,000,000	199,999,998
Investment	-	66,160,000
<b>Transactions with other related parties</b>		
Insurance premium	21,600,000	19,200,000
Sale of goods	-	-
Provident fund contribution	5,345,116	4,782,090

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

Balances with related parties at the end of the period are as follows:	As at	
	30-Jun-23	30-Sep-22
Due from Associate	2,022,226	2,018,068

**10 FINANCIAL RISK MANAGEMENT**

The companies financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended September 30, 2022.

**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 26, 2023.

**12 GENERAL**

- Figure have been rounded off to the nearest rupee.
- Figures, including comparatives, have been re-arranged and reclassified wherever necessary

  
 \_\_\_\_\_  
**Chief Executive Officer**  
 Ahmed Ali Bawany

  
 \_\_\_\_\_  
**Director**  
 Muhammad Omar Bawany

  
 \_\_\_\_\_  
**Chief Financial Officer**  
 Muhammad Ayub



**FARAN SUGAR MILLS LTD.**

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