Faran Sugar Mills Ltd.

Annual Report 2023

FARAN SUGAR MILLS LTD.

www.faran.com.pk

CONTENTS

VISION

Faran Sugar Mills Limited will thrive as a proactive partner in prosperity of the nation, recognized as a center for state-of-the-art industrial facilities. Above all, Faran Sugar Mills will strive to be a model business entity where all primary stakeholders are intricately woven in progressive pattern, imperative for the economic growth of the nation.

MISSION

Faran Sugar Mills Limited strives to fulfil its commitments to the society. Our strategic business vision, sound business principles are aimed at quality production with maximum operating efficiency that eventually contribute towards national economy and social well-being of all the stakeholders. Pride in our heritage and a strong sense of community is reinforced by proactive planning and enhanced by effective management.

Annual Report 2023

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	
Mohammed 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 Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY
Muhammad Ayub

LEGAL ADVISOR
Ghulam Rasool Korai

BANKERS (ISLAMIC BANKING DIVISION)

Bank AL-Habib Ltd.
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.
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 Muhammad 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

COMPANY PROFILE

Faran Sugar Mills Limited (FSML) is an agro-based company, engaged in the business of manufacturing and selling of **White Refined Sugar**. **FSML** was incorporated in Pakistan on November 03, 1981 as a public limited company. The shares of the Company are listed on Pakistan Stock Exchange (PSX). The company is a part of **Amin Bawany Group** which is a leading business group having interest in diversified businesses such as Sugar, Insurance, Modaraba, Ethanol production, Trading, Power, Construction and other important business sectors of Pakistan.

The registered office of the Company's Head office is situated at Bungalow no. 43-1-E(B), Block 6, P.E.C.H.S., Karachi and mills is located at Shaikh Bhirkio District Tando M. Khan. The plant commenced commercial production in 1983 with installed cane crushing capacity of 2,000 TCD which, after successive capacity enhancements, has now been reached above 12,000 TCD (Average).

Al-Hamdulillah, **FSML** is ranked amongst top sugar mills operating in the province of Sindh in terms of production. The diversified portfolio of our customers includes the manufacture of cereals, confectionary, syrups, drinks, ice creams, biscuits, etc. as well as Government Institution and Armed Forces. Having one of the most efficient sugarcane processing facilities, we strive to take market leading position through anticipating all the important factors that affect our business verticals. **FSML** is committed towards achieving the highest standards of quality and environmental care.

The company has made long-term investment in distillery unit namely, **Unicol Limited** which was formed in accordance with the terms of a Joint Venture agreement amongst the three leading sugar mills of Sindh. It is one of Pakistan largest ENA Ethanol producer and leading food grade CO^2 supplier. It has designed production capacity of 200,000 liters or 160 Metric Tons of Ethanol from cane molasses per day. Presently 100% of its Ethanol is being exported, majority of which is destined for Europe, Middle East, Africa and Far East Markets. It also has invested in purification and liquifcation of CO^2 which is a by-product. Its plant has a capacity of 72 M. tons of CO^2 per day. Its certification endorse product quality and good manufacturing practices in line with its vision, this certification includes ISO-9001, ISO 14001, ISO-FSSC-22000, OHSAS-18001 and GMP. During the year, Unicol has acquired entire assets of "**Popular Sugar Mills Limited**" located at Jan Muhammad Wala, Chowk Sial, Tehsil Koth Momin, District Sargodha, Punjab and will operate its sugar division from season 2023 – 24. It is expected that the acquisition will allow Unicol to grow / diversify its revenue base and increase its future profitability.

FSML has obtained '**HALAL CERTIFICATION**' from **SANHA Halal Associates Pakistan Pvt. Limited**. Halal certification is a process which ensures the features and quality of the products according to the rules established by the Islamic Council and signifies that our product is allowed to be consumed or used by humans according to Shariah / Islamic Law. The SANHA certificate thus serves as an authoritative testimony to the Halal suitability of a product. It is pertinent to mention that **FSML** is the only sugar mill in Sindh to qualify for Halal Certification.

FSML has been assigned A- / A-2' (A minus / A – Two) by **VIS-Credit Rating Company Limited.** The long term rating of 'A – 'signifies good credit quality with adequate protection factors. Risk factors are considered variable if changes occur in the economy. Short term rating of 'A-2' depicts good certainty of timely payment. Liquidity factors and company fundamentals are sound with good access to capital markets, risk factors are small and outlook on the assigned rating has improved from '**Negative**' to '**Stable**'.

ALHAMDULILLAH, **FSML** is managing its working capital as well as long-term financing requirements through Shariah compliant financial modes. We are proud to say that **FSML** is a **RIBA / INTEREST FREE CORPORATE ENTITY**.

FSML has been actively participating in welfare activities at large and mainly for surrounding communities. Our **Corporate Social responsibility (CSR)** initiative covers Education, Health Care activities, conducting sports events and support to humanitarian and social work organization. **FSML** believes that investing on welfare of society is a sign of **good corporate entity**.

We continued our focus on rehabilitation / modernization of our manufacturing facilities and equipment for long-term sustainability. We take guidance from renowned local and foreign technical consultants of various engineering fields to improve the overall efficiency of our plant with object to create sustainable future growth.

CORE VALUES

INNOVATION

We believe in relentless commitment to continuous improvement and encourage ideas from all stakeholders. For this, we define quality, as understanding the customers' expectation.

LEADERSHIP

Managerial and professional competence is vital for our success; therefore, we value leadership qualities coupled with drive to challenge the status quo.

EXCELLENCE

We are committed to excellence in all spheres of performance and have firm belief that our core values emerges from satisfying our customers' needs of quality management.

ETHICS & INTEGRITY

We constantly strive to establish and maintain highest professional and ethical standards and strongly believe that honesty, ethical behavior and integrity are the land mark of our success. Choosing the course of the highest integrity has always been our intent.

EMPLOYEES' GROWTH & DEVELOPMENT

Our philosophy is to create a congenial working environment where dignity and value of the personnel is considered as top responsibility. We focus on encouraging and empowering employees to contribute to the company's success.

PROFITABILITY

We have developed an attitude to successfully discharge our responsibilities to maximize returns to our stakeholders by constantly meeting their expectations.

TEAMWORK

High performance teams can accomplish what individuals cannot. Therefore, we strive to develop a team of professionals having relevant specialization in respective domain.

CODE OF CONDUCT

Our focus on finding every opportunity which reduces cost while improving operations based on ethical conduct remains crucial to our continued success.

Company's code of conduct set out the minimum standards expected from the entire team. By this, we are able to maintain excellent eminence amongst all of business partners in a professional manner. We have a firm conviction that employees have an obligation to themselves and to the company to raise any matter of business conduct or ethics that cause concern. No one is allowed to commit an illegal or unethical act.

It is the company's policy to conduct its operations in accordance with the highest business ethical considerations to comply with all statutory regulations and to confirm to the best-accepted standards of good corporate citizenship. The policy applies to all directors and employees of the company regardless of function grade or standing.

In general, we treat our personnel as company's ambassadors to all our stakeholders therefore expected to promote the company's best interest maintaining integrity and confidentiality in all dealings.

Business ethics help protect both the employees and the company from unfounded indictment of pretext or deception and fraud. Further ensures, any fraud that has or might have taken place, must be properly investigated and dealt with in a timely manner.

The company's activities and operations are carried out in strict compliance of all applicable laws and highest ethical standards. While dealing with stakeholders, the company is strictly prohibited to be engaged, directly or indirectly, in any malpractices.

Corporate funds and assets will be utilized solely for the company's objectives in a lawful manner.

We will support a precautionary approach to environmental challenges and within the company's sphere of influence, undertake initiatives to promote greater environmental safety and encourage the development and diffusion of environmentally friendly technology.

Employees are expected to safeguard confidential information and must not without authority; disclose such information about company activities to any outside source that are not entitled to such information.

Any dealings between staff and outside organization in which they have a direct, indirect, or family connection must be fully disclosed to the management.

We will not discriminate against any employee for any reason such as race, religion, political conviction, or gender, and will treat everyone with full dignity and with respect for their private lives.

Any violation of this conduct shall be promptly reported to the management by any employee having knowledge thereof.

CORPORATE STRATEGY

Our unique corporate strategy gets aligned with the resource allocation system and flow down to the operational levels, thus ensuring its implementation at all levels along with the achievement of the intended results.

FINANCIAL

To reduce cost and time over runs which results in improved financial result. To maximize profits by investing surplus funds in profitable avenues. To make investment decisions by ranking projects on the basis of best economic indicators. Growth and superior return to all stake holders.

LEARNING AND GROWTH

Motivate and train our workforce, revitalize our equipment base and attain full autonomy in financial and decision-making matters. To enhance the technical and commercial skills through modern HR management practices. Continuously develop technical and managerial skills at all levels and stay abreast of latest technologies and high performing human resources.

CUSTOMER

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

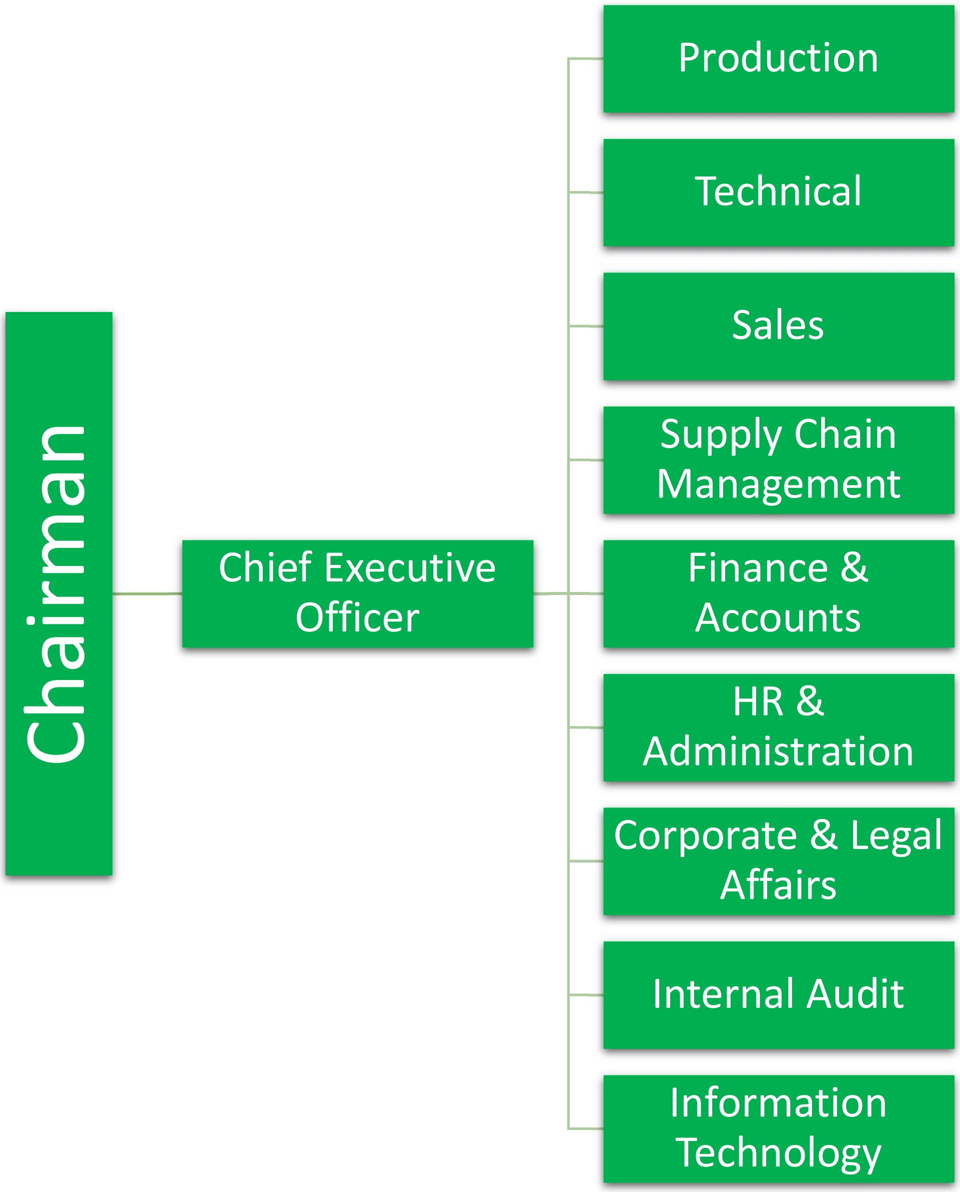
INTERNAL PROCESS

To set up task forces with representation from all relevant departments to improve internal business decision making and strategic planning. Availability of updated information to the shareholders and customers. To use most effective business practices and formulation framework of synergic organization with the change in culture.

MAJOR MILESTONES

1981	• Incorporation of the company
1983	• Commencement of Commercial Production at Mill 1 with 2,000 TCD
1984	• Listed on Karachi & Lahore Exchanges
1988	• Crushing Capacity enhance to 2,700 TCD
1990	• Crushing Capacity further enhanced to 3,700 TCD
1994	• Second Line started and Capacity enhance to 6,500 TCD
2004	• De-Bottle Necking at Mill I & II to increase capacity to 7,500 TCD / Investment in UNICOL Limited, a distillery unit with Joint Venture of two other sugar mills
2008	• Successfully deployed Enterprise Resource Planning (ERP)
2012	• Completed the Modernization and Expansion of plant initiated in 2011 which resulted Crushing Capacity to enhance to 9,000 TCD
2015	• Record breaking sugar recovery rate of 11.137% and announced Highest Dividend of Rs. 6.75 / share
2017	• Achieved Highest crushing of 993,309 M.tons and Production of 106,318 M.tons
2018	• Achieved Highest Export Sugar Sales of 89,761 M.tons
2019	• Assigned 'A- / A-2' (A minus / A – Two) Credit Rating by JCR / attainted HALAL Certificate by Sanha Halal Associates Pakistan Pvt Limited
2022	• Sucessfully installed energy efficient VKT - Vertical Continuous Pan, FFE - Falling Film Evaporator to imensely improve plant effiency
2023	• Highest ever Turnover of Rs. 9.33 Billion, Profit Rs. 1.22 Billion & EPS of Rs. 48.79 / Share. • Distillery reported all time high profit • Extend into Punjab province in sugar business through its JV company "Unicol Limited"

Management Structure



Key Management Positions

Sr. GM Factory Operations
Sanaullah

Resident Director
Riaz Jawad Suleri

Chief Operating Officer
Khalid Hayat Khan

CFO & Company Secretary
Muhammad Ayub

Annual Report 2023

BOARD OF DIRECTORS

Muhammad Omar Amin Bawany
Chairman

Mr. Mohammad Omar Bawany acquired his education from Karachi American School. After his graduation he went to American collage Switzerland and obtained AA degree. Under his wise management he successfully operated and scaled Annoor Textile mills Ltd and Arafat woolen mills as CEO. He is presently the CEO of BF Modaraba since 1996.

Mr. Omar currently serves on the board of directors of Faran Sugar Mills Ltd. since 1984. He became Vice Chairman in 2007 and has been Chairman of the board since 2016. He also serves on the Boards of Reliance Insurance Company, Unicol Ltd. Mr. Omar is actively involved in philanthropy and holds the position of Chairman, World Memon Foundation; Trustee, Memon Hospital Karachi; Trustee, Begum Aisha Bawany Trust and Managing Trustee, Begum Aisha Bawany Taleem ul Quran Trust.

Ahmed Ali Bawany
Chief Executive

Mr. Ahmed Ali Bawany is on the Board of Directors of the Faran Sugar Mills since 1995. He got his schooling from CAS, Karachi. For pursuing further education, he went to USA and got degree in business entrepreneurship from University of Southern California. Currently, he is the Chief Executive of Faran Sugar Mills Ltd and Faran Power Ltd. He has also served as Chairman of Pakistan Sugar Mills Association-Sindh Zone in the year 2014. Besides Faran Sugar, he is actively involved in Unicol Ltd in the capacity of director, which is a Joint Venture engaged in the production and marketing of Ethanol and food grade C02. He is also on the Board of Reliance Insurance Company, UniEnergy and is the Chairman of B.F Modaraba.

Hamza Omar Bawany
Director

Mr. Hamza is a seasoned business professional with over 20 years of demonstrated history of managing and growing businesses across multiple industries, including FMCG, food manufacturing, building materials and Islamic finance.

He is the former Chief Executive Officer (CEO) of Unifood Industries Ltd., manufacturers of award winning confectionary brand ‘Good Goodies’. Prior to this role, he served as Chief Operating Officer (COO) of Sind Particle Board Mills Ltd, dedicating more than a decade of his career to the building material manufacturing industry.

Mr. Hamza brings a wealth of experience in critical areas of business including strategic planning, marketing, organizational transformation, operations management, and corporate finance. His extensive skill set reflects a deep understanding of key elements crucial for business growth and sustainability.

Mr. Hamza holds BBA and MBA degree in Marketing and Finance obtained from IBA, Karachi in 2002 and was awarded Certificate of Director Education by Pakistan Institute of Corporate Governance in 2017. He has also served as Director on Boards of various Public and Private Limited Companies including Unifood Industries Ltd., Reliance Insurance Company Ltd. and B.F. Modaraba.

Bilal Omar Bawany
Director

Mr. Bilal Bawany is an experienced professional with a rich background having held key positions in companies across Abu Dhabi, Scotland, and Pakistan, notably Baker Hughes and Avanceon. Joining Faran Sugar Mills in 2010, he has been instrumental in elevating the technical aspects of the sugar mills, driving efficiency, optimization, and expansion. As a Board of Directors member since 2015, he plays a pivotal role in steering the strategic direction of the company. Additionally, his active involvement with Uni Energy, a Wind Power Generation Joint Venture, showcases his commitment to sustainable energy.

Mr. Bilal holds a distinguished educational background, completing his Bachelors in Electrical Engineering with honors from the American University of Sharjah, followed by an MBA from IBA.

BOARD OF DIRECTORS

Mr. Mohammed Altamash Bawany
Director

Mr. M. Altamash Bawany joined the Board of Director in 2016 post his completion of B.S. in Mechanical Engineering from the American University in Dubai and Georgia Institute of Technology in the United States. He was a founding member of InstaShop, the largest hyper-local e-marketplace in the MENA region; InstaShop was acquired by Delivery Hero SE in 2020, marking the transaction as the 3rd highest tech exit in GCC history. Altamash has also gained extensive knowledge in mechanical and industrial applications during his tenure in the Ministry of Deference Production and leading the establishment of household electronics manufacturing for ILT in Vietnam as their Managing Director.

Mr. Irfan Zakaria Bawany
Director

Mr. Irfan Zakaria Bawany has been serving the board since March 2013. He was re-elected as non-executive director in March 2022 for tenure of three years. He is also a non-executive director of Reliance Insurance Company Limited since 1991. He is CEO of Anam Fabrics (Pvt.) Limited. He has served on the Board of Pioneer Cables Limited from 1983 to 1991. He has diversified experience in electrical Cable Manufacturing and textile made up business. After receiving a B.B.A (Accounting) from the University of Houston, USA, he was certified as a Fellow Member of the Texas Society of Certified Public Accountants. He is a certified director from Pakistan Institute of Corporate Governance (P.I.C.G).

Mr. Ahmad Ghulam Hussain
Director

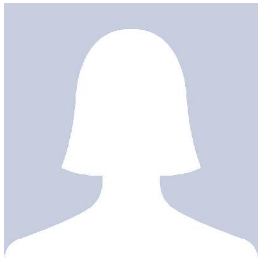
Mr. Ahmad Ghulamhussain: is currently the CEO of Agro Processors and Atmospheric Gases Ltd. (APAG). After completing his Bachelors of Economics and MPA from the University of Southern California (USA). He has worked under the Mayor of Los Angeles in the City Economic Development Office. After joining APAG in 1990, he immediately and enthusiastically became involved in the inception and launch of Soya Supreme (a household name in Pakistan), successfully lunching the brand in 1991. He headed the Sales and Marketing Dept. and has been responsible for professionalizing the department and setting up a complete network of distribution. Under his leadership, the company has also started manufacturing and marketing sauces like mayonnaise and ketchup under the brand name of SMART.

Mr. Ahmad Ghulamhussain is currently a voluntary active member and has been the former President of Rotary Club Sunset Millennium, Karachi & former Assistant Governor of Rotary District and hence, headed the various community uplifting projects of the club. He has also worked voluntarily as Director, Aga Khan Education Services Pakistan for six years and he also remained Director of Focus Humanitarian Assistance for 4 years

Mr. Khurram Aftab
Director

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

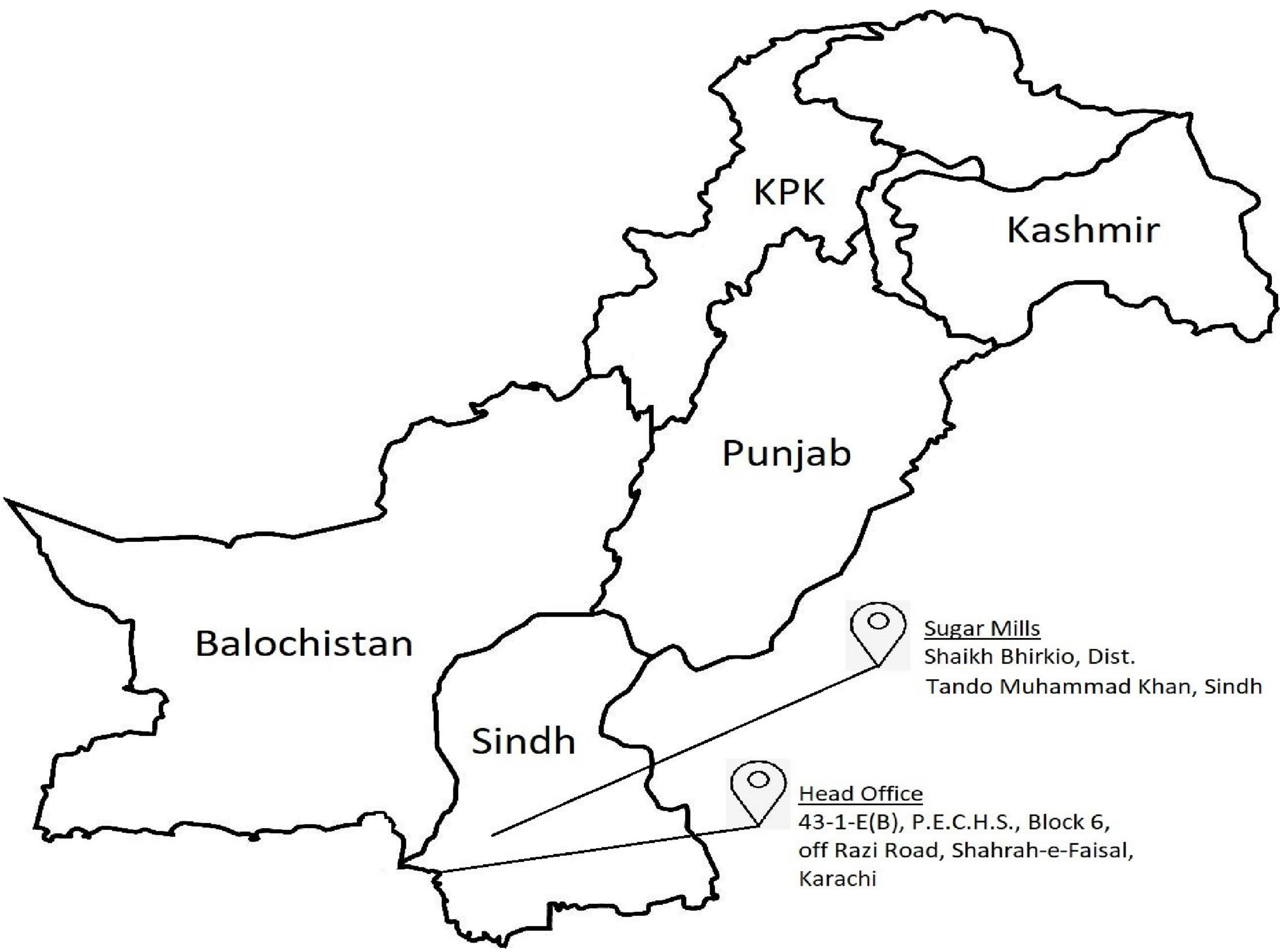
BOARD OF DIRECTORS



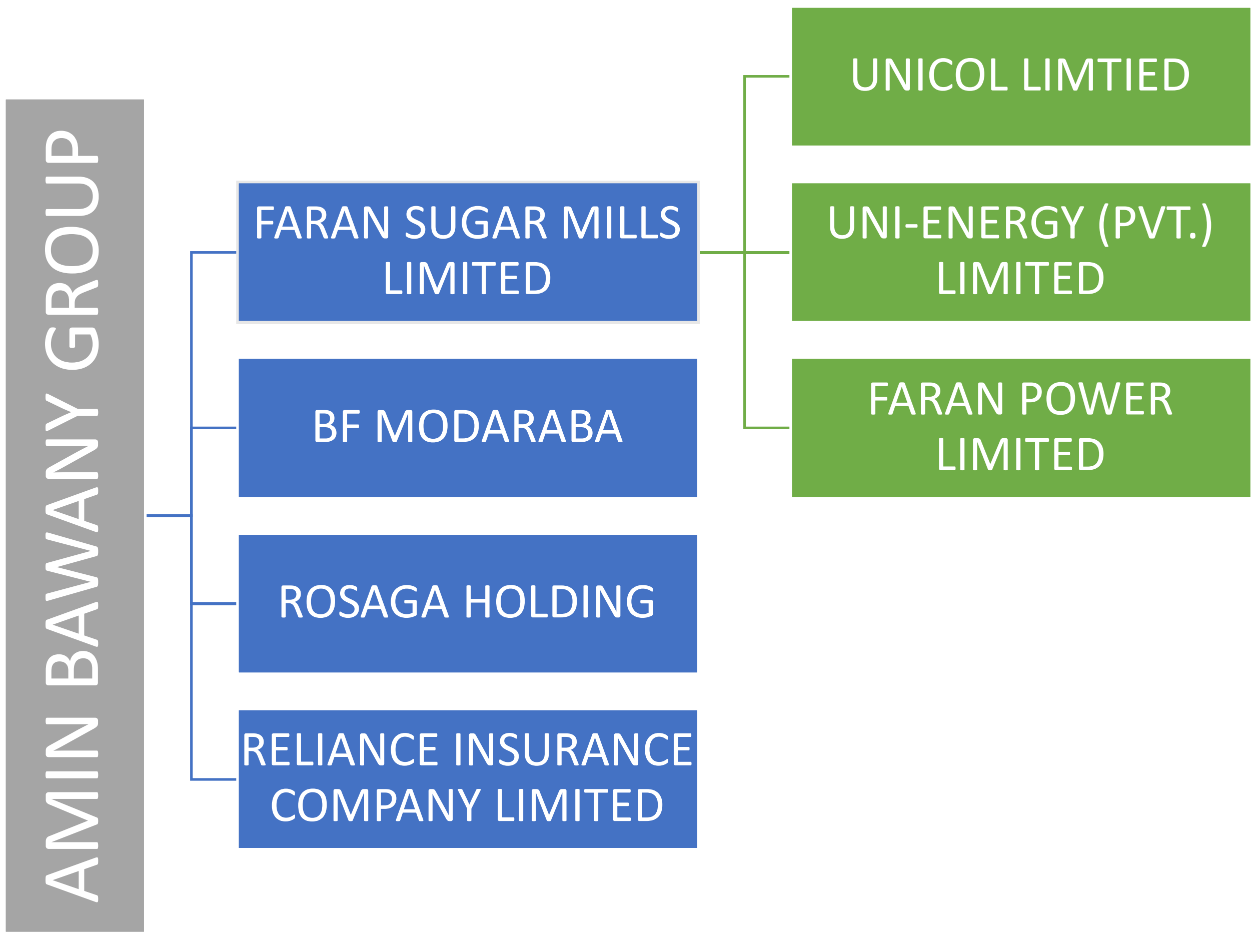
Ms. Tasneem Yusuf
Director

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

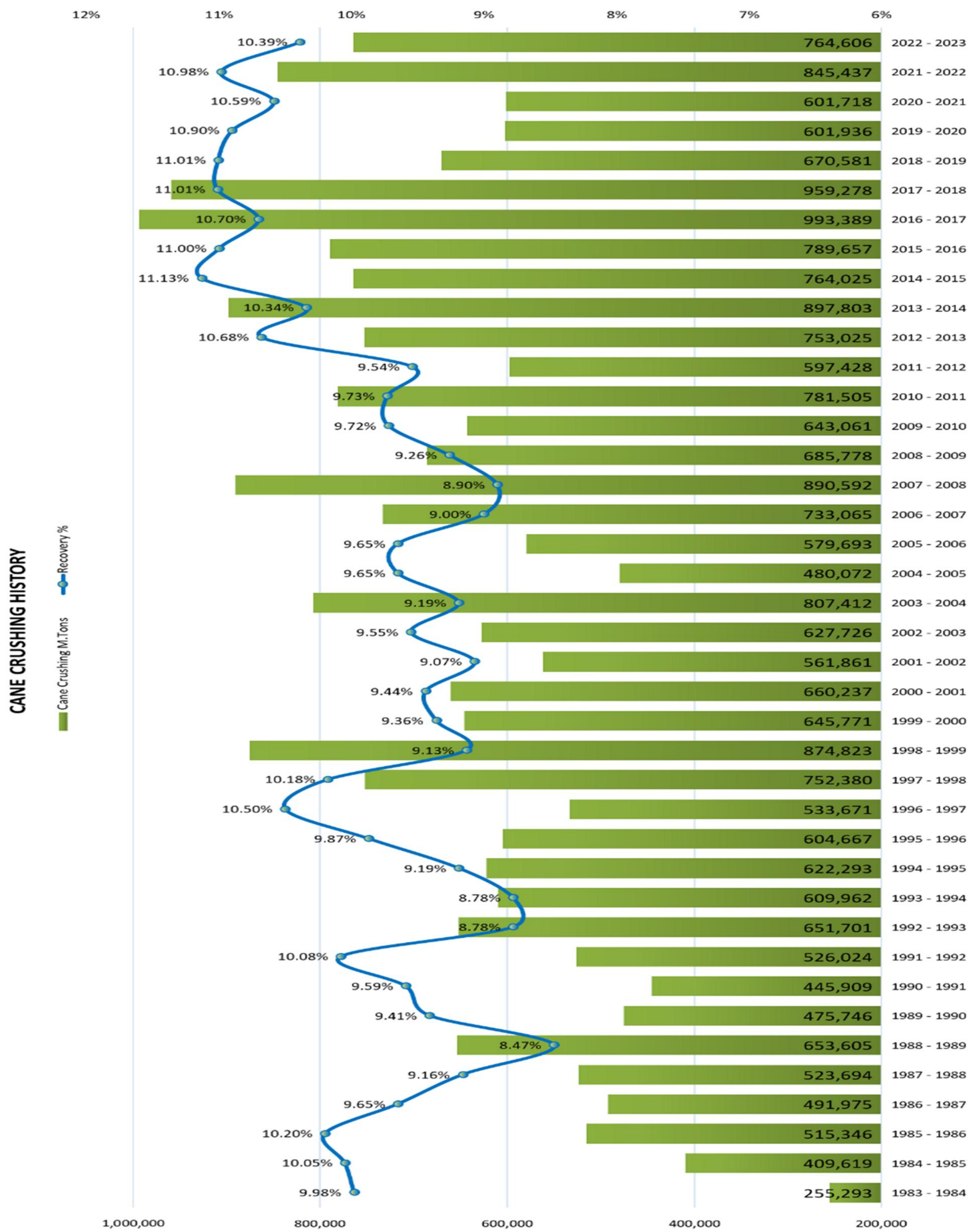
GEOGRAPHICAL PRESENCE



GROUP STRUCTURE



CANE CRUSHING HISTORY



ENGAGING WITH OUR GROWERS

Pakistan is ranked in the top 6th in the world on the basis of the overall area under cultivation but in terms of sugar production we are at top 9th position. Our team of experienced professionals remain in contact with the farmers throughout the year. We continued to promote 3L (Land Laser leveling) and leveled around 4,974.08 hectares up to September-2023 and 27,693.51 hectares land laser leveled during the project period (2015-16 to 2022). Besides higher crop productivity, 3L provides further benefits like better distribution and saving of precious water, improve efficiencies in nutrient uses and precision farming. Our Solar Energy tube well program is running successfully and we have already installed 198 solar tube wells up to season 2022-23 as compared to 163 tube wells in 2021-22. Besides above, 27 new Promising lines of different Sugar Cane Institutes are under trials.

Resultantly average yield per acre increased to 900 Mds per acre in plant crop at our FSML Farm and 650 Mds per Acre in overall Zone Area of around 18,000 acres. We also enhanced our Biological control program and applied 744,060 Bio Cards in cane fields during the Year 2023 trainings program continued for farmers & field staff with the co-ordination of Government, agricultural research institutes and agro based private companies as we conducted more than 60 coordinated village meetings on different topics. 11field demonstrations plots with introduction of mechanized sugarcane planter, ring pit planting methods at different locations with excellent results.

DELIVERING VALUE THROUGH RESEARCH AND DEVELOPMENT

We have been providing R&D services to our farmers since last 22 years. Our goal is to develop sustainable Sugarcane quality crop production in operational area of Faran Sugar Mill Ltd. We along with our farmers are working Co-Operatively to build a comprehensive Research Development & Extension (RD&E) long term relation, having numerous benefits for both and Country.

AGRICULTURE INNOVATION AGRI-TECH

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

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

Drone Technology for Agriculture use at FSML

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

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

Drone Technology is helpful in:

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

BIOLOGICAL CONTROL ACTIVITIES

Biological control-based sugarcane Integrated Pest Management (IPM) Program in collaboration with the internationally acclaimed scientist, Dr. A.I Mohiuddin and his team of agricultural technologists was implemented at Faran Sugar Mills Limited's cane procurement area. We have been the pioneer organization that patronized this environment-friendly technology in the sugar industry. Because of uninterrupted operation of the biological based Sugarcane IPM Program since 1989, FSML has been protected from any catastrophe such as sudden fare-up of the insect pests.

Our decade old facility of Biological Control Laboratory assists in fighting all sorts of crop deceases organically by actively monitoring, careful targeting of pesticides and herbicides, avoiding 'blanket' treatments and reducing environmental loading Because of regular field monitoring and pest scouting, almost all the imminent threat of pests' fare-up were timely handled by the biological lab system with appropriate action. In addition to this, among several other factors responsible for increasing or at least sustaining the sugar recovery, biological control program has also been an important contributor

CANE RESEARCH DEVELOPMENT AND EXTENSION PROGRAM (RD & EP)

Over the past several years, our cane team of experienced professionals remain in contact with farmers and work on sustainable sugarcane production and identify the Gaps in Agronomical practices. Our extensive Cane Development program covered these below mentioned points

- Pure seed multiplication of early maturity and high sugar yield varieties with excellent ratoon-ability.
- Sustainable sugarcane quality production.
- Promotion of latest Farm Machinery.
- Promotion of alternate source of energy (Solar Tube well).
- Introduced chip bud technology.
- Soil & water testing facility to growers.
- High Efficiency irrigation system (HEIS).
- Promoting mechanized cultivation of sugarcane.
- Promoting Inter cropping technology.
- Capacity building of growers and field staff.
- Latest promotional material of sugarcane.
- Arranging sugarcane seminars and workshops.

The main objective of Cane Development is to facilitate the cane growers in adoption of Latest Crop Production Technology (LCPT), efficient use of available resources to overcome the prevailing challenges and increasing the production per unit area which ultimately will boost up growers' economy.

INTRODUCTION OF SUGARCANE TRASH MULCHING

Every hectare of sugarcane harvested leaves behind about 10 tons of dried leaves of sugarcane. Our R & D introduced Trash Mulching machines. Trash mulching plays an important role in reducing borers infestation and is a good source of organic matter which is helpful for soil health and improve soil fertility

OUR EMPLOYEES

We are committed to create a culture, comprising of best working environment, remuneration, incentives and opportunities for personal growth, which induces highly qualified professionals to be retained and associated with the company for a significant period.

Employees are the lifeblood of our organization, and ensuring their job satisfaction leads to increased productivity and profits. When staff members are happy, they tend to have a positive attitude, a better ability to focus, are more apt to collaborate with others and have greater interest in their work.

At Faran, we plan, develop and implement strategies aimed at increasing the level of employee engagement across our business and build a better internal communication system.

We firmly believe in equality of opportunity for all regardless of gender, age, race, physical ability, religion and political conviction as laid down in company's code of conduct and Ethics. The company seriously takes its obligation to the disabled and seeks not to discriminate against current or prospective employees because of any disability.

We encourage our employees to get education through our Education Assistance Scheme. This scheme provides financial assistance towards the costs of education and aimed at providing self-development and improved qualifications that benefit the employee and our business.

We arrange appropriate training programs and also send our executives / staff members to different workshops / trainings programs relating to their roles in the Company.

Quality management system (QMS) training for the concerned was arranged during the year which defined a formalized system to documents processes, procedures, and responsibilities for achieving quality policies, objectives and improving processes.

OUR HEALTH, SAFETY & ENVIRONMENT

"The company conducts its business with the highest concern for the health and safety of its employees, contractors, customers, neighbors and the general public, and for the environment in which it operates".

Health and Safety of our employees has been the hallmark of Faran Sugar Mills Ltd. The company ensures that employees and where applicable contractors, are aware of potential hazards and of the company's requirements for health, safety and environmentally friendly working practices. Safety drills are carried out regularly to ensure that the state of preparedness and emergency response time remain within established limits.

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

Our Health and Safety Department focuses on ensuring that the needs of the injured person are met at all costs in conjunction with the medical practitioners and sound rehabilitation procedures.

The company has well defined health and safety polices and seeks to identify and eliminate occupational health hazards, and is committed to providing a safe workplace for all its employees and strives for zero injuries.

Policies are regularly reviewed to ensure that the standards set are linked to industry's best practices. Health and safety training is provided to employees to ensure that they perform their work in accordance to the laid down policies. In this respect, in-house training sessions for free safety, first aid, defensive driving and occupational health and safety are carried out routinely.

In House safety and free drill trainings were conducted in-house during the year that enables the management to ensure a safe and healthy work environment. It also helps the employees to recognize safety hazards and correct them. FSML also arrange a free drill for practicing how a building would be evacuated in the event of a free or other emergencies.

SWOT ANALYSIS

SWOT Analysis is a strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities and Threats, involved in a project or in a business venture. It involves specifying the objectives of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve those objectives.

STRENGTH

- In house power generation
- Basic essential food
- No homogeneous commodity
- Ample human resource deployment sector

WEAKNESSES

- High volatility in sugar-cane price and refine sugar
- Minimum support price for sugar cane and no minimum selling price for refine sugar
- No comprehensive policy for sugar industry and an ad-hoc policy is changed from time to time without thorough study

OPPORTUNITIES

- Growth in consumption to drive the demand for sugar
- Value addition in by-product to earn additional income
- Alternative power generation at cheap rate
- Improvement in sugar yield (sucrose recovery) R&D resulting reduction in cost of production

THREATS

- Government regulations are key risks to the industry
- Government's attempt to control inflation by curbing sugar prices
- Diversion of cane area to alternative crops for better earning by growers
- Fall in the sugar price in both the international and domestic market
- Intervention by the State Bank of Pakistan by imposing certain conditions for short term borrowings (working capital loan).
- Relaxing government levies on import of refined sugar and absence of permanent policy of export of refined / raw sugar.
- The unstable political and economic scenario of Pakistan
- Natural climates: sugar cane crop requires huge quantity of water and inadequate rain causes shortage of water resulting acute shortage of cane cultivation.
- Sugarcane varieties are prone to diseases that hamper the crop yield

RISK MANAGEMENT

Faran sugar's business activities are subject to significant risk factors that could have a material impact on strategic, operational, financial performance and compliance. Hence Board has established a structured approach by adopting effective risk corrective actions to mitigate these risks to acceptable levels. Our senior management is involved in identification of risks, implementation of corrective measures and monitoring of controls. Following is the outline of some of the material risks being faced by our company:

SUGARCANE DEVELOPMENT

Given the huge competition for sugarcane following capacity expansion to above 12,000 TCD of the mills, FSML efforts in terms of cane development activities has a key bearing on cane availability.

PROCUREMENT PLANNING

Typically, FSML co-ordinate with about 1,700 to 1,800 growers/farmers for procurement of sugarcane. Since area allotted to factory is termed as in-zone around 50 miles radius, so as to ensure consistent supply of cane, it becomes very important to develop harmonious and good relations with these growers so that they do not switch to alternate cash crops to other millers.

PRICE RISK

Before start of season, Govt. issues notification of sugarcane rate. Factory offers this rate to growers, in case of bumper crop at notified rate and in case of shortage of cane; rate may go well above notified rate. The rates are fluctuated throughout the season to procure more and more cane. If cane is short, millers offers special subsidies (price & transport) to procure more cane. This factor affects the cost of sugar.

MAINTENANCE

Before start of the season every miller exerts efforts to minimize the stoppages due to technical grounds.

RECOVERY RISK

Sugar content extraction made possible by efficient milling and minimization of losses.

SOCIAL & ENVIRONMENTAL RESPONSIBILITY POLICY

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

RISK MANAGEMENT

IT GOVERNANCE POLICY AND SAFETY OF RECORDS

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

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

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

CONFLICT OF INTEREST POLICY

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

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

Given the huge competition for sugarcane following capacity expansion to above 12,000 TCD of the mills, FSML efforts in terms of cane development activities has a key bearing on cane availability.

CORPORATE SOCIAL RESPONSIBILITY

The benefits of a corporate social responsibility program are clear: higher productivity among employees, enhanced reputation in the marketplace, more robust communities and successful businesses contributing to the strength of the economy.

At Faran Sugar, we have always been supportive in efforts to improve the literacy rate in the vicinity of our mills. We are successfully running a secondary school in Sheikh Bhirkio, where approximately 565 plus students are being prepared to be good citizens by gaining high standard of education.

To achieve one of the company's health and wellbeing objectives, we regularly organize medical camps at our mills in which highly experienced team of Doctors, Child specialist & physicians examine the poor patients and provide free of cost medicines to everyone. FSML has been arranging eye camp for the last 16 years and adequate arrangements are made at premises and the camps are being attended by prominent Eye Surgeons equipped with Pheco Mulcifcation technology and all other relevant equipment and surgical instruments, Lenses, Spectacles, Medicines are also provided, in collaboration with Blind Association of Pakistan, which provide technical assistance. 13,706 Patients attended the camps and 1,755Operations were conducted successfully. Follow up examinations are also conducted with provision of medicines to all and sundry.

FSML is known in the vicinity, in providing free of charge medical care. Regular free medial camps are arranged with the specialist Doctors availability. Every year four medical camps are arranged in different area ranging from 2 kilometers to 25 kilometers, more than fifteen thousand patients are being provided specialist services, provision of standardized medicines. Mills Dispensary is open for general public on every Friday for medical consultation, with provision of free medicines.

During the year FSML also arrange a Tree Plantation Campaign, where various type of trees were planted by employees on MILL Site and surrounding areas, which create clean and healthy environment.

Medical care of FSM employees is a prominent feature amongst the facilities being provided to FSML employee's, salient features of the program envisages:

1. Regular Medicine Medical Check-up.
2. Provision of Medicines, hospitalization and Ambulance Facilities.
3. Full-fudged Dispensary Equipped with qualified Doctor and Dispensers, with all type of standardized Medicines available in addition to social security department coverage.
4. Hepatitis B, screening of all employees including their families and contractor labor, with 3 monthly vaccinations doze to non-defected persons.
5. Hepatitis C, screening +ve cases treated with 6 months course.
6. Blood grouping and HIV / AIDs (secret screening) and treatment thereof.
7. Employee's children studying at FSM School are also provided all type of vaccination and medical examination.

ANNUAL EVENTS

Free Eye Camp for General Public

Arrangement of free Eye Camp at the Mill premises have been a regular event for the last 17 years. Elaborate arrangements are made at the premises and the camps are being attended by prominent Eye Surgeons equipped with Pheco Mulcification technology and all other relevant equipment and surgical instruments, Lenses, Spectacles, Medicines are also provided, in collaboration with Blind Association of Pakistan, which provide technical assistance. 14,738 Patients attended the camps and 2,015 Operations were conducted successfully. Follow up examinations are also conducted with provision of medicines to all and sundry..

Medical Care Facilitation

Medical care of FSM employees is a prominent feature amongst the facilities being provided to FSM employee' salient features of the program envisages:

1. Regular Medicine Medical Check-up.
2. Provision of Medicines, hospitalization and Ambulance Facilities.
3. Full-fledged Dispensary Equipped with qualified Doctor and Dispensers, with all type of standardized Medicines available in addition to social security department coverage.
4. Hepatitis B, screening of all employees including their families and contractor labour, with 3 monthly vaccinations doze to non-defected persons.
5. Hepatitis C, screening +ve cases treated with 6 months course.
6. Employee's children studying at FSM School are also provided all type of vaccination and medical examination.

Free Medical Camps

FSM is known in the vicinity, in providing free of charge medical care. Regular free medial camps are arranged with the specialist Doctors availability. Every year four medical camps are arranged in different area ranging from 2 kilometers to 25 kilometers, 16,466 patients are being provided specialist services, provision of standardized medicines. Mills Dispensary is open for general public on every Friday for medical consultation, with provision of free medicines.

Sport Activities

FSML Management has always promoted healthy activities in employees and their children. Our Mill site has established an officers and workers clubs, playgrounds with provision of Sports goods, Snooker Table, Table Tennis, Badminton and Volley Ball Nets, and Flood Lights are some of the main features.

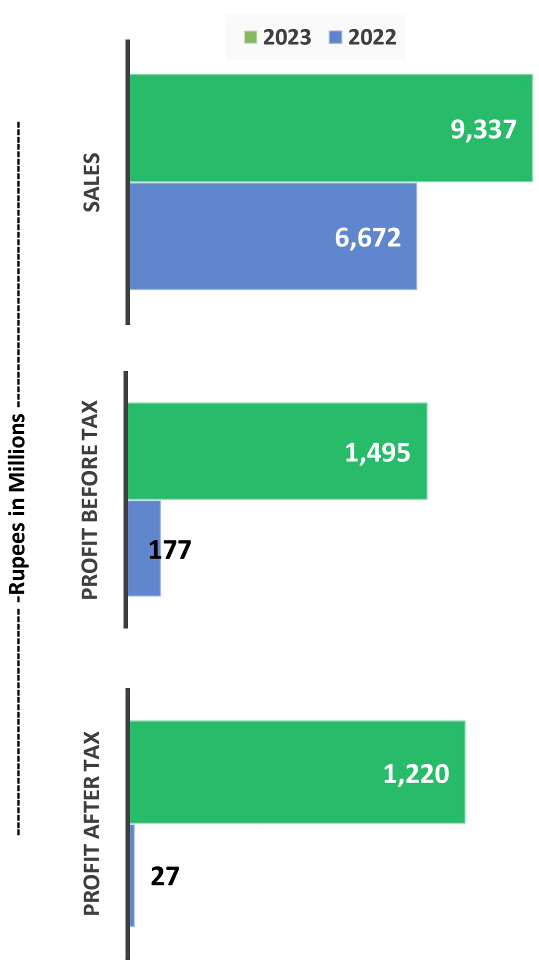
Annual tournaments of Cricket, Volley Ball, Badminton, Tug of War, Races are being arranged amongst both Officers and Workers. Prize distribution Ceremonies are arranged after every Tournament during Off-Season.

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

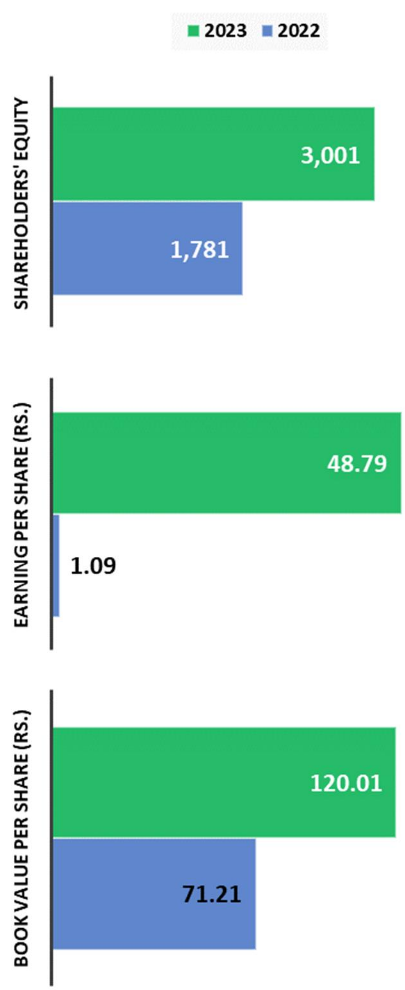
FINANCIAL HIGHLIGHTS

	UOM	2023	2022	%	+/-
Sales	Rs. In Million	**9,337**	6,672	39.94%	+
Gross Profit	Rs. In Million	**1,550**	472	228.54%	+
Operating Profit	Rs. In Million	**1,363**	289	371.74%	+
Profit Before Tax	Rs. In Million	**1,495**	177	746.36%	+
Profit After Tax	Rs. In Million	**1,220**	27	4355.49%	+
Earnings per Share	Rupees	**48.79**	1.09	4355.49%	+
Shareholders' Equity	Rs. In Million	**3,001**	1,781	68.53%	+
Book Value per Share	Rupees	**121.01**	71.21	68.53%	+
Property, Plant & Equipment	Rs. In Million	**2,988**	2,790	7.10%	+

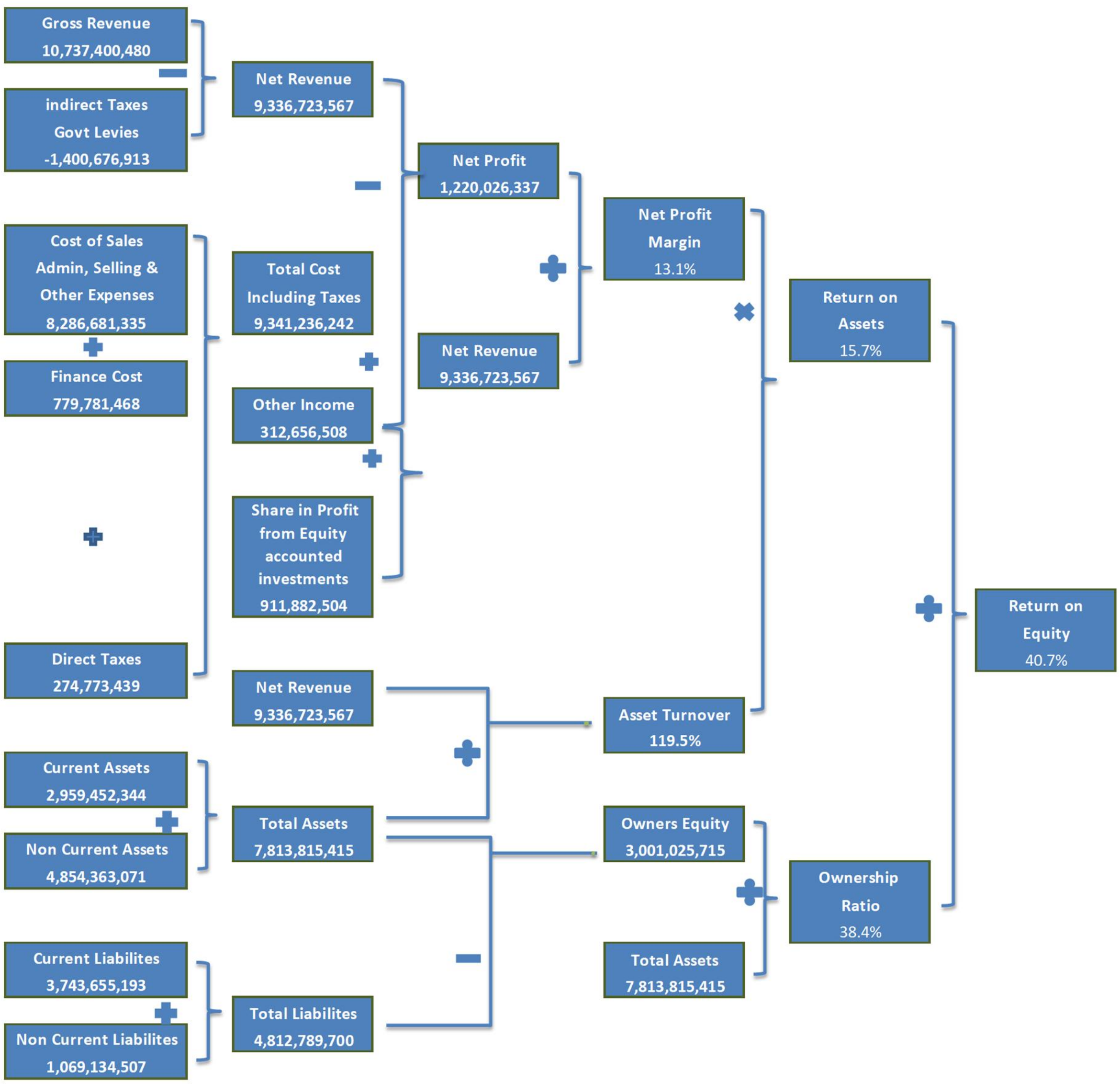
Business Growth



Shareholder Value Accretion



DUPONT ANALYSIS



STATEMENT OF VALUE ADDED

By Faran Sugar Mills Limited during **2022 – 2023**

	2023 Rupees	%	2022 Rupees	%
VALUE ADDED AS FOLLOWS				
Gross Sales	10,737,400,480		7,694,085,468	
Other Income	312,656,508		55,210,942	
Share of Profit in Associate	911,882,504		357,304,934	
	11,961,939,492		8,106,601,344	
Less: Total Expenses	7,631,247,022		5,859,210,557	
Total Value Added	4,330,692,470		2,247,390,787	
VALUE DISTRIBUTED AS FOLLOWS				
To Employees	489,838,687	11%	434,195,146	19%
To Government	1,681,557,596	39%	1,177,885,815	53%
To Shareholders (as Dividend)	62,517,388	1%	-	0%
To Financial Institutions	779,781,468	18%	469,556,345	21%
Retained in Business as				
Net Earnings	**1,157,508,949**	27%	27,382,519	1%
Depreciation	**159,488,382**	4%	138,370,962	6%
	1,316,997,331	31%	165,753,481	7%
Total Value Distributed	4,330,692,470	100%	2,247,390,787	100%

INVESTOR INFORMATION- SIX YEARS

		2018	2019	2020	2021	2022	2023
OPERATIONAL							
Cane Crushing	M.tons	959,378	670,581	601,936	601,718	845,437	764,606
Sugar Production	M.tons	105,633	73,696	65,739	63,691	92,862	79,427
Molasses Production	M.tons	52,081	31,459	27,475	28,238	39,630	35,562
Sugar Recovery	%	11.01	11.01	10.90	10.59	10.98	10.39
Molasses Recovery	%	5.43	4.69	4.56	4.69	4.69	4.65
Average Crushing / Day	M.tons	6,662	7,535	5,733	6,140	6,554	8,311
Season Commenced	Date	28-Nov-17	13-Dec-18	25-Nov-19	23-Nov-20	19-Nov-21	28-Nov-22
Season Ended	Date	20-Apr-18	11-Mar-19	8-Mar-20	28-Feb-21	27-Mar-22	27-Feb-23
Duration of season (days)	Days	144	89	105	98	129	92
PROFIT & LOSS ACCOUNT							
Sales Revenue	Rs. In Million	6,447.84	5,145.70	6,562.80	5,582.07	7,694.09	10,737.40
Net Revenue	Rs. In Million	6,291.20	4,619.07	5,751.43	4,860.28	6,671.77	9,336.72
Gross Profit	Rs. In Million	548.21	282.98	268.54	40.38	476.92	1,549.67
Selling & Admin Exp.	Rs. In Million	347.71	198.12	175.65	213.93	242.53	371.37
Operating Profit	Rs. In Million	200.50	84.86	92.89	173.55	234.39	1,362.70
Profit before Tax	Rs. In Million	624.39	521.23	(151.80)	(390.41)	176.62	1,494.80
Profit after Tax	Rs. In Million	442.37	380.45	(171.32)	(370.66)	27.38	1,220.03
Earnings before interest & Tax	Rs. In Million	780.49	831.61	149.53	(130.62)	646.17	2,274.58
BALANCE SHEET							
Share Capital	Rs. In Million	250.07	250.07	250.07	250.07	250.07	250.07
Reserves	Rs. In Million	1,787.31	2,070.06	1,874.39	1,505.33	1,530.65	2,750.96
Shareholders' Equity	Rs. In Million	2,037.38	2,320.13	2,124.46	1,755.40	1,780.72	3,001.03
Property Plant and Equipment	Rs. In Million	1,730.37	1,874.59	1,884.93	2,184.23	2,789.63	2,987.76
Working Capital	Rs. In Million	(171.54)	(192.65)	(389.88)	(350.46)	(950.44)	192.97
Long Term Loan	Rs. In Million	309.31	242.88	247.80	870.66	800.82	1,097.02
CASH FLOW ANALYSIS							
Net cash generated from operating activities	Rs. In Million	306.72	948.93	(163.93)	(1,412.22)	(444.70)	1,924.96
Net cash used in investing activities	Rs. In Million	(230.94)	(79.97)	76.43	(324.21)	(497.06)	118.58
Net cash generated from / (used in) financing activities	Rs. In Million	(33.19)	(497.25)	(147.86)	1,714.99	935.61	(2,066.63)
PROFITABILITY RATIOS							
Gross Profit Ratio	%	8.71	6.13	4.67	0.83	7.15	16.60
Net Profit / Ratio	%	7.03	8.24	(2.98)	(7.63)	0.41	13.07
Earnings before Interest & Tax Margin	%	12.41	18.00	2.60	(2.69)	9.69	24.36
Operating Leverage Ratio	%	5,174.87	24.64	334.57	(1,209.21)	1,595.56	638.10
Return on Share Holder Equity	%	21.71	16.40	(8.06)	(21.12)	1.54	40.65
Return on Capital Employed	%	33.26	32.45	6.30	(4.71)	25.03	55.50
LIQUIDITY RATIOS							
Current Ratio	Times	0.94	0.93	0.80	0.87	0.78	0.79
Quick Ratio	Times	0.09	0.20	0.18	0.10	0.09	0.13
Cash to Current Liabilities	Times	0.03	0.15	0.08	0.05	0.03	0.03
Cash flow from Operations to Sales	Times	0.09	0.30	0.05	(0.21)	(0.00)	0.30
Activity / Turnover Ratios							
Inventory turnover ratio	Times	3.48	3.67	7.54	6.74	4.06	4.21
No. of days in inventory	Days	104.84	99.57	48.43	54.18	89.99	86.77
Debtors' turnover ratio	Times	46.19	29.01	36.94	29.70	35.81	31.67
No of days in receivables	Days	7.90	12.58	9.88	12.29	10.19	11.52
Creditors turnover ratio	Times	6.42	4.51	8.14	15.29	12.58	5.56
No of days in payables	Days	56.83	81.01	44.86	23.88	29.02	65.59
Operating cycle	Days	55.91	31.14	13.45	42.59	71.16	32.70
Total Asset Turnover	Times	1.09	0.82	1.26	0.85	0.92	1.20
Fixed Asset Turnover	Times	3.64	2.46	3.05	2.23	2.39	3.12
INVESTMENT/ MARKET RATIOS							
Earnings per Share After Tax	Rs.	17.69	15.21	(6.85)	(14.82)	1.09	48.79
Earnings per Share Before Tax	Rs.	24.97	20.84	(6.07)	(15.61)	7.06	59.78
Market value per share (yearend)	Rs.	75.00	36.50	50.00	40.84	52.50	61.00
Break-Up Value per Share	Rs.	81.47	92.78	84.95	70.20	71.21	120.01
Price earnings ratio (P/E)	Times	4.24	2.40	(7.30)	(2.76)	47.95	1.25
Cash Dividend per share	Rs.	3.75	1.00	-	-	-	2.5
Stock Dividend per share	%	0%	0%	0%	0%	0%	0%
Dividend payout	%	21%	7%	0%	0%	0%	5%
Dividend yield	%	5%	3%	-	-	-	4%
Dividend cover	Times	4.72	15.21	-	-	-	19.51
CAPITAL STRUCTURE RATIOS							
Financial Leverage Ratio	Times	1.14	0.80	0.83	1.86	2.32	0.71
Weighted average Cost of Debt	%	7.33	11.35	12.25	8.30	10.65	18.00
Debt to Equity Ratio	%	0.15	0.10	0.12	0.58	0.45	0.19
Interest Cover	Times	5.00	2.68	0.50	(0.50)	1.38	2.92

HORIZONTAL & VERTICAL ANALYSIS

BALANCE SHEET

	2018	2019	2020	2021	2022	2023
ASSETS	-----------------------------------	--------------	--Rs. In Thousand--	--------------	-----------------------------------	
Non-Current Assets	2,921,648	3,169,107	3,036,791	3,283,260	3,997,544	**4,854,363**
Current Assets	2,852,011	2,467,791	1,526,364	2,416,022	3,279,881	**2,959,452**
Total	5,773,659	5,636,898	4,563,155	5,699,282	7,277,426	**7,813,815**
EQUITY AND LIABILITIES						
Share Holder Equity	2,037,501	2,320,130	2,124,464	1,755,402	1,780,718	**3,001,026**
Non-Current Liabilities	224,485	154,624	126,929	807,663	800,819	**572,285**
Deferred Liabilities	488,243	501,703	395,522	369,735	465,569	**496,850**
Current Liabilities	3,023,430	2,660,441	1,916,240	2,766,483	4,230,320	**3,743,655**
Total	5,773,659	5,636,898	4,563,155	5,699,282	7,277,426	**7,813,815**

VERTICAL ANALYSIS % of balance Sheet total	2018	2019	2020	2021	2022	2023
ASSETS						
Non-Current Assets	51%	56%	67%	58%	55%	**62%**
Current Assets	49%	44%	33%	42%	45%	**38%**
Total Assets	100%	100%	100%	100%	100%	100%
EQUITY AND LIABILITIES						
Share Holder Equity	35%	41%	47%	31%	24%	**38%**
Non-Current Liabilities	4%	3%	3%	14%	11%	**7%**
deferred Liabilities	8%	9%	9%	6%	6%	**6%**
Current Liabilities	52%	47%	42%	49%	58%	**48%**
Total Equity and Liabilities	100%	100%	100%	100%	100%	100%

HORIZONTAL ANALYSIS Year on Year	2018 over 2017	2019 over 2018	2020 over 2019	2021 Over 2020	2022 Over 2021	2023 Over 2022
ASSETS						
Non-Current Assets	15%	8%	-4%	8%	22%	**21%**
Current Assets	9%	-13%	-38%	58%	36%	**-10%**
Total Assets	12%	-2%	-19%	25%	28%	**7%**
EQUITY AND LIABILITIES						
Share Holder Equity	28%	14%	-8%	-17%	1%	**69%**
Non-Current Liabilities	77%	-31%	-18%	536%	-1%	**-29%**
deferred Liabilities	27%	3%	-21%	-7%	26%	**7%**
Current Liabilities	-1%	-12%	-28%	44%	53%	**-12%**
Total Equity and Liabilities	12%	-2%	-19%	25%	28%	**7%**

HORIZONTAL & VERTICAL ANALYSIS

PROFIT AND LOSS ACCOUNT

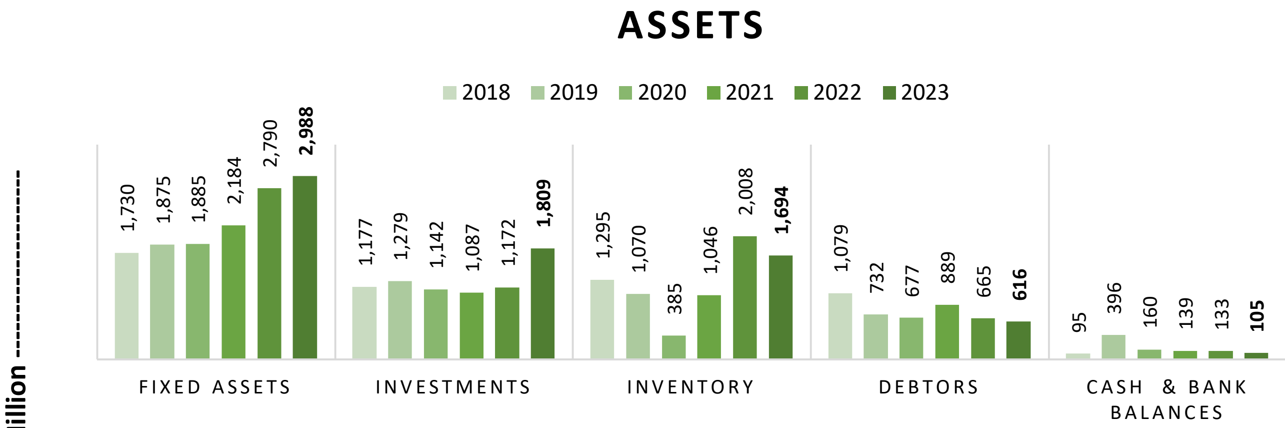
	2018	2019	2020	2021	2022	2023
			Rs. In Thousand			
Net Sales	6,291,202	4,619,072	5,751,430	4,860,285	6,671,776	**9,336,724**
Cost of Sales	(5,742,988)	(4,336,087)	(5,482,886)	(4,819,903)	(6,200,076)	**(7,787,050)**
Gross Profit	548,213	282,984	268,544	40,381	471,690	**1,549,673**
Operating Expenses	(347,713)	(198,122)	(175,651)	(213,929)	(242,535)	**(371,374)**
Other Operating Expenses	(40,378)	(38,708)	(6,299)	(651)	(731)	**(128,257)**
Other Operating Income	324,826	557,875	21,771	24,629	60,443	**312,657**
Operating Profit	484,948	604,030	108,365	(149,570)	288,867	**1,362,699**
Finance Cost	295,537	227,579	(301,324)	(259,788)	(469,556)	**(779,781)**
Share in profit of associate	(156,099)	(310,379)	41,161	18,947	357,305	**911,883**
Profit / (Loss) before taxation	624,387	521,229	(151,799)	(390,412)	176,616	**1,494,800**
Taxation	(182,016)	(140,784)	(19,518)	19,753	(149,234)	**(274,773)**
Profit / (Loss) after taxation	442,371	380,445	(171,317)	(370,659)	27,383	**1,220,026**

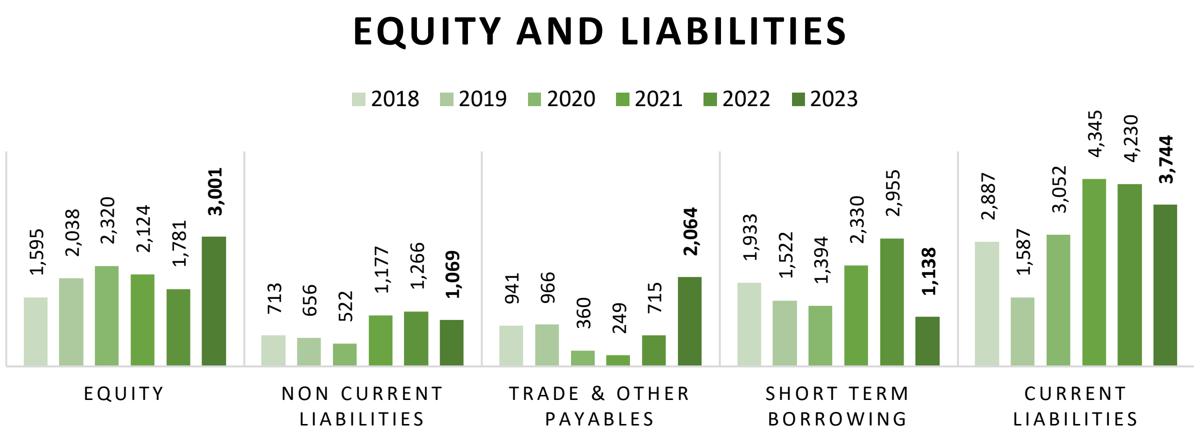
VERTICAL ANALYSIS % of Sales	2018	2019	2019	2021	2022	2023
Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%	**100.00%**
Cost of Sales	-91.29%	-93.87%	-95.33%	-99.17%	-92.93%	**-83.40%**
Gross Profit	8.71%	6.13%	4.67%	0.83%	7.07%	**16.60%**
Operating Expenses	-5.53%	-4.29%	-3.05%	-4.40%	-3.64%	**-3.98%**
Other Operating Expenses	-0.64%	-0.84%	-0.11%	-0.01%	-0.01%	**-1.37%**
Other Operating Income	5.16%	12.08%	0.38%	0.51%	0.91%	**3.35%**
Operating Profit	7.71%	13.08%	1.88%	-3.08%	4.33%	**14.60%**
Share in profit of associate	4.70%	4.93%	-5.24%	-5.35%	-7.04%	**-8.35%**
Finance Cost	-2.48%	-6.72%	0.72%	0.39%	5.36%	**9.77%**
Profit / (Loss) before taxation	9.92%	11.28%	-2.64%	-8.03%	2.65%	**16.01%**
Taxation	-2.89%	-3.05%	-0.34%	0.41%	-2.24%	**-2.94%**
Profit / (Loss) after taxation	7.03%	8.24%	-2.98%	-7.63%	0.41%	**13.07%**

HORIZONTAL ANALYSIS Year on Year	2018 over 2017	2019 over 2018	2020 over 2019	2021 Over 2020	2022 Over 2021	2023 Over 2022
Net Sales	41.83%	-26.58%	24.51%	-15.49%	37.27%	**39.94%**
Cost of Sales	26.68%	-24.50%	26.45%	-12.09%	28.63%	**25.60%**
Gross Profit	-661.02%	-48.38%	-5.10%	-84.96%	1068.09%	**228.54%**
Operating Expenses	124.24%	-43.02%	-11.34%	21.79%	13.37%	**53.12%**
Other Operating Expenses	254.91%	-4.14%	-83.73%	-89.67%	12.37%	**17434.76%**
Other Operating Income	138.75%	71.75%	-96.10%	13.13%	145.42%	**417.27%**
Operating Profit	-478.55%	24.56%	-82.06%	-238.02%	-293.13%	**371.74%**
Share in profit of associate	227.27%	-22.99%	-232.40%	-13.78%	80.75%	**66.07%**
Finance Cost	10.86%	98.84%	-113.26%	-53.97%	1785.84%	**155.21%**
Profit / (Loss) before taxation	-449.59%	-16.52%	-129.12%	-157.19%	-145.24%	**746.36%**
Taxation	3246.39%	-22.65%	-86.14%	-201.20%	-855.51%	**84.12%**
Profit / (Loss) after taxation	-340.36%	-14.00%	-145.03%	-116.36%	-107.39%	**4355.49%**

GRAPHICAL ANALYSIS

BALANCE SHEET

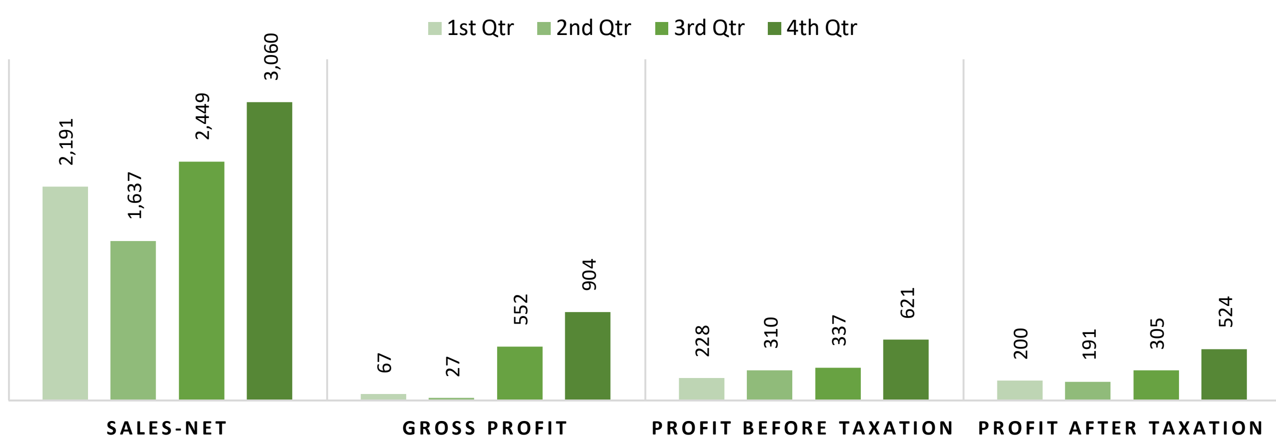




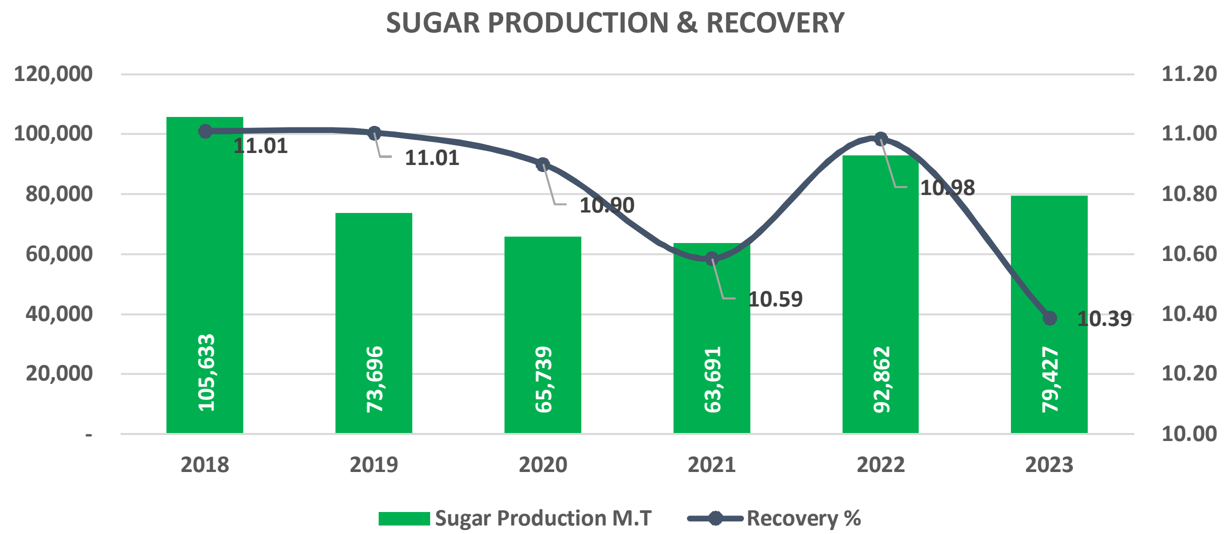
QUARTERLY PERFORMANCE ANALYSIS

Variance Analysis of Quarterly Profit and Loss Account	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2nd Qtr over 1st Qtr	3rd Qtr over 2nd Qtr	4th Qtr over 3rd Qtr
Sales-Net	2,191,367,050	1,636,579,570	2,449,198,747	3,059,578,200	-25.32%	49.65%	24.92%
Cost of Sales	(2,124,592,693)	(1,609,907,355)	(1,897,040,878)	(2,155,509,532)	-24.23%	17.84%	13.62%
Gross Profit	**66,774,357**	**26,672,215**	**552,157,869**	**904,068,668**	-60.06%	1970.16%	63.73%
Operating Expenses	(81,549,757)	(94,665,251)	(103,769,480)	(91,389,240)	+16.08%	9.62%	-11.93%
Other Expenses	(203,438)	(373,532)	(654,138)	(127,026,041)	+83.61%	75.12%	19318.84%
Finance Cost	(120,707,597)	(260,733,284)	(236,453,998)	(161,886,589)	+116.00%	-9.31%	-31.54%
Other Income	13,380,868	219,866,526	26,658,698	52,750,416	+1543.14%	-87.88%	97.87%
Share in Profit form equity accounted investment-net	350,077,333	418,751,359	99,067,641	43,986,171	+19.62%	-76.34%	-55.60%
Profit before taxation	**227,771,767**	**309,518,033**	**337,006,592**	**620,503,385**	+35.89%	8.88%	84.12%
Taxation	(27,399,073)	(118,825,423)	(31,754,870)	(96,794,073)	+333.68%	-73.28%	204.82%
Profit after taxation	**200,372,694**	**190,692,610**	**305,251,722**	**523,709,312**	-4.83%	60.08%	71.57%

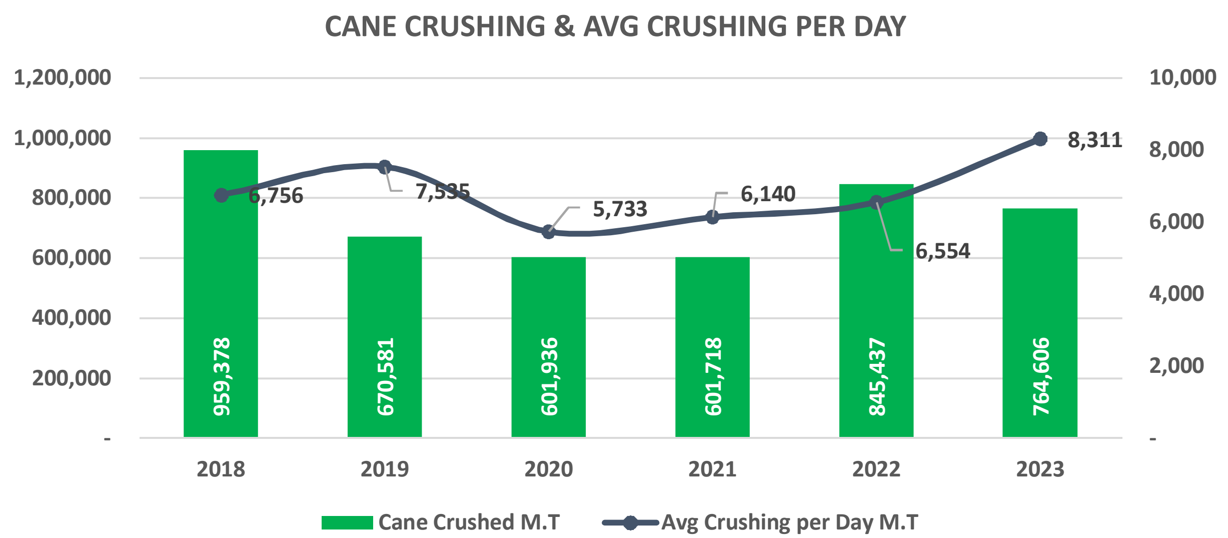
Interim Result with Annual Result	As on Dec-31, 2022 1st Qtr	As on Mar-31, 2023 2nd Qtr	As on Jun-30, 2023 3rd Qtr	As on Sep-30, 2023 Annual	% of Annual 1st Qtr	% of Annual 2nd Qtr	% of Annual 3rd Qtr
Sales-Net	2,191,367,050	3,827,946,620	6,277,145,367	**9,336,723,567**	23.47%	41.00%	67.23%
Cost of Sales	(2,124,592,693)	(3,734,500,048)	(5,631,540,926)	**(7,787,050,458)**	27.28%	47.96%	72.32%
Gross Profit	**66,774,357**	**93,446,572**	**645,604,441**	**1,549,673,109**	**4.31%**	**6.03%**	**41.66%**
Operating Expenses	(81,549,757)	(176,215,008)	(279,984,488)	**(371,373,728)**	21.96%	47.45%	75.39%
Other Expenses	(203,438)	(576,970)	(1,231,108)	**(128,257,149)**	0.16%	0.45%	0.96%
Finance Cost	(120,707,597)	(381,440,881)	(617,894,879)	**(779,781,468)**	15.48%	48.92%	79.24%
Other Income	13,380,868	233,247,394	259,906,092	**312,656,508**	4.28%	74.60%	83.13%
Share in Profit form equity accounted investment	350,077,333	768,828,692	867,896,333	**911,882,504**	38.39%	84.31%	95.18%
Profit before taxation	**227,771,766**	**537,289,799**	**874,296,391**	**1,494,799,776**	**15.24%**	**35.94%**	**58.49%**
Taxation	(27,399,073)	(146,224,496)	(177,979,366)	**(274,773,439)**	9.97%	53.22%	64.77%
Profit after taxation	**200,372,693**	**391,065,303**	**696,317,025**	**1,220,026,337**	**16.42%**	**32.05%**	**57.07%**



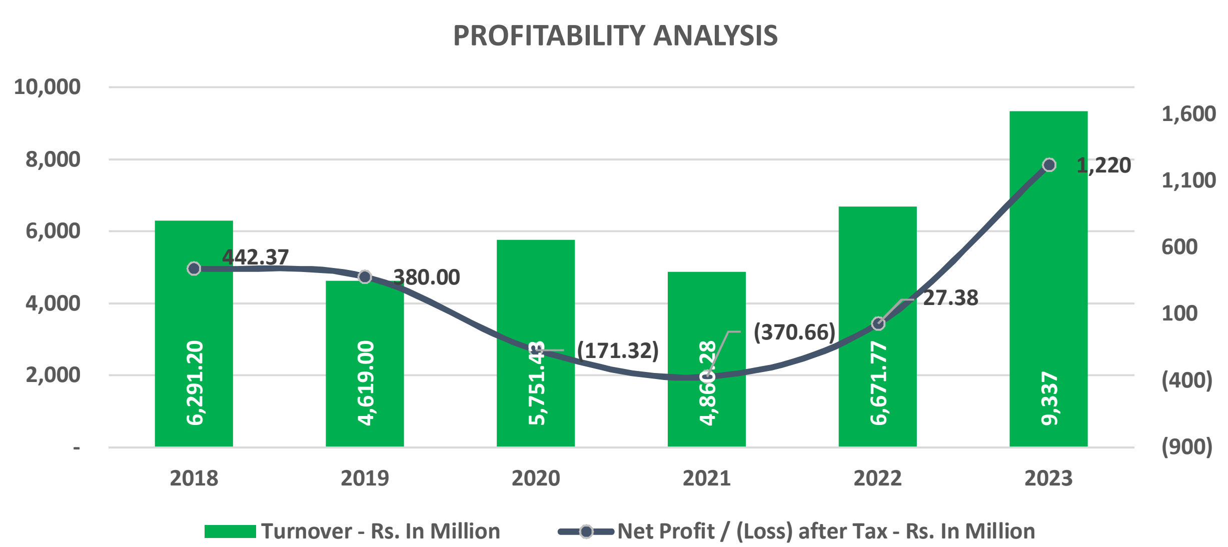
GRAPHS



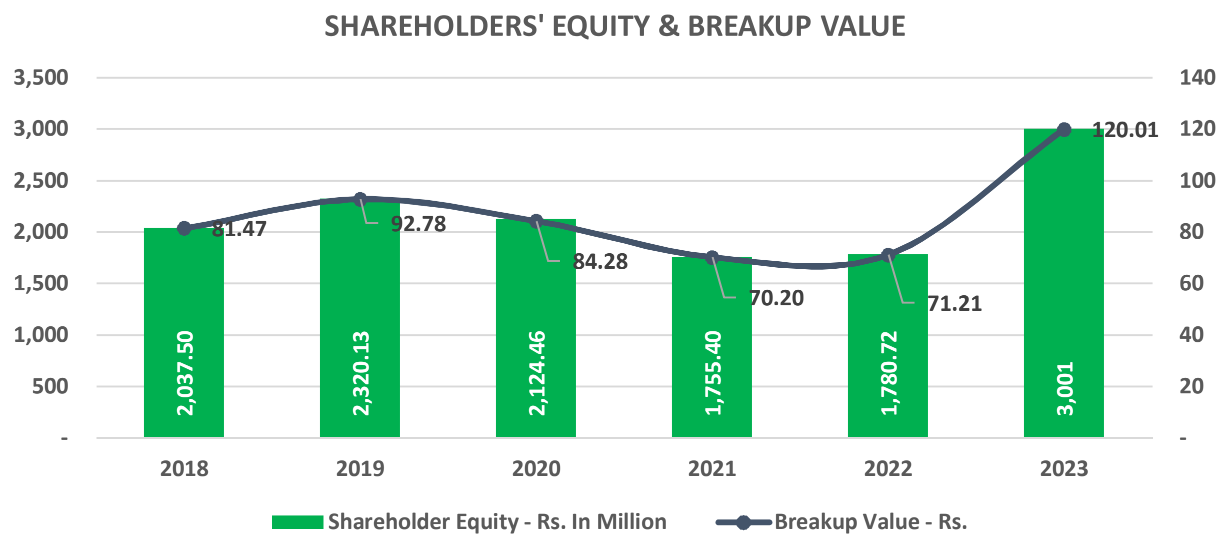
SUGAR PRODUCTION & RECOVERY
120,000
100,000
80,000
60,000
40,000
20,000
-
11.20
11.00
10.80
10.60
10.40
10.20
10.00
105,633
73,696
65,739
63,691
92,862
79,427
11.01
11.01
10.90
10.59
10.98
10.39
2018
2019
2020
2021
2022
2023
Sugar Production M.T
Recovery %

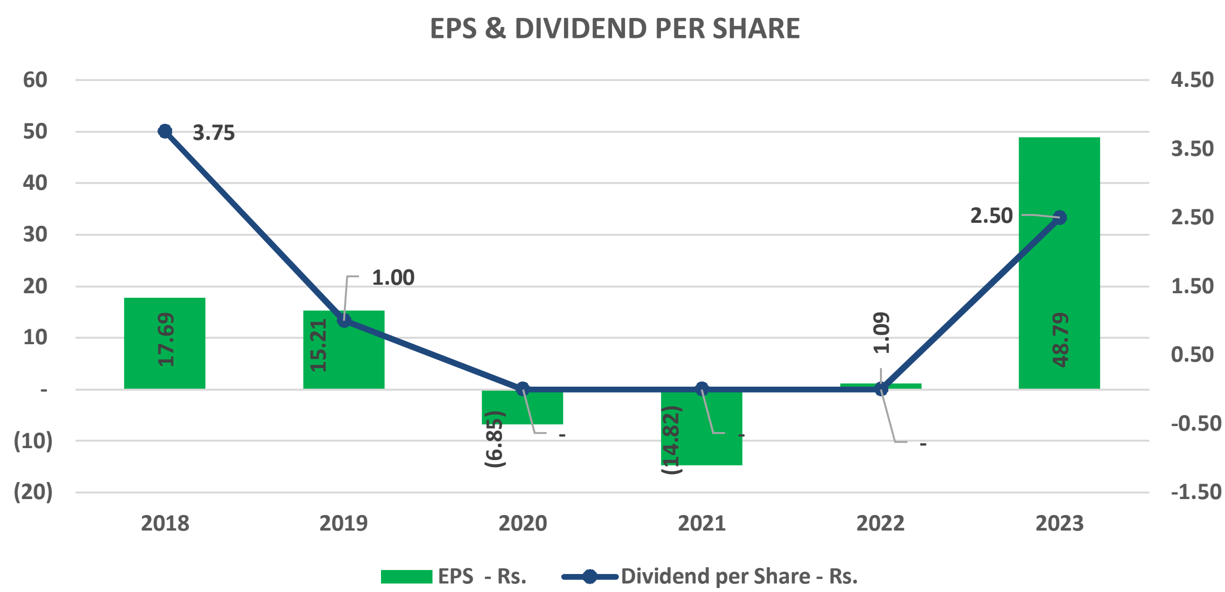


CANE CRUSHING & AVG CRUSHING PER DAY
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
10,000
8,000
6,000
4,000
2,000
-
959,378
670,581
601,936
601,718
845,437
764,606
6,756
7,535
5,733
6,140
6,554
8,311
2018
2019
2020
2021
2022
2023
Cane Crushed M.T
Avg Crushing per Day M.T



PROFITABILITY ANALYSIS
10,000
8,000
6,000
4,000
2,000
-
1,600
1,100
600
100
(400)
(900)
6,291.20
4,619.00
5,751.43
4,860.28
6,671.77
9,337
442.37
380.00
(171.32)
(370.66)
27.38
1,220
2018
2019
2020
2021
2022
2023
Turnover - Rs. In Million
Net Profit / (Loss) after Tax - Rs. In Million


SHAREHOLDERS' EQUITY & BREAKUP VALUE
3,500
3,000
2,500
2,000
1,500
1,000
500
-
140
120
100
80
60
40
20
-
2,037.50
2,320.13
2,124.46
1,755.40
1,780.72
3,001
81.47
92.78
84.28
70.20
71.21
120.01
2018
2019
2020
2021
2022
2023
Shareholder Equity - Rs. In Million
Breakup Value - Rs.


EPS & DIVIDEND PER SHARE
60
50
40
30
20
10
-
(10)
(20)
4.50
3.50
2.50
1.50
0.50
-0.50
-1.50
17.69
15.21
(6.85)
(14.82)
1.09
48.79
3.75
1.00
-
-
-
2.50
2018
2019
2020
2021
2022
2023
EPS - Rs.
Dividend per Share - Rs.

CHAIRMAN'S REVIEW REPORT

I am very delighted on remarkable operational and financial performance of the Company that:

- ❖ The cane crushing and sugar production of the company was quite satisfactorily despite of reduction in cane crushing and sugar production in the Sindh province due to shorter crop as well lower recovery due to flash flood in the month of July and August 2022 in the province.
- ❖ Despite of high production cost and depressed sugar selling price throughout the season that rebounded in 2nd half of the year under review, the management made strategic decisions and devised its sale strategy to secure healthy margin.
- ❖ Company earned highest ever profit in the history of the company though major chunk of profit carry forwarded to next year and that will support the gross profit of 2023-24.
- ❖ Unicol Limited, a joint venture distillery , reported all time high profit
- ❖ Unicol Limited has purchased the entire assets of the Popular Sugar Mills Limited located at province of Punjab that allow Unicol to enter into other geographical area of Pakistan to grow/diversify its revenue base and increase its future profitability.
- ❖ The company also set up 248.5 kW solar power for self- consumption under concession SBP scheme for solar power.
- ❖ All cost saving projects, financed from long-term financing of Rs.700 million under Islamic Temporary Economic Refinance Facility (ITERF), concessional financing scheme of SBP and deferral payment basis, have been fully operational which were initiated in the previous season and now FSML is reaping its benefits.

I also highly appreciate overall performance of the Board and the effectiveness of its role to attain the organization's aims and objectives. The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the fields of business, engineering, finance, banking and regulations. The Board carried out the annual review of its effectiveness and performance on a self-assessment basis. The Board also ensures compliance of all regulatory requirements by the Management. The Board is ably assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Company.

I wish to acknowledge the efforts of all senior executives, staff members and workers of the company and may ALLAH & guidance be with us.

Muhammad Omar Bawany
Chairman

Karachi,
January 03, 2024

DIRECTORS' REPORT

For the year ended September 30, 2023

Dear Shareholders,
In the name of ALLAH, the most gracious and most merciful, your directors present Annual Report and Audited Financial Statements of the Company for the year ended September 30, 2023.

Financial Performance:
It gives me immense pleasure to report a successful year for the company after three year. Despite of facing very difficult and challenging business environment, Alhamdulillah, the company achieved a highest ever pre-tax profit of Rs. 1.495 billion including all time high share of profit from Unicol Limited. Unicol Limited performed exceptionally well achieving the highest annual results in its history in FY 2022-23. These achievements indicate 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:

	2023 **Rs. '000**	2022 Rs. '000
Gross sales	**10,737,400**	7,694,085
Profit / (Loss) before taxation	**582,917**	(180,689)
Share in profit from equity accounted investments-Net	**911,883**	357,304
	1,494,780	176,616
Less: Taxation		
Current	**195,585**	132,226
Deferred	**79,188**	17,008
	274,773	149,224
Profit after Taxation	**1,220,026**	27,383
Earnings per Share	**48.79**	1.09

The gross revenue during the year was Rs. 10.737 billion including export sale of Rs 398.528 million vis-à-vis Rs. 7.694 billion, grew by 39.55%. This increase can be chiefly credited to heightened sales volume and improved selling prices compared to the preceding year.

Several factors contributed to escalated production cost of refined sugar, such as the steep rise in cane rates, escalating minimum labor wages, hyperinflation, increased oil prices impacting chemical and machinery spare part costs. 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 is around 80%-85% of total cost component of refined sugar cost. This led to a challenging scenario with notably depressed domestic prices throughout the 2022-23 crushing season.

However, in 2nd half of the year under review, sugar price experienced a steady increase and jumped at a level to allow the company to secure its historical margin. Pakistan had a sufficient stock of sugar, but owing to higher production cost, 18 percent general sales tax, 23-25 percent mark-up and artificial containment of sugar prices led to the leakage of this commodity to neighboring country through cross-border, has played a major role in escalating the sugar prices in the country. 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.

It was 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. By staying informed and adaptable to market dynamics, the management made strategic decisions during the year under review to maintain its margins and overall financial health. The substantial increase in gross profit from the previous year can be primarily attributed to this sense and proactive approach.

Other income was supported through divestment of Unifood shares amounting to Rs. 188.380 million. However, Finance cost shot up to Rs. 777.687 million from Rs.469.556 million, increased by 65% due to increase in financing rate to double digit, huge financing obtained for timely growers' payments, low sale volume in First Half Year and long term financing obtained for cost saving projects that shrunk our net Profit. 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.

Moreover, the company's bottom line highly benefited from the share of profit from Unicol Limited, a joint venture associated company. The distillery reported exceptional profit of Rs. 2.7 billion, out of which our shares of profit of Rs. 911.66 million has been reflected in 'shares of profit from equity accounted investees-net'. Resultantly earning per share sky-rocketed to Rs.48.82 from Rs. 1.09 per share.

Operational Performance:

The Sindh government fixed minimum support price for sugarcane at Rs. 302 per maund (40 kgs.) – Rs52 jump from the previous season for season 2022-23, but average actual rate paid around Rs. 335 per maund (40 kgs.) due to constrain supply of cane. The Province of Sindh produced 1.7 tons refined sugar against 2.2 produced in the previous season, down by 22% due to shorter crop as well lower recovery due to flash flood. Sindh province was hit hardest by the heavy torrential rainfall and flash floods in the month of July and August 2022. However, by the grace of Almighty Allah, our mills performance was satisfactory in terms of cane crushing and sugar production despite of shorter crop.

The comparative summarized operating result of your mills for season-2022-23 is as follows:

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

As per Track and Trace system of FBR, around 6.657 million tons sugar produced from cane 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. 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. However, the government inordinately delayed the decision and deprived the country to earn precious Foreign Exchange in crucial time of the country. In January 2023, the Economic Coordination Committee (ECC), after detailed discussions on the recommendation of the Sugar Advisory Board (SAB), allowed 250,000 tons of sugar for export, 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). However, a dispute arose regarding the allocation mechanism of export quota amongst sugar mills in the Sindh Zone lead the matter to be taken up before the Sindh High Court. The Sindh High Court initially permitted an export quota of 1,500 tons for each mill and later further quota of 1,000 tons per mill, allowing a cumulative export of 2,500 tons per mill in Sindh.

Liquidity management and capital structure

Faran Sugar Mills (FSML) has been resorting all its financial needs since financial year 2004-05 through only Shariah Compliant Products from prominent Islamic banks and providing HALAL earnings to its stakeholders. The Company has substantial approved finance facilities limit around Rs. 5 billion and has approached to banks to enhance its limit to meets its huge day to day working capital needs in upcoming season. Alhamdulillah, we are RIBA / INTEREST FREE COPORATE ENTITY. Due to unprecedented price of sugar-cane in current season and drastic depressed selling price throughout the season, resultantly sluggish sales volume, huge working capital needed to ensure timely payment to growers. Nevertheless, in this difficult condition, we managed efficiently our fund and ensured to discharge all obligations timely.

Subsequent to balance sheet date, JCR-VIS Credit Rating Company Limited performed credit rating and maintained assigned rating of previous year i.e. 'A- / A-2' (A minus / A – Two). The long term rating of 'A – 'signifies good credit quality with adequate protection factors. Risk factors are considered variable if changes occur in the economy. Short term rating of 'A-2' depicts good certainty of timely payment. Liquidity factors and company fundamentals are sound with good access to capital markets, risk factors are small and outlook on the assigned rating has improved from 'negative' to stable.

Our working capital ratio remarkably improved in response to handsome financial performance, but due to our committed sale that lifted after balance sheet date, current ratio stood at 0.8 otherwise it would had been around 1.4.

Expansion and Modernization Projects

During the year, the company also set up 248.5 kW solar power for self-consumption under concession SBP scheme for solar power. All cost saving projects have been fully operational, initiated in the previous season, and the company reaped maximum benefits during the season from these projects, and will further gain benefits from these projects in upcoming seasons, In sha' Allah, the Company financed aforesaid projects from long-term financing of Rs.700 million under Islamic Temporary Economic Refinance Facility (ITERF), concessional financing scheme of SBP. However, due to rising cost of financing, the company is focusing only necessary capex.

Unicol Limited - Distillery Project

During the year the Company recorded ethanol production of 57,575 MT (2022: 54,639MT) which is 5.37% higher than the last year. The production yield recorded during the year was 19.2% per ton of molasses (2022: 19.6%). Operational days were recorded at 342 days (2022: 313 days). The Company recorded ethanol export of 55,924 MT (2022: 47,173MT) which is 18.55% higher than last year.

The production and sales volume of the CO2 segment for the year were recorded at 11,940 MT (2022: 10,914 MT) and 10,994 MT (2022: 10,214 MT) respectively which is 9.4% and 7.6% higher than last year. The plant operational days of the CO2 segment for the year stood at 276 days (2022: 269 days).

During the year, the sales revenue of the Ethanol segment recorded at Rs. 14.78 billion (2022: Rs. 8.7 billion) which is 70% higher than the last year. The quantity of ethanol sold during the year is higher compared to the previous year due to the significant increase in the exchange rate of US Dollar and quantity as compared to the previous year which resulted in the increased revenue for the year. The sales revenue of CO2 segment recorded at Rs. 280 million (2022: Rs. 213.96 million) which is 31% higher than the last year. The cost of sales recorded to Rs. 10 billion (2022: Rs. 6.45 billion) which is 57% higher than the last year. The gross profit margin for the year was recorded at 33% (2022: 28%) which is 102% higher as compared to last year.

The primary reason for an increase in GP margin is due to the increase in sales quantity, prices and exchange rate of the US Dollar. The recorded finance cost for the year at Rs. 1,130 million (2022: Rs. 305 million) which is 270% higher than the last year due to the increase in borrowing rate and availing of long term financing for the purpose of purchase of entire assets of a Sugar Mill.

Unicol Limited profits stood 107% higher than the previous year due to additional sales, improved feedstock pricing, and exchange rate variances. The Profit after taxation was recorded at Rs. 2.735 billion for the year. The profitability attributed mainly due to the additional ethanol production and sales volume along with the higher average ethanol sales price and exchange rate impact which was primary contributor towards the profitability of the Company.

During the year under review, Unicol Limited has acquired the entire assets of the Popular Sugar Mills Limited located at Jan Muhammad Wala, Chowk Sial, Tehsil Koth Momin, District Sargodha, and Punjab at a cost of Rs. 6.5 billion. Unicol Limited shall be operating its sugar division from the upcoming crushing season 2023-24. The management expect the asset purchase to allow Unicol to grow/diversify its revenue base and increase its future profitability

The outlook for year 2023/2024 is slow due to apprehension on GSP+ status, bumper corn crop in USA, lower gas price in European Union (EU) at a level before the Ukraine War. The ethanol market has shown a downward price adjustment, however, ethanol demand is expected to remain stable for the next year.

The Board of Directors of Unicol Limited, at its meeting held on 26 December 2023, has proposed a final cash dividend @ 5% (Re. 0.5 per share) for the year ended September 30, 2023. This is in addition to the interim cash dividends already paid @ 30% (Rs. 3 per share) amounting to Rs. 450 million.

Faran Power Limited (FPL) - 26.5 MW bagasse base High Pressure power project

The project was initiated in 2016 which has been halted due to CPPA denial to sign Implementation Agreement (IA) and Power Purchase Agreement (PPA). During the year, the board of Directors principally decided to discard the project and got release performance guarantee given by the company on behalf of FPL through its legal counsel. As it is Special Purpose Vehicle (SPV) that was formed for this specific purpose, FPL will be winded up as per management decision.

UniEnergy Limited (UEL) – a joint venture 50MW wind power project

The project has been granted Letter of Intent on October 16, 2015 and formally allotted land for setting up the project at Jhimpir, district Thatta. The principal activity of UEL was to build, operate and maintain wind power generating project of 50 Mega Watts for the generation and supply of electric power to national grid. But the project has been halted due to changes in government policies. FSML has made an equity investment of Rs. 19.9 million (20% holding).

Uni-Food Industries (UFIL)

During the year, FSML received sale proceeds of Rs. 199 million against disposal of entire shareholding in UFIL and net income of Rs. 188 million has been shown in other income.

UFIL was formed under Joint Venture arrangements with leading sugar mills (FSML holding: 34.2%) and commenced its commercial production in 2018. UFIL main business activity was to carry on business of manufacture, produce, branding, sell and distribution of baked products. Since its commencement of commercial production, UFIL has not been successful in running its confectionary business and consistently reported huge losses. The Board of Directors of FSML, in their meeting held on June 06, 2022, put forward a recommendation for the disposal of the investment which was, subsequently, approved by the members of the Company in their Extra Ordinary General Meeting (EOGM) held on June 29, 2022.

In this relation, in July 2022, the Company (along with other members of UFIL) entered into a 'Share Purchase Agreement' with M/s. Sunridge Foods (Private) Limited (investor) whereby the investor agreed to acquire the entire shareholding in UFIL.

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

- The financial statements prepared by the management present fairly its state of affairs, the result of its operation, cash flows and changes in equity.
- The company has maintained proper books of accounts as required by the law.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The accounting policies and disclosures are in accordance with the International Financial Reporting Standards (IFRS) as applicable in Pakistan, unless otherwise disclosed.
- The system of internal control is sound in design and effectively implemented and being monitored.
- There is no significant doubt as to the ability of the Company to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The summary of key operating and financial data and graphic presentation of the important statistics for last six year annexed.
- Information against outstanding duties, levies and charges is given in the notes to the Accounts
- The Company operates funded Provident fund scheme. The fair value of assets based on latest un-audited accounts of the fund amounted to Rs.92.5 million.

Board of Directors

During the year four meetings of Board of Directors were held. Participation of Directors as follows

Name of Directors	No. of BOD Meetings attended	No. of Audit Committee Meetings attended	No. of HR&R Meetings attended
Total no. of meetings held during the year	**4**	**4**	**1**
Mr. Muhammad Omar Bawany	4	4	1
Mr. Ahmed Ali Bawany	4	N/A	1
Mr. Bilal Omar Bawany	4	N/A	N/A
Mr. Hamza Omar Bawany	4	N/A	N/A
Mr. Mohammad Altamash Bawany	4	N/A	N/A
Mr. Irfan Zakaria Bawany	3	3	N/A
Mr. Ahmed Ghulam Hussain	4	3	1
Mr. Khurram Aftab	4	N/A	N/A
Mr. Tasneem Yousuf	1	N/A	N/A

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

Corporate Social Responsibility (CSR)

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

- Education
- Health
- Community physical activities etc.

The Company remains well entrenched as socially responsible corporate citizen caring for its workforce. We continued to extend support to needy people and contribute into religious activities through donation of funds to the Begum Aisha Bawany Taleem-ul-Quran Trust and educate to children of our workers and local people though Faran Abadgar Ebrahim Bawany Memorial High School. During the year we also set up discounted sugar stall during the holy month of Ramazan and organized eye camp for employees and general public.

Further detail of our CSR initiatives is highlighted in this Annual Report 2023

Pattern of Share Holding

The Company is listed on Pakistan Stock Exchange. There were 1984 shareholders of the Company as on September 30, 2023. The detail pattern of shareholding and categories of shareholding of the Company as on September 30, 2023 are annexed to this Annual Report.

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

S. No.	Traded by	Number of Shares	Nature
1	Directors and their spouse & minor children	530,000	Purchase

DIRECTORS' REPORT

For the year ended September 30, 2023

Statutory Auditors

The present auditors Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountant, have conveyed their willingness to be re-appointed as auditors for the next year.

Contribution towards Economy

Your company is a noteworthy contributor to the national economy. The Company has contributed to the national exchequer Rs.1.68 billion (2021-22 Rs. 1.17 billion) on account of Sales tax / Federal excise duty, Income Tax and other statutory levies which are 39% (2021-22: 51%) of value generated by the Company. During the year, the company has exported 2,500 tons refined sugar and fetched foreign exchange equivalent to Rs. 415.98 million. Unicol Limited also assisted in contributing equivalent to Pak rupees amounting to Rs. 14.78 billion towards country's precious foreign exchange reserve

Dividend

In light of company financial and cash flow position, future projected inflows and keeping in mind the necessary Capex in next year, we have decided to recommend Rs. 2.5/- share i.e 25% cash dividend for the year under review.

Post Balance Sheet Events

There has been no material changes since September 30, 2023 to the date of this report except the declaration of final cash dividend disclosed in notes to the Accounts. The effect of such declaration shall be reflected in next year's financial statements

Next Season and Future Outlook

Among the major crops grown in Pakistan, rice, sugarcane, and cotton are important for both domestic consumption and export. Sugar industry occupies an important place among organized industries in Pakistan. Being 2nd largest agro based after textile, the industry has been instrumental in resource mobilization; employment and income generation; and creating social infrastructure in rural areas. Indeed the industry has facilitated and accelerated pace of rural industrialization.

Sugarcane is grown on about 13% of the cropped area and is used for sugar production as well as ethanol and other by-products. As per initial assessment, Sugar production in 2023-24 is forecasted around 6.4 million tons.

The Federal Board of Revenue (FBR) has been keeping strict vigil on sugar mills and monitoring their production data, daily deliveries and ex-mill rates. As per Track and Trace system of FBR, 1.13 million metric tons sugar stocks as on 31-10-2023 were available with sugar mills which would last for more than two months considering country average offtake of last 11 months. It means there will be surplus sugar in 2023-24 which may depress the domestic selling price further. Prices of sugar are already much lower than its higher cost of production due to constant increases in major cost components like prices of sugarcane, interest rates and imported chemicals.

For ongoing season 2023-24, the Sindh government fixed minimum support price for sugarcane at Rs. 425 per maund – Rs123 jump from the previous season. The current price is a 41 per cent increase over last year's rate of Rs. 302 and 70pc over the 2021 season's rate of Rs250.

It is pertinent to mention that only 250,000 metric tons sugar exports allowed during the previous Financial Year 2022-23 that fetched around $125 million. Sugar millers have asked the Federal ministry of industries and production to allow immediate export of 500,000 metric tons of surplus sugar which would not only fetch the much needed foreign exchange for national exchequer but also help the cash-strapped sugar industry and ensure timely payments to the sugarcane growers. It is important for the government to consider the interests of all stakeholders in the sugar sector and make timely decisions that will benefit the industry and the country as a whole.

We started our mills on November 10, 2023 and, by the grace of Allah, our mills performance is quite satisfactory. But, 41% increase in cane cost and doubling the finance cost will cause substantial increase in cost of production. However, carry over stock of last year will support the gross profit with significant amount in FY: 2023-24.

Cash freight subsidy of Rs. 304.73 million receivable from Government of Sindh since FY 2016-17 and Inland freight subsidy amounting to Rs. 83.28 million receivable from TDAP since FY 2012-13. FSML along with other sugar mills have filed petition in Honorable High Court of Sindh for release of these subsidies. SHC has directed to release the Cash freight subsidy by September 2023 and reminder has also been sent to Government of Sindh through Legal counsel. Petition for Inland freight subsidy is still pending with SHC. We are hopeful that both subsidies amounting to Rs. 388 will be received during this financial year.

Acknowledgement

On behalf of Board of Directors, I would like to acknowledge with thanks for the support of shareholders, valued customers, growers and financial institutions.

We, by the grace of Allah, earned highest historical profit in the year and there will be no let-up in our efforts to achieve further in coming years. The landmark achievement of FSML would not have been possible without the relentless efforts and teamwork of all senior executives, other staff members and workers. We wish to sincerely thank each one of them for their hard work and commitment. May Allah Almighty bestow His blessings on them and their families, **AMEEN**!

May Allah bestow the strength on us to continue our efforts relentlessly and with upfront integrity and May Allah give us success in our endeavors', **AMEEN**!

On behalf of the Board of Directors

Ahmed Ali Bawany
Chief Executive

Muhammad Omar Bawany
Director

Karachi: January 3, 2024

اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے، میں شیئر ہولڈرز، قابل قدر صارفین، کاشتکاروں اور مالیاتی اداروں کے تعاون کا شکریہ ادا کرنا چاہوں گا۔

اللہ کے فضل سے ہم نے سال میں سب سے زیادہ تاریخی منافع کمایا اور آنے والے سالوں میں مزید حاصل کرنے کی ہماری کوششوں میں کوئی کمی نہیں آئے گی۔ FSML کی تاریخی کامیابی تمام سینئر ایگزیکٹوز، دیگر عملے کے ارکان اور کارکنوں کی انتھک کوششوں اور ٹیم ورک کے بغیر ممکن نہیں تھی۔ ہم ان میں سے ہر ایک کو ان کی محنت اور عزم کے لیے تہہ دل سے شکریہ ادا کرنا چاہتے ہیں۔ اللہ تعالی ان پر اور ان کے اہل خانہ پر اپنی رحمتیں نازل فرمائے، آمین!

اللہ تعالی ہمیں اپنی کوششوں کو انتھک اور دیانتداری کے ساتھ جاری رکھنے کی توفیق عطا فرمائے اور اللہ ہمیں اپنی کوششوں میں کامیابی عطا فرمائے، **آمین!**

بورڈ آف ڈائریکٹرز کی جانب سے

احمد علی باوانی
چیف ایگزیکٹو

محمد عمر باوانی
چیئرمین

کراچی: جنوری 3، 2024

اگلا سیزن اور مستقبل کا آؤٹ لک

پاکستان میں اگائی جانے والی بڑی فصلوں میں چاول، گنا اور کپاس گھریلو استعمال اور برآمد دونوں کے لیے اہم ہیں۔ پاکستان میں منظم صنعتوں میں شوگر انڈسٹری کو ایک اہم مقام حاصل ہے۔ ٹیکسٹائل کے بعد دوسری سب سے بڑی ایگرو بیسڈ ہونے کے ناطے صنعت نے وسائل کو متحرک کرنے میں اہم کردار ادا کیا ہے۔ روزگار اور آمدنی پیدا کرنا؛ اور دیہی علاقوں میں سماجی انفراسٹرکچر بنانا۔ در حقیقت صنعت نے دیہی صنعت کاری کی رفتار کو آسان اور تیز کیا ہے۔

گنے کی کاشت تقریباً 13 فیصد رقبہ پر ہوتی ہے اور اسے چینی کی پیداوار کے ساتھ ساتھ ایتھنول اور دیگر ضمنی مصنوعات کے لیے بھی استعمال کیا جاتا ہے۔ ابتدائی تشخیص کے مطابق، 24-2023 میں چینی کی پیداوار تقریباً 6.4 ملین ٹن متوقع ہے۔

فیڈرل بورڈ آف ریونیو (ایف بی آر) شوگر ملوں پر کڑی نظر رکھے ہوئے ہے اور ان کے پیداواری ڈیٹا، روزانہ کی ترسیل اور ایکس مل ریٹس کی نگرانی کر رہا ہے۔ ایف بی آر کے ٹریک اینڈ ٹریس سسٹم کے مطابق، 31-10-2023 تک 1.13 ملین میٹرک ٹن چینی کا ذخیرہ شوگر ملوں کے پاس دستیاب تھا جو کہ گزشتہ 11 ماہ کی ملکی اوسط اتار چڑھاؤ کو مد نظر رکھتے ہوئے دو ماہ سے زائد عرصے تک چلے گا۔ اس کا مطلب ہے کہ 24-2023 میں چینی سر پلس ہوگی جس سے گھریلو فروخت کی قیمت مزید کم ہو سکتی ہے۔ گنے کی قیمتوں، شرح سود اور درآمد شدہ کیمیکل جیسے اہم لاگت کے اجزاء میں مسلسل اضافے کی وجہ سے چینی کی قیمتیں پہلے ہی اس کی پیداواری لاگت سے بہت کم ہیں۔

رواں سیزن 24-2023 کے لیے، سندھ حکومت نے گنے کی کم از کم امدادی قیمت روپے مقرر کی ہے۔ 425 فی من۔ پچھلے سیزن سے 123 روپے کا اضافہ۔ موجودہ قیمت گزشتہ سال کی روپے کی شرح سے 41 فیصد زیادہ ہے۔ 2021 کے سیزن کے 250 روپے کے مقابلے میں 302 اور 70pc۔

یہ بات قابل ذکر ہے کہ گزشتہ مالی سال 23-2022 کے دوران صرف 250,000 میٹرک ٹن چینی کی برآمد کی اجازت دی گئی تھی جس سے تقریباً 125 ملین ڈالر حاصل ہوئے تھے شوگر ملرز نے وفاقی وزارت صنعت و پیداوار سے 500,000 میٹرک ٹن فاضل چینی کی فوری برآمد کی اجازت دینے کا مطالبہ کیا ہے جس سے نہ صرف قومی خزانے کے لیے انتہائی ضروری زرمبادلہ حاصل ہوگا بلکہ نقدی کی کمی کا شکار چینی صنعت کو بھی مدد ملے گی اور چینی کو بروقت ادائیگیوں کو یقینی بنایا جائے گا۔ گنے کے کاشتکار۔ بلکہ نقدی کی کمی کا شکار چینی صنعت کو بھی مدد ملے گی اور چینی کو بروقت ادائیگیوں کو یقینی بنایا جائے گا۔ گنے کے کاشتکار حکومت کے لیے ضروری ہے کہ وہ شوگر سیکٹر میں تمام اسٹیک ہولڈرز کے مفادات پر غور کرے اور ایسے بروقت فیصلے کرے جس سے صنعت اور پورے ملک کو فائدہ ہو۔

ہم نے اپنی ملیں 10 نومبر 2023 کو شروع کیں اور اللہ کے فضل سے ہماری ملز کی کارکردگی کافی تسلی بخش ہے۔ لیکن، گنے کی لاگت میں 41 فیصد اضافہ اور مالیاتی لاگت کو دوگنا کرنے سے پیداواری لاگت میں خاطر خواہ اضافہ ہوگا۔ تاہم، گزشتہ سال کا کیری اوور اسٹاک مالی سال: 24-2023 میں نمایاں رقم کے ساتھ مجموعی منافع کو سپورٹ کرے گا۔

روپے کی نقد فریٹ سبسڈی مالی سال **17-2016** سے حکومت سندھ سے **304.73** ملین وصول کیے جا سکتے ہیں اور اندرون ملک فریٹ سبسڈی جس کی رقم روپے ہے۔ مالی سال **13-2012** سے **TDAP** سے **83.28** ملین وصول کیے جا سکتے ہیں۔ ایف ایس ایم ایل نے دیگر شوگر ملوں کے ساتھ مل کر سبسڈی کے اجراء کے لیے معزز ہائی کورٹ آف سندھ میں درخواست دائر کی ہے۔ ایس ایچ سی نے آئندہ مالی سال کی پہلی سہ ماہی میں کیش فریٹ سبسڈی جاری کرنے کی ہدایت کی ہے، تاہم اندرون ملک فریٹ سبسڈی کے لیے درخواست ابھی تک ایس ایچ سی کے پاس زیر التوا ہے۔ ہمیں امید ہے کہ کیش فریٹ سبسڈی سال **24-2023** کے آخر تک جاری کر دی جائے گی۔

کمپنی اپنی افرادی قوت کی دیکھ بھال کرنے والے سماجی طور پر ذمہ دار کارپوریٹ شہری کے طور پر اچھی طرح سے قائم ہے۔ ہم ضرورت مند لوگوں کی مدد کرتے رہے اور بیگم عائشہ باوانی تعلیم القرآن ٹرسٹ کو فنڈز کے عطیہ کے ذریعے مذہبی سرگرمیوں میں حصہ ڈالتے رہے اور فاران آباد گار ابراہیم باوانی میموریل ہائی سکول کے باوجود اپنے کارکنوں اور مقامی لوگوں کے بچوں کو تعلیم دیتے رہے۔ سال کے دوران ہم نے رمضان کے مقدس مہینے میں چینی کا رعایتی سٹال بھی لگایا اور ملازمین اور عام لوگوں کے لیے آئی کیمپ کا انعقاد کیا۔

ہمارے CSR اقدامات کی مزید تفصیل اس سالانہ رپورٹ 2023 میں نمایاں کی گئی ہے۔

شیئر ہولڈنگ کا پیٹرن

کمپنی پاکستان اسٹاک ایکسچینج میں درج ہے۔ 30 ستمبر 2022 تک کمپنی کے 1984 شیئر ہولڈرز تھے۔ 30 ستمبر تک کمپنی کے شیئر ہولڈنگ کا تفصیلی نمونہ اور زمرہ جات اس سالانہ رپورٹ کے ساتھ منسلک ہیں۔
سال کے دوران کمپنی کے حصص کی تجارت کی گئی تھی:

سیریل نمبر۔	کی طرف سے تجارت	حصص کی تعداد	فطرت
1	ڈائریکٹرز اور ان کی شریک حیات اور نابالغ بچے	530,000	خریداری

قانونی آڈیٹرز:

موجودہ آڈیٹر زرحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹ نے اگلے سال کے لیے دوبارہ آڈیٹرز کے طور پر تعینات ہونے پر رضامندی کا اظہار کیا ہے۔

معیشت میں شراکت:

آپ کی کمپنی قومی معیشت میں قابل ذکر شراکت دار ہے۔ آپ کی کمپنی قومی معیشت میں قابل ذکر شراکت دار ہے۔ کمپنی نے سیلز ٹیکس/فیڈرل ایکسائز ڈیوٹی، انکم ٹیکس اور دیگر قانونی محصولات کی مد میں قومی خزانے میں 1.68 بلین روپے (22-2021:1.1 بلین روپے) کا حصہ ڈالا ہے جو کہ 39% (22-2021:52%) ہے۔ کمپنی کی طرف سے پیدا کردہ قیمت. سال کے دوران، کمپنی نے 2,500 ٹن ریفائنڈ چینی برآمد کی ہے اور روپے کے مساوی زرمبادلہ حاصل کیا ہے۔ 159.411 ملین روپے۔ یونیکول لمیٹڈ نے بھی پاکستانی روپے کے مساوی حصہ دینے میں مدد کی۔ ملک کے قیمتی زرمبادلہ کے ذخائر کی طرف 14.78 بلین روپے۔

ڈیویڈنڈ

کمپنی کی مالیاتی اور کیش فلو پوزیشن کی روشنی میں، مستقبل میں متوقع آمدن اور اگلے سال میں ضروری Capex کو ذہن میں رکھتے ہوئے، ہم نے Rs. کی سفارش کرنے کا فیصلہ کیا ہے۔ 2.5/- یعنی زیر نظر سال کے لیے 25% نقد منافع۔

بیلنس شیٹ کی تاریخ کے بعد کے واقعات

30 ستمبر 2023 سے اس رپورٹ کی تاریخ تک کوئی مادی تبدیلیاں نہیں ہوئی ہیں سوائے اکاؤنٹس کے نوٹوں میں ظاہر کردہ حتمی نقد منافع کے اعلان کے۔ اس طرح کے اعلان کا اثر اگلے سال کے مالی بیانات میں ظاہر ہوگا۔

- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا جارہا ہے اور اس کی نگرانی کی جارہی ہے۔
- اس میں کوئی خاص شبہ نہیں ہے کہ کمپنی کی ایک جاری تشویش کے طور پر جاری رکھنے کی صلاحیت ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔
- کلیدی آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ اور گزشتہ چھ سال کے اہم اعداد و شمار کی گرافک پریزنٹیشن منسلک ہے۔
- بقایا ڈیوٹی، لیویز اور چارجز کی معلومات اکاؤنٹس کو نوٹس میں دی گئی ہیں۔
- کمپنی فنڈ پر وویڈنٹ فنڈ اسکیم چلاتی ہے۔ فنڈ کے تازہ ترین غیر آڈٹ شدہ کھاتوں کی بنیاد پر اثاثوں کی منصفانہ قیمت روپے تھی۔ دس لاکھ.

بورڈ آف ڈائریکٹرز

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

ڈائریکٹرز کے نام	BODاجلاسوں کی تعداد میں شرکت کی۔	آڈٹ کمیٹی کے اجلاسوں کی تعداد نے شرکت کی۔	HR&Rمیٹنگز کی تعداد میں شرکت کی۔
کل نمبر سال کے دوران ہونے والی ملاقاتوں کی	4	4	1
جناب محمد عمر باوانی	4	4	1
جناب احمد علی باوانی	4	N / A	1
جناب بلال عمر باوانی	4	N / A	N / A
جناب حمزہ عمر باوانی	4	N / A	N / A
جناب محمد التمش احمد باوانی	4	N / A	N / A
جناب عرفان زکریا باوانی	3	3	N / A
جناب احمد غلام حسین	4	3	1
جناب خرم الطاف	4	N / A	N / A
تسنیم یوسف صاحبہ	1	N / A	N / A

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

کارپوریٹ سماجی ذمہ داری(CSR)

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

- تعلیم
- صحت
- اجتماعی جسمانی سرگرمیاں وغیرہ۔

سال 2024/2023 کا آؤٹ لک GSP+ اسٹیٹس، USA میں کمی کی بمپر فصل، یوکرین جنگ سے پہلے کی سطح پر یورپی یونین (EU) میں گیس کی کم قیمت کی وجہ سے سست ہے۔ ایتھنول مارکیٹ نے قیمتوں میں کمی کو ظاہر کیا ہے، تاہم، ایتھنول کی طلب اگلے سال کے لیے مستحکم رہنے کی امید ہے۔

یونیکول لمیٹڈ کے بورڈ آف ڈائریکٹرز نے 26 دسمبر 2023 کو منعقدہ اپنی میٹنگ میں 30 ستمبر 2023 کو ختم ہونے والے سال کے لیے حتمی نقد ڈیویڈنڈ @5% (0.5 روپے فی شیئر یعنی 5%) تجویز کیا ہے۔ عبوری نقد منافع جو پہلے ہی ادا کر چکے ہیں @30% (3 روپے فی شیئر) 450 ملین

فاران پاور لمیٹڈ (FPL) - 26.5 میگاواٹ بگاس بیس ہائی پریشر پاور پروجیکٹ

یہ منصوبہ 2016 میں شروع کیا گیا تھا جسے CPPA کی جانب سے نفاذ کے معاہدے (IA) اور پاور پرچیز ایگریمنٹ (PPA) پر دستخط کرنے سے انکار کی وجہ سے روک دیا گیا تھا۔ سال کے دوران، بورڈ آف ڈائریکٹرز نے بنیادی طور پر اس پروجیکٹ کو ختم کرنے کا فیصلہ کیا اور کمپنی کی جانب سے FPL کی جانب سے اپنے قانونی مشیر کے ذریعے ریلیز کی کارروائی کی گارنٹی حاصل کی۔ چونکہ یہ اسپیشل پرپز وہیکل (SPV) ہے جو اس مخصوص مقصد کے لیے بنائی گئی تھی، اس لیے FPL کو انتظامیہ کے فیصلے کے مطابق ختم کر دیا جائے گا۔

UniEnergy Limited (UEL)-جوائنٹ وینچر 50MW ونڈ پاور پراجیکٹ کو 16 اکتوبر 2015 کو لیٹر آف انٹینٹ دیا گیا اور جھمپیر، ضلع ٹھٹھہ میں پراجیکٹ کے قیام کے لیے باضابطہ طور پر زمین الاٹ کی گئی۔ UEL کی بنیادی سرگرمی نیشنل گرڈ کو بجلی کی پیداوار اور فراہمی کے لیے 50 میگاواٹ کے ہوا سے بجلی پیدا کرنے والے منصوبے کی تعمیر، کام اور دیکھ بھال تھی۔ لیکن حکومتی پالیسیوں میں تبدیلی کے باعث یہ منصوبہ روک دیا گیا ہے۔ FSML نے روپے کی ایکویٹی سرمایہ کاری کی ہے۔ 19.9 ملین (20% ہولڈنگ)۔

Uni Food Industries (UFIL)۔-

سال کے دوران، FSML نے روپے کی فروخت کی آمدنی حاصل کی۔ 199 ملین UFIL میں پورے شیئر ہولڈنگ کے تصرف کے خلاف اور روپے کی خالص آمدنی۔ دیگر آمدنی میں 188 ملین ظاہر کیے گئے ہیں۔

UFIL کو معروف شوگر ملز (FSML ہولڈنگ: 34.2%) کے ساتھ جوائنٹ وینچر کے انتظامات کے تحت تشکیل دیا گیا تھا اور اس نے 2018 میں اپنی تجارتی پیداوار کا آغاز کیا تھا۔ UFIL کی اہم کاروباری سرگرمی بیکڈ مصنوعات کی تیاری، پیداوار، برانڈنگ، فروخت اور تقسیم کے کاروبار کو جاری رکھنا تھی۔ تجارتی پیداوار کے آغاز کے بعد سے، UFIL اپنے کنفیکشنری کاروبار کو چلانے میں کامیاب نہیں رہا ہے اور مسلسل بھاری نقصانات کی اطلاع دے رہا ہے۔ FSML کے بورڈ آف ڈائریکٹرز نے 06 جون 2022 کو منعقدہ اپنی میٹنگ میں سرمایہ کاری کے تصرف کے لیے ایک سفارش پیش کی جسے بعد ازاں کمپنی کے ممبران نے اپنی ایکسٹرا آرڈینری جنرل میٹنگ (EOGM) میں منظور کر لیا۔ 29 جون 2022۔

اس سلسلے میں، جولائی 2022 میں، کمپنی (UFIL کے دیگر اراکین کے ساتھ) نے M/s کے ساتھ شیئر پرچیز ایگریمنٹ کیا۔ سٹریٹیجی فوڈز (پرائیویٹ) لمیٹڈ (سرمایہ کار) جس کے تحت سرمایہ کار نے UFIL میں پوری شیئر ہولڈنگ حاصل کرنے پر اتفاق کیا۔

مالیاتی رپورٹنگ فریم ورک:

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

- انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حالت، اس کے کام کا نتیجہ، نقدی کے بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔
- کمپنی نے اکاؤنٹس کی مناسب کتابیں رکھی ہیں جیسا کہ قانون کی ضرورت ہے۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- اکاؤنٹنگ پالیسیاں اور انکشافات پاکستان میں لاگو ہونے والے بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کے مطابق ہیں، جب تک کہ دوسری صورت میں انکشاف نہ کیا جائے۔

ہے۔ الحمدللہ، ہم ربا/انٹرسٹ فری کارپوریٹ ادارہ ہیں۔ موجودہ سیزن میں گنے کی غیر معمولی قیمت اور پورے سیزن میں فروخت کی قیمتوں میں زبردست کمی، نتیجتاً فروخت کے حجم میں کمی، کاشتکاروں کو بروقت ادائیگی کو یقینی بنانے کے لیے بھاری سرمائے کی ضرورت ہے۔ اس کے باوجود، اس مشکل حالت میں، ہم نے اپنے فنڈ کا مؤثر طریقے سے انتظام کیا اور تمام ذمہ داریوں کو بروقت ادا کرنے کو یقینی بنایا۔

بیلنس شیٹ کی تاریخ کے بعد، JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کریڈٹ ریٹنگ کا مظاہرہ کیا اور پچھلے سال کی تفویض کردہ درجہ بندی کو برقرار رکھا یعنی 'A-2' / 'A-' (A-مائنس/A-دو)۔ 'A-' کی طویل مدتی درجہ بندی مناسب تحفظ کے عوامل کے ساتھ اچھے کریڈٹ کوالٹی کی نشاندہی کرتی ہے۔ اگر معیشت میں تبدیلیاں آتی ہیں تو خطرے کے عوامل کو متغیر سمجھا جاتا ہے۔ 'A-2' کی مختصر مدت کی درجہ بندی بروقت ادائیگی کے اچھے یقین کو ظاہر کرتی ہے۔ کیپٹل مارکیٹس تک اچھی رسائی کے ساتھ لیکویڈیٹی کے عوامل اور کمپنی کے بنیادی اصول درست ہیں، خطرے کے عوامل چھوٹے ہیں اور تفویض کردہ درجہ بندی پر آؤٹ لک 'منفی' سے مستحکم ہو گیا ہے۔

ہماری مالیاتی کارکردگی کے جواب میں ہمارے ورکنگ کیپیٹل کا تناسب نمایاں طور پر بہتر ہوا، لیکن ہماری پر عزم فروخت کی وجہ سے جو بیلنس شیٹ کی تاریخ کے بعد اٹھائی گئی، موجودہ تناسب 0.8 پر کھڑا ہوا ورنہ یہ 1.4 کے لگ بھگ ہوتا۔

توسیع اور جدید کاری کے منصوبے:

سال کے دوران، کمپنی نے 248.5 کلوواٹ شمسی توانائی خود استعمال کرنے کے لیے SBP کی شمسی توانائی کے لیے رعایتی اسکیم کے تحت بھی قائم کی۔ سال کے دوران، کمپنی نے 248.5 کلوواٹ شمسی توانائی خود استعمال کرنے کے لیے SBP کی شمسی توانائی کے لیے رعایتی اسکیم کے تحت بھی قائم کی کمپنی نے مذکورہ پراجیکٹس کو 700 ملین روپے کی طویل مدتی فنانسنگ سے اسلامی عارضی اقتصادی ری فنانس فیسیلٹی (ITERF)، اسٹیٹ بینک کی رعایتی فنانسنگ اسکیم کے تحت فنانس کیا۔ تاہم، فنانسنگ کی بڑھتی ہوئی لاگت کی وجہ سے، کمپنی صرف ضروری کیپیکس پر توجہ مرکوز کر رہی ہے۔۔

یونیکول لمیٹڈ - ڈسٹلری پروجیکٹ:

سال کے دوران کمپنی نے 57,575 MT (2022: 54,639MT) کی ایتھنول کی پیداوار ریکارڈ کی جو پچھلے سال کے مقابلے میں 5.37% زیادہ ہے۔ سال کے دوران ریکارڈ کی گئی پیداواری پیداوار 19.2% فی ٹن گڑ (2022: 19.6%) تھی۔ آپریشنل دن 342 دن (2022: 313 دن) ریکارڈ کیے گئے۔ کمپنی نے 55,924 MT (2022: 47,173MT) کی ایتھنول برآمد ریکارڈ کی جو گزشتہ سال کے مقابلے میں 18.55% زیادہ ہے۔

CO2 سیگمنٹ کی پیداوار 11،940 ٹن (2022: 10،914 ٹن) جبکہ سیلز 10،994 ٹن (2022: 10،214 ٹن) رہی جو کہ 9.4% اور 7.6% زیادہ ہے۔ آپریشنل دن 276 (2022: 269) رہے۔

سال کے دوران ایتھنول سیگمنٹ کی سیلز ریونیو روپے ریکارڈ کی گئی۔ 14.78 بلین (2022: 8.7 بلین روپے) جو پچھلے سال کے مقابلے میں 70% زیادہ ہے۔ سال کے دوران فروخت ہونے والے ایتھنول کی مقدار پچھلے سال کے مقابلے میں زیادہ ہے جس کی وجہ گزشتہ سال کے مقابلے میں امریکی ڈالر اور مقدار کی شرح مبادلہ میں نمایاں اضافہ ہوا ہے جس کے نتیجے میں اس سال کی آمدنی میں اضافہ ہوا ہے۔ CO2 سیگمنٹ کی فروخت کی آمدنی روپے ریکارڈ کی گئی۔ 280 ملین (2022: 213.96 ملین روپے) جو کہ گزشتہ سال کے مقابلے میں 31% زیادہ ہے۔ فروخت کی لاگت روپے تک ریکارڈ کی گئی۔ 10 بلین (2022: 6.45 بلین روپے) جو کہ گزشتہ سال کے مقابلے میں 57% زیادہ ہے۔ سال کے لیے مجموعی منافع کا مارجن 33% (2022: 28%) ریکارڈ کیا گیا جو پچھلے سال کے مقابلے میں 102% زیادہ ہے۔ GP مارجن میں اضافے کی بنیادی وجہ فروخت کی مقدار، قیمتوں اور امریکی ڈالر کی شرح مبادلہ میں اضافہ ہے۔ سال کے لیے ریکارڈ شدہ مالیاتی لاگت روپے۔ 1,130 ملین (2022: 305 ملین روپے) جو کہ شوگر مل کے تمام اثاثوں کی خریداری کے مقصد کے لیے قرض لینے کی شرح میں اضافے اور طویل مدتی فنانسنگ حاصل کرنے کی وجہ سے گزشتہ سال کے مقابلے میں 270% زیادہ ہے

۔ یونیکول لمیٹڈ کا منافع اضافی فروخت، بہتر فیڈ اسٹاک کی قیمتوں کا تعین، اور شرح مبادلہ کے تغیرات کی وجہ سے پچھلے سال کے مقابلے میں 107% زیادہ رہا۔ ٹیکس کے بعد منافع روپے ریکارڈ کیا گیا۔ سال کے لیے 2.735 بلین۔ منافع کی وجہ ایتھنول کی اضافی پیداوار اور فروخت کے حجم کے ساتھ ساتھ اعلی اوسط ایتھنول کی فروخت کی قیمت اور شرح مبادلہ کے اثرات کی وجہ سے ہے جو کمپنی کے منافع میں بنیادی معاون تھا۔

زیر نظر سال کے دوران، یونیکول لمیٹڈ نے جان محمد والا، چوک سیال، تحصیل کوٹھ مومن، ضلع سرگودھا، اور پنجاب میں واقع پاپولر شوگر ملز لمیٹڈ کے تمام اثاثوں کو 6.5 ارب روپے کی لاگت سے حاصل کر لیا ہے۔۔ یونیکول لمیٹڈ آئندہ کرشنگ سیزن 2023-24 سے شوگر ڈویژن کا کام کرے گا۔ انتظامیہ اثاثوں کی خریداری سے یونیکول کو اپنے ریونیو بیس کو بڑھانے / متنوع بنانے اور مستقبل کے منافع میں اضافے کا باعث بنیگی۔

کمپنی کے لیے یہ بہت ضروری تھا کہ وہ مارکیٹ کے رجحانات اور چینی کی قیمتوں کو متاثر کرنے والے عوامل پر گہری نظر رکھے تاکہ اس کے منافع کو طویل مدت میں برقرار رکھا جاسکے۔ اقتصادی اور مارکیٹ کے حالات غیر مستحکم ہو سکتے ہیں، اور چینی کی قیمت اتار چڑھاؤ کے تابع ہے جو کمپنی کی مجموعی مالی کارکردگی کو متاثر کر سکتی ہے۔ باخبر رہنے اور مارکیٹ کی حرکیات کے مطابق موافق رہنے کے ذریعے، انتظامیہ نے اپنے مارجن اور مجموعی مالیاتی صحت کو برقرار رکھنے کے لیے زیرِ نظر سال کے دوران اسٹریٹجک فیصلے کیے ہیں۔ پچھلے سال کے مقابلے مجموعی منافع میں خاطر خواہ اضافہ کو بنیادی طور پر اس احساس اور فعال نقطہ نظر سے منسوب کیا جاسکتا ہے۔

یونی فوڈ کے حصص کی فروخت سے other income میں 188.38 ملین کا اضافہ ہوا۔ فنانس کاسٹ 469.556 ملین سے 65٪ اضافہ کے ساتھ 777.687 ملین ہو گئ جسکی وجہ مارک اپ ریٹ میں اضافہ، گروورز کی ادائگی کیل ئے بری فنانسنگ، پہلی ششماہی میں کم سیلز اور کاسٹ سیونگ پروجکٹز کیل ئے طویل مدتی قرضے شامل ہیں۔

مزید برآں، کمپنی کی باٹم لائن کو یونیکول لمیٹڈ، جو کہ ایک جوائنٹ وینچر سے وابستہ کمپنی کے منافع کے حصے سے بہت زیادہ فائدہ پہنچا۔ ڈسٹلری نے روپے کے 2.7ارب کا غیر معمولی منافع کیا۔ جسمیں ہمارہ حصہ 911.66ملین رہا۔ نتیجتاً فی شئر آمدنی 1.09 سے 48.82 ہو گئ۔

آپریشنل کارکردگی:

سندھ حکومت نے گنے کی کم از کم امدادی قیمت پچھلے سال سے 52 روپے زیادہ مقرر کر دی ہے۔ 302 روپے من (40 کلو گرام گ، لیکن گنے کی رسد میں رکاوٹ کی وجہ سے اوسط اصل شرح تقریباً 335 روپے ادا کی گئی۔ سندھ صوبہ میں چھوٹی کروپ اور کم رکوری کی وجہ سے 2.2 ملین ٹن کے مقابل 22٪ کم 1.7 ملین ٹن پیداوار ہوئ۔ لیکن اس کے باوجود ہماری کارکردگی بہتر رہی۔

ملز میں سیزن-2022-23 کی تجزیاتی ذیل میں دی گئی ہے

		سیزن 2021-22	سیزن 2022-23
سیزن شروع ہوا۔	تاریخ	19 - November – 2021	28 - November – 2022
سیزن کا اختتام	تاریخ	27 – March – 2022	27 – February – 2023
آپریشن کا دورانیہ	دن	129	92
گنے کا پسا ہوا	میٹرک ٹن	845,437	764,606
شوگر کی پیداوار	میٹرک ٹن	92,862	79,427
بازیابی۔	%	10.984	10.387
کم از کم امدادی قیمت -سندھ زون	فی 40 کلو گرام	250	302

ایف بی آر کے ٹریک اینڈ ٹریس سسٹم کے مطابق، سیزن 23-2022 کے دوران ملک میں گنے سے تقریباً 6.657 ملین ٹن چینی پیدا کی گئی اور 0.99 ملین ٹن کا ذخیرہ کرشنگ سیزن 23-2023 کے آغاز میں تھا، جو کہ مجموعی طور پر دستیاب چینی کے لیے دستیاب ہے۔ سال 23-2022 کے لیے ملک 7.647 ملین ٹن تھا۔ پاکستان کی شوگر انڈسٹری مارچ 2022 سے زائد چینی کی برآمد کی اجازت کا مطالبہ کر رہی تھی جس کی وجہ سیزن 22-2021 میں بہت زیادہ پیداوار ہے۔ تاہم حکومت نے اس فیصلے میں غیر معمولی تاخیر کی اور ملک کو اہم وقت میں قیمتی زرمبادلہ کمانے سے محروم کر دیا۔ جنوری 2023 میں، اقتصادی رابطہ کمیٹی (ای سی سی) نے شوگر ایڈوائزری بورڈ (ایس اے بی) کی سفارشات پر تفصیلی بات چیت کے بعد، 250,000 ٹن چینی برآمد کرنے کی اجازت دی، چینی کے برآمدی کوٹے کا 61 فیصد پنجاب کو مختص کیا (152,500 ٹن)، 32. فیصد سندھ (80,000 ٹن) اور 7 فیصد کے پی (17,500 ٹن) کو۔ تاہم، سندھ زون میں شوگر ملوں کے درمیان برآمدی کوٹہ کی تقسیم کے طریقہ کار کے حوالے سے ایک تنازعہ پیدا ہوا جس کی وجہ سے یہ معاملہ سندھ ہائی کورٹ میں لے جایا گیا۔ سندھ ہائی کورٹ نے ابتدائی طور پر ہر مل کے لیے 1,500 ٹن کے ایکسپورٹ کوٹہ کی اجازت دی اور بعد میں 1,000 ٹن فی مل کے مزید کوٹے کی اجازت دی، جس سے سندھ میں مجموعی طور پر 2500 ٹن فی مل برآمد کی اجازت دی گئی۔

لیکویڈیٹی مینجمنٹ اور سرمائے کا ڈھانچہ:

فاران شوگر ملز (FSML) مالی سال 05-2004 سے اپنی تمام مالی ضروریات کا سہارا صرف نامور اسلامی بینکوں سے شریعہ کمپلائنٹ پروڈکٹس اور اپنے اسٹیک ہولڈرز کو حلال آمدنی فراہم کر رہی ہے کمپنی کے پاس کافی حد تک منظور شدہ مالیاتی سہولیات کی حد تقریباً روپے ہے۔ 5 بلین ہے اور آنے والے سیزن میں اپنی روزمرہ کے کام کرنے والے سرمائے کی بڑی ضروریات کو پورا کرنے کے لیے اس کی حد کو بڑھانے کے لیے بینکوں سے رابطہ کیا

ڈائریکٹرز کی رپورٹ

30 ستمبر 2023 کو ختم ہونے والے سال کے لیے

پیارے شیئر ہولڈرز،

اللہ کے نام سے جو نہایت مہربان اور نہایت رحم کرنے والا ہے، آپ کے ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کر رہے ہیں

مالیاتی کارکردگی:

تین سال کے بعد کمپنی کے لیے ایک کامیاب سال کا جائزہ پیش کرتے ہوئے مجھے بے حد خوشی ہو رہی ہے۔ انتہائی مشکل اور چیلنجنگ کاروباری ماحول کا سامنا کرنے کے باوجود، الحمدللہ، کمپنی نے اب تک کا سب سے زیادہ قبل از ٹیکس منافع Rs. 1.495 بلین جس میں یونیکول لمیٹڈ کے منافع کا اب تک کا سب سے زیادہ حصہ شامل ہے۔ یونیکول لمیٹڈ نے مالی سال 23-2022 میں اپنی تاریخ میں سب سے زیادہ سالانہ نتائج حاصل کرتے ہوئے غیر معمولی کارکردگی کا مظاہرہ کیا۔ یہ کامیابیاں اس بات کی نشاندہی کرتی ہیں کہ کمپنی مثبت مالی نتائج پیدا کرنے کے لیے مشکلات سے موثر انداز میں کارکردگی دکھانے اور اسٹریٹجک فیصلے کرنے میں کامیاب رہی۔

مالیاتی نتائج کا خلاصہ درج ذیل ہے:

	2023	2022
	روپے '000	روپے '000
مجموعی فروخت	10,737,400	7,694,085
قبل از ٹیکس منافع/(نقصان)	582,917	(180,689)
ایسوسی ایٹس کے منافع میں حصہ -نیٹ	911,883	357,304
	1,494,780	176,616
منفی: ٹیکسیشن		
کرنٹ	195,585	132,226
ڈیفرڈ	79,188	17,008
	274,773	149,224
بعد از ٹیکس منافع	1,220,026	27,383
آمدنی فی شیئر	48.79	1.09

سال کے دوران مجموعی آمدنی 10.737 ارب روپے بشمول 398.528 ملین ایکسپورٹ روپے رہی جسکی بنیادی وجہ والیم اور قیمتوں میں اضافہ تھا۔

کئی عوامل نے ریفائنڈ چینی کی بڑھتی ہوئی پیداواری لاگت میں حصہ ڈالا، جیسے کہ گنے کے نرخوں میں زبردست اضافہ، مزدور کی کم از کم اجرت میں اضافہ، افراط زر، تیل کی قیمتوں میں اضافہ جس سے کیمیکل اور مشینری کے اسپیئر پارٹس کی لاگت متاثر ہوتی ہے۔ کھاد، کیڑے مار ادویات، ڈیزل، پانی، ٹریکٹر اور دیگر کاشتکاری سے متعلق اخراجات میں اضافے نے بھی گنے کی قیمت میں اضافہ کرنے میں اہم کردار ادا کیا ہے جو کہ ریفائنڈ چینی کی لاگت کے کل لاگت کی 85-80٪ بنتی ہے۔ جسکی وجہ سے 23-2022 کافی مشکل سال ثابت ہوا۔

تاہم، زیر جائزہ سال کے دوسرے نصف حصے میں، چینی کی قیمت میں مسلسل اضافہ ہوا اور کمپنی کو اپنے تاریخی مارجن حاصل ہوئے۔ پاکستان کے پاس چینی کا وافر ذخیرہ موجود تھا لیکن زیادہ پیداواری لاگت 18٪ سیلز ٹیکس، 25-23٪ مارک اپ، قیمتوں میں مصنوعی پابندی کی وجہ سے اس اجناس کو سرحد پار سے پڑوسی ملک تک پہنچایا گیا۔ ملک میں چینی کی قیمتیں بڑھانے میں اہم کردار ادا کیا۔ چینی کی صنعت کو درپیش تمام چیلنجز کے باوجود چینی کی قیمت ملک میں تاریخ کی بلند ترین اشیائے خورد و نوش کے مقابلے میں بہت کم بڑھی ہے۔

INDEPENDENT AUDITOR'S REVIEW REPORT

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

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of M/s. Faran Sugar Mills Limited ('the Company') for the year ended September 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations, and report if it does not, and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2023.

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

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi
Date: January 03, 2024
UDIN: CR202310210dlOVLHqG3

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

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

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

2. The Composition of the Board is as follows:

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

3. The Directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including this company;

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations;

7. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations;

9. Up to the date of reporting period (i.e. September 30, 2023), following Directors have attained Directors training program:

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

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

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below;

Audit Committee	
Mr. Ahmed Ghulam Hussain	*Chairman*
Mr. Mohammed Omar Amin Bawany	*Member*
Mr. Irfan Zakaria Bawany	*Member*

HR and Remuneration Committee	
Mr. Ahmed Ghulam Hussain	*Chairman*
Mr. Mohammed Omar Amin Bawany	*Member*
Mr. Ahmed Ali Bawany	*Member*

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as per following:

i.	Audit Committee	Quarterly
ii.	HR and Remuneration Committee	Annually

15. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and their partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or a director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. We confirm that there has been no non–compliance with the requirements of the Regulations, other than those covered under Regulations 3, 6, 7, 8, 27, 32, 33 and 36, except for the matter stated below;

    - Considering volume & nature of transactions and corporate structure of the Company, positions of CFO and Company Secretary are not segregated. However, we may segregate duties of two offices if situation needed.

On behalf of the Board

MUHAMMAD OMAR BAWANY
Chairman of the Board of Directors

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of Faran Sugar Mills Limited ('the Company'), which comprise the unconsolidated statement of financial position as at September 30, 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information ('the unconsolidated financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at September 30, 2023 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters (KAMs)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. However, we have determined that there are no key audit matters to communicate in our report.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information in the annual report, but does not include the unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. However, we have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITORS' REPORT

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: January 03, 2024
UDIN: AR202310210GHwsu4yDa

Financial Statements

STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

	Note	2023	2022
ASSETS		------------- Rupees	-------------
Non-current assets			
Property, plant and equipment	4	**2,987,763,424**	2,789,634,053
Long term investments	5	**1,808,758,066**	1,171,593,738
Long term advances		**44,209,190**	23,658,340
Long term deposits	6	**13,632,391**	12,657,942
		4,854,363,071	3,997,544,073
Current assets			
Stores and spares	7	**172,797,045**	118,971,987
Stock in trade	8	**1,693,997,261**	2,008,432,120
Trade debts	9	**360,941,863**	228,669,662
Short term investments	10	**5,507,278**	1,159,425
Investment in associate classified as held for sale		**-**	11,535,839
Loans, advances, deposits and other receivables	11	**615,541,921**	665,828,565
Taxation – net	12	**5,488,082**	113,085,679
Cash and bank balances	13	**105,178,894**	132,674,392
		2,959,452,344	3,280,357,669
Total Assets		**7,813,815,415**	7,277,901,742
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	14	**400,000,000**	400,000,000
Issued, subscribed and paid up capital	14	**250,069,550**	250,069,550
Capital reserve			
Share premium		**8,472,152**	8,472,152
Surplus on re-measurement of investment		**946,970**	665,152
		9,419,122	9,137,304
Revenue reserves			
Unappropriated profit		**2,741,537,043**	1,521,510,706
		3,001,025,715	1,780,717,560
Non-current liabilities			
Long term borrowings from banking companies	15	**572,284,960**	800,819,109
Deferred liabilities	16	**496,849,547**	465,568,527
		1,069,134,507	1,266,387,636
Current liabilities			
Trade and other payables	17	**2,064,248,657**	715,426,092
Current maturity of long term liabilities	18	**413,366,395**	376,057,485
Short term borrowings from banking companies	19	**1,137,719,953**	2,955,413,470
Accrued mark up		**119,486,474**	173,224,722
Unclaimed dividend		**8,833,714**	10,674,777
		3,743,655,193	4,230,796,546
Contingency and commitment	20		
Total equity and liabilities		**7,813,815,415**	7,277,901,742

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

Ahmed Ali Bawany
Chief Executive Officer

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

For the year ended September 30, 2023

	Notes	2023	2022
		------------- Rupees -------------	
Sales revenue - net	*21*	**9,336,723,567**	6,671,766,330
Cost of sales	*22*	**(7,787,050,458)**	(6,200,076,193)
Gross profit		**1,549,673,109**	471,690,137
Administrative expenses	*23*	**(223,141,258)**	(172,778,406)
Selling and distribution expenses	*24*	**(148,232,470)**	(69,756,163)
Other income	*25*	**312,656,508**	60,443,447
Other expenses	*26*	**(128,257,149)**	(731,445)
		1,362,698,740	288,867,570
Finance costs	*27*	**(779,781,468)**	(469,556,345)
		582,917,272	(180,688,775)
Share of profit or loss of associates - net	*28*	**911,882,504**	357,304,934
Profit before taxation		**1,494,799,776**	176,616,159
Taxation	*29*	**(274,773,439)**	(149,233,640)
Profit after taxation		**1,220,026,337**	27,382,519
Earnings per share - basic and diluted	*30*	**48.79**	1.09

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

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended September 30, 2023

	2023	2022
	------------- Rupees -------------	
Profit after taxation	**1,220,026,337**	27,382,519
Other comprehensive Income		
Items that will not be reclassified subsequently to profit or loss:		
Increase / (decrease) in the fair value of investment in certificates of B.F. Modaraba	**281,818**	(2,066,667)
Total comprehensive Income for the year	**1,220,308,155**	25,315,852

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

Ahmed Ali Bawany
Chief Executive Officer

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2023

	Issued, subscribed and paid up capital	Capital reserves		Revenue Reserve		Total
		Share premium	Surplus on re-measurement of investment	General reserve	Unappropriated profits	
	---------- Rupees ----------					
Balance as at September 30, 2021	250,069,550	8,472,152	2,731,819	49,952,868	1,444,175,319	1,755,401,708
Transfer of general reserve	-	-	-	(49,952,868)	49,952,868	-
Total comprehensive income for the year ended September 30, 2022						
- Profit after taxation	-	-	-	-	27,382,519	27,382,519
- Other comprehensive income	-	-	(2,066,667)	-	-	(2,066,667)
	-	-	(2,066,667)	-	27,382,519	25,315,852
Balance as at September 30, 2022	**250,069,550**	**8,472,152**	**665,152**	-	**1,521,510,706**	**1,780,717,560**
Total comprehensive income for the year ended September 30, 2023						
- Profit after taxation	**-**	**-**	**-**	**-**	**1,220,026,337**	**1,220,026,337**
- Other comprehensive loss	**-**	**-**	**281,818**	**-**	**-**	**281,818**
	-	**-**	**281,818**	**-**	**1,220,026,337**	**1,220,308,155**
Balance as at September 30, 2023	**250,069,550**	**8,472,152**	**946,970**	-	**2,741,537,043**	**3,001,025,715**

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

Ahmed Ali Bawany
Chief Executive Officer

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

	Notes	2023	2022
		------------- Rupees -------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	*32*	**2,820,623,029**	(1,233,526)
Income tax paid		**(102,977,996)**	(138,013,576)
Payment to Workers' Profit Participation Fund		**(11,626)**	-
Finance cost paid		**(792,677,678)**	(305,455,889)
Net cash generated from / (used in) operating activities		**1,924,955,729**	(444,702,991)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(361,402,819)**	(746,512,227)
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 property, plant and equipment		**17,285,563**	9,306,146
Dividend received		**275,066,494**	325,525,945
Profit received on deposit accounts		**9,236,831**	4,794,411
Long term advances made		**(20,550,850)**	(23,658,340)
Long term deposits - net		**(974,449)**	(357,548)
Net cash generated from / (used in) investing activities		**118,577,002**	(497,061,613)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(1,841,063)**	(149,120)
Financing obtained under ITERF facility	*15.1*	**-**	317,635,672
Diminishing Musharaka financing obtained	*15.3*	**56,205,654**	98,605,561
Financing obtained under IFRE facility	*15.2*	**29,907,695**	-
Repayments under Diminishing Musharaka financing	*15.3*	**(286,967,210)**	(52,611,119)
Repayment under financing for salaries and wages-principal portion		**(22,606,380)**	(53,282,517)
Repayment under ITERF Facility		**(23,633,408)**	-
Short term borrowings – net		**(1,817,693,517)**	625,413,470
Net cash (used in)/ generated from financing activities		**(2,066,628,229)**	935,611,947
Net decrease in cash and cash equivalents		**(23,095,498)**	(6,152,657)
Cash and cash equivalents at the beginning of the year		**132,674,392**	138,827,049
Cash and cash equivalents at the end of the year		**109,578,894**	132,674,392

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

Ahmed Ali Bawany
Chief Executive Officer

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2023

1. STATUS AND NATURE OF BUSINESS

1.1 **Brief profile of the Company**

Faran Sugar Mills Limited ('the Company') was incorporated in Pakistan on November 03, 1981 as a public limited company under the Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984 on October 08, 1984 and, subsequently, by the Companies Act, 2017 on May 30, 2017). The shares of the Company are listed on Pakistan Stock Exchange (PSX). The principal business of the Company is the production and sale of white crystalline sugar.

1.2 The geographical location and address of the Company's business units, including plant are as follows:

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

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

2. BASIS OF PREPARATION

2.1 **Statement of compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of, and directives issued under, the Companies Act, 2017.

Where the provisions of, and directives issued under, the Companies Act, 2017 differ from the IFRS, the provisions of, and directives issued under, the Companies Act, 2017 have been followed.

2.2 **Basis of measurement of items in these unconsolidated financial statements**

All items in these unconsolidated financial statements have been measured at their historical cost except for:

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

(b) Long term investment in quoted equity securities of B.F Modaraba which is carried at fair value through other comprehensive income; and

(c) Short term investment in quoted equity securities which are carried at fair value through profit or loss.

(d) Short term investment in term deposits which are carried at amortized cost.

2.3 **Functional and presentation currency**

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated 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 unconsolidated financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the unconsolidated financial statements is included in the following notes:

Area of judgement	Brief description of the judgement applied
Property, plant and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'diminishing balance method' as the depreciation method.
Investment in subsidiary	Whether the Company has **control** over M/s. Faran Power Limited.
Investment in associates	Whether the Company has **significant influence** over M/s. Unicol Limited and M/s. Uni Energy Limited.
Timing of revenue recognition	*Local sales revenue:* Whether **control** of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises;. *Export sales revenue:* Whether **control** of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.
Investment in B.F. Modaraba	Whether the investment is a long-term strategic investment and the irrevocable election to present subsequent changes in the fair value of the investment in other comprehensive income (as described in the IFRS 9 *'Financial Instruments'*) can be applied.
Financing for payment of wages and salaries / ITERF	Whether the financing contains an element of government grant that should be recognized separately as deferred income.

(b) Assumptions and other major sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Property, plant and equipment	Estimation of useful lives and residual values of the operating fixed assets
Stores and spares	Estimation of the net realizable value of stores and spares inventory and recognition of the provision for slow-moving items
Deferred taxation	Recognition of deferred tax assets on unused tax losses and unused tax credits - availability of future taxable profit against which deductible temporary differences and unused tax losses and unused tax credits can be utilized

2.5 New accounting pronouncements

2.5.1 New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:

Effective date: January 01, 2022

(a) IAS 37 -Onerous contracts

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labor and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

Effective date: January 01, 2022

(b) IAS 16 - Proceeds before an asset's intended use

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2022 and have not been early adopted by the Company:

Effective date: January 01, 2023

(a) IAS 1 - Disclosure of accounting policies

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Effective date: January 01, 2023

(b) IAS 8 - Definition of accounting estimates

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

Effective date: January 01, 2023

(c) IAS 12 - Deferred tax

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

Effective date: January 01, 2024

(d) IAS 1 - Classification of liabilities as current or non-current

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendment, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date

Effective date: January 01, 2024

(e) IFRS 16 - Sale and leaseback transaction

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been applied consistently to all years presented.

3.1 Property, plant and equipment

Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except freehold land and capital work in progress which are stated at cost less impairment, if any. Cost includes expenditure that are directly attributable to the acquisition of an asset.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Major spare parts qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation of an asset begins from the date when the asset becomes available for use and continues till the date it is disposed of. Depreciation on all property, plant and equipment is charged to the statement of profit or loss using the reducing balance method over the asset's useful life at the rates specified in note 4.1 to these unconsolidated financial statements.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

Capital work-in progress

Capital work-in-progress is stated at cost less impairment if any, and consists of expenditure incurred in respect of property, plant and equipment in the course of their construction and installation. Transfers are made to operating fixed assets as and when the assets become available for use.

3.2 Long term investments

Investment in subsidiary

In these unconsolidated financial statements, investment in subsidiary is carried at its cost less accumulated impairment loss recognized thereon (if any).

Investment in associates

The Company accounts for its investments in associates using the equity method. Under this method, the investment is initially recognized at cost, being the fair value of consideration given and includes acquisition charges associated with such investments. Subsequently, the Company's share in profit / loss of the investee is recognized in the statement of profit or loss. Distributions received from the investee reduce the carrying amount of the investment. Adjustment to the carrying amount are also made for changes in the Company's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

Where the Company's share of loss of an associates equals or exceeds its interest in the associates, the Company discontinues to recognize its share of further losses except to the extent that Company has incurred legal or constructive obligation to make payment on behalf of the associates. If the associate subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profit equals the share of losses not recognized.

3.3 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost and net realizable value.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the reporting date

A provision is made in the unconsolidated financial statements for obsolete and slow moving stores and spares based on management's best estimate regarding their future usability.

3.4 Stock-in-trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realizable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the company from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

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

The cost of the items consumed or sold and those held in stock at the reporting date is determined using the weighted average cost formula.

Determination of net realizable value

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if their selling prices have declined. The cost of inventories may also not be recoverable if or the estimated costs to be incurred to make the sale have increased.

The Company estimates the net realizable value of inventories based on the most reliable evidence available, at the reporting date, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

While estimating the net realizable value, the Company also takes into consideration the purpose for which the inventory is held. For example, the net realizable value of the quantity of inventory held to satisfy firm sales contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realizable value of the excess quantity is based on general selling prices.

A new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realizable value.

3.5 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the customer obtains control of the good sold as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due

3.6 Assets held for sale

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

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

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

3.7 Financial assets

3.7.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the financial instrument. The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized cost,
(b) fair value through other comprehensive income (FVOCI); and
(c) fair value through profit or loss (FVTPL);

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.7.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognized in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from re-measurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss.

3.7.3 Impairment

The Company recognizes a loss allowance for expected credit losses in respect of financial assets measured at amortized cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognizes in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.7.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise short term investment in term deposits, cash in hand and bank balances.

3.9 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the cash flows of the financial liability have been substantially modified.

3.10 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle liability simultaneously.

3.11 Provisions and contingent liabilities

Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.12 Revenue

(a) Revenue from sale of goods

Typically, all the contracts entered into by the Company with its customers contain a single performance obligation i.e. the transfer of goods promised in the contract (which may be sugar, molasses or bagasse).

The Company does not expect to have contracts with its customers where the period between the transfer of the promised goods the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

Revenue from sale of goods is recognized when the customer obtains control of the promised goods. This is further analyzed as below.

(i) In case of local sale of goods, the customer is deemed to have obtained control of the promised goods being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Delivery occurs when the goods have been dispatched from the Company's premises and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(ii) Revenue from export sales is recognized when the customer obtains control of the goods being when the goods are loaded on to the shipping vessel and there remains no other unfulfilled obligation to be satisfied by the Company.

(b) Export subsidy

Export subsidy is recognized as income in the period in which it becomes receivable i.e. when all the prescribed eligibility criteria have met and the receipt of the related proceeds from the concerned government authority is probable.

3.13 Staff retirement benefits - Provident fund (defined contribution plan)

The Company operates a funded provident scheme for its employees which is classified as a defined contribution plan. Equal monthly contributions are made by the Company and the employees to the plan at the rate equal to 9% of their basic salary.

When an employee has rendered service to the Company during a period, the Company recognizes the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Company recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they are discounted using the discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds (or when there is no deep market in such bonds, the government bonds) having term consistent with the estimated term of the post-employment benefit obligations.

3.14 Ijarah lease arrangements

Upon its inception, an Ijarah lease contract entered into with a bank / other financial institution is evaluated to establish if it meets the Shariah essentials of Ijarah financing as approved by the Shariah Board of the State Bank of Pakistan. If, in substance, all the prescribed Shariah essentials are assessed to be met, the contract is accounted for in accordance with the requirements of the Islamic Financial Accounting Standard (IFAS) 2 'Ijarah' (notified by the Securities & Exchange Commission of Pakistan vide its S.R.O. 431(I)/2007 dated May 22, 2007) whereby the ijrah payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the ijarah term. If, however, it is assessed that the Shariah essentials prescribed for Ijarah financing are not met, the lease contract is accounted in accordance with the requirements of the International Financial Reporting Standard (IFRS) 16 'Leases'.

3.15 Other income

Interest income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

3.16 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts is treated as reversals of impairment losses for individual assets and recognized in profit or loss.

3.17 Translation of foreign currency transactions and balances

On initial recognition, a foreign currency transaction is recognized, in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate (i.e. the spot exchange rate at the end of the reporting period).

At the end of each reporting period, non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. However, non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss in the period in which they arise.

3.18 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset.

3.19 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and unused tax credits.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the unconsolidated financial statements. However, deferred taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilize those temporary differences and unused tax losses and credits.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.20 Dividend distribution

Dividend distribution is recognized as a liability in the period in which the dividends are approved by the Company's shareholders.

			2023	2022
4	PROPERTY, PLANT AND EQUIPMENT	Note	------------ Rupees	------------
	Operating fixed assets	*4.1*	**2,953,884,743**	2,663,270,005
	Capital work-in-progress	*4.2*	**33,878,681**	126,364,048
			2,987,763,424	2,789,634,053

4.1 Operating fixed assets

	Freehold land	Factory building	Non-factory building	W.S. and drainage systems	Plant and machinery	Power generation & distribution systems	Furniture and fixtures	Office and mill equipment	Electrical equipment	Communication systems	Vehicles	Total
	Rupees											
As at September 30, 2021												
Cost	99,690,777	231,962,222	244,991,803	5,738,868	2,550,702,130	4,657,905	14,125,679	35,144,199	43,984,512	4,849,761	96,992,825	3,332,840,681
Accumulated depreciation	-	(150,292,672)	(96,538,687)	(5,333,319)	(1,119,780,916)	(4,493,822)	(6,162,482)	(18,499,911)	(21,745,235)	(3,480,902)	(70,274,385)	(1,496,602,331)
Net book value	99,690,777	81,669,550	148,453,116	405,549	1,430,921,214	164,083	7,963,197	16,644,288	22,239,277	1,368,859	26,718,440	1,836,238,350
Movement during the year ended September 30, 2022												
Opening net book value	**99,690,777**	**81,669,550**	**148,453,116**	**405,549**	**1,430,921,214**	**164,083**	**7,963,197**	**16,644,288**	**22,239,277**	**1,368,859**	**26,718,440**	**1,836,238,350**
Additions during the year:												
- Transfer from CWIP	-	-	-	-	**939,315,595**	-	-	-	-	-	-	**939,315,595**
- Other additions	-	-	-	-	-	-	**73,000**	**249,583**	-	-	**28,500,400**	**28,822,983**
	-	-	-	-	**939,315,595**	-	**73,000**	**249,583**	-	-	**28,500,400**	**968,138,578**
Disposals:												
- Cost	-	-	-	-	-	-	-	-	-	-	**(12,346,606)**	**(12,346,606)**
- Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	**9,610,644**	**9,610,644**
	-	-	-	-	-	-	-	-	-	-	**(2,735,962)**	**(2,735,962)**
Depreciation for the year	-	**(7,865,767)**	**(14,297,833)**	**(39,059)**	**(104,709,636)**	**(15,803)**	**(773,983)**	**(1,673,448)**	**(2,141,912)**	**(79,691)**	**(6,773,829)**	**(138,370,961)**
Closing net book value	**99,690,777**	**73,803,783**	**134,155,283**	**366,490**	**2,265,527,173**	**148,280**	**7,262,214**	**15,220,423**	**20,097,365**	**1,289,168**	**45,709,049**	**2,663,270,005**
As at September 30, 2022												
Cost	**99,690,777**	**231,962,222**	**244,991,803**	**5,738,868**	**3,490,017,725**	**4,657,905**	**14,198,679**	**35,393,782**	**43,984,512**	**4,849,761**	**113,146,619**	**4,288,632,653**
Accumulated depreciation	-	**(158,158,439)**	**(110,836,520)**	**(5,372,378)**	**(1,224,490,552)**	**(4,509,625)**	**(6,936,465)**	**(20,173,359)**	**(23,887,147)**	**(3,560,593)**	**(67,437,570)**	**(1,625,362,648)**
Net book value	**99,690,777**	**73,803,783**	**134,155,283**	**366,490**	**2,265,527,173**	**148,280**	**7,262,214**	**15,220,423**	**20,097,365**	**1,289,168**	**45,709,049**	**2,663,270,005**
Movement during the year ended September 30, 2023												
Opening net book value	**99,690,777**	**73,803,783**	**134,155,283**	**366,490**	**2,265,527,173**	**148,280**	**7,262,214**	**15,220,423**	**20,097,365**	**1,289,168**	**45,709,049**	**2,663,270,005**
Additions during the year:												
- Transfer from CWIP	-	-	-	-	**164,737,294**	-	-	-	**49,067,692**	-	-	**213,804,986**
- Other additions	-	-	-	-	**205,350,800**	-	-	**506,000**	**80,500**	-	**34,145,900**	**240,083,200**
	-	-	-	-	**370,088,094**	-	-	**506,000**	**49,148,192**	-	**34,145,900**	**453,888,186**
Disposals:												
- Cost	-	-	-	-	-	-	-	-	-	-	**(15,104,448)**	**(15,104,448)**
- Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	**11,319,381**	**11,319,381**
	-	-	-	-	-	-	-	-	-	-	**(3,785,067)**	**(3,785,067)**
Depreciation for the year	-	**(7,108,198)**	**(12,920,778)**	**(35,297)**	**(122,765,850)**	**(14,281)**	**(699,439)**	**(1,551,023)**	**(4,158,556)**	**(72,015)**	**(10,162,943)**	**(159,488,381)**
Closing net book value	**99,690,777**	**66,695,585**	**121,234,505**	**331,193**	**2,512,849,417**	**133,999**	**6,562,775**	**14,175,400**	**65,087,001**	**1,217,153**	**65,906,939**	**2,953,884,743**
As at September 30, 2023												
Cost	**99,690,777**	**231,962,222**	**244,991,803**	**5,738,868**	**3,860,105,819**	**4,657,905**	**14,198,679**	**35,899,782**	**93,132,704**	**4,849,761**	**132,188,071**	**4,727,416,391**
Accumulated depreciation	-	**(165,266,637)**	**(123,757,298)**	**(5,407,675)**	**(1,347,256,402)**	**(4,523,906)**	**(7,635,904)**	**(21,724,382)**	**(28,045,703)**	**(3,632,608)**	**(66,281,132)**	**(1,773,531,648)**
Net book value	**99,690,777**	**66,695,585**	**121,234,505**	**331,193**	**2,512,849,417**	**133,999**	**6,562,775**	**14,175,400**	**65,087,001**	**1,217,153**	**65,906,939**	**2,953,884,743**
Annual rate of depreciation	**-**	**10%**	**10%**	**10%**	**5%**	**10%**	**10%**	**10%**	**10%**	**10%**	**20%**	

4.1.1 Particulars of the Company's immovable fixed assets are as follows:

Freehold land approximately represents 176 acres of land situated at Sheikh Bhirkio, District Tando Mohammad Khan, Sindh on which factory and non-factory buildings (utilized as manufacturing facility for production of sugar) are constructed and 1155.55 sq. yard land situated at 43/1/E (B) on which Head Office Building is constructed.

4.1.2 During the year, the following items of operating fixed assets with a net book value exceeding Rs.500,000 were disposed off.

Particular of Assets	Class of Asset	Cost	Accumulated Depreciation	Book Value	Sales Proceeds	Gain on Disposal	Particulars of Purchaser	Relation with Buyer	Mode of Disposal
		Rupees							
BMW-318I	Vehicle	4,900,205	(3,608,903)	1,291,302	4,500,000	3,208,698	Hamza Bawany	Director	Negotiation
Toyota Corolla BJB-010	Vehicle	1,983,914	(1,342,051)	641,863	1,642,540	1,000,677	Muhammad Ayub	Chief Financial Officer	Negotiation
2023		**6,884,119**	**(4,950,954)**	**1,933,165**	**6,142,540**	**4,209,375**			
2022		-	-	-	-	-			

		Note	2023	2022
			Rupees	
4.1.3	Depreciation charge for the year has been allocated as follows:			
	Cost of goods manufactured	*22.1*	**129,888,329**	112,591,207
	Administration expenses	*23*	**29,600,052**	25,779,754
			159,488,381	138,370,961
4.2	Capital work-in-progress			
	Opening balance		**126,364,048**	347,990,399
	Additions during the year		**121,319,619**	717,689,244
	Transfers to operating fixed assets		**(213,804,986)**	(939,315,595)
	Closing balance		**33,878,681**	126,364,048
5	LONG TERM INVESTMENTS			
	Investment in subsidiary	*5.1*	**99,970**	99,970
	Investment in associates	*5.2*	**1,803,961,126**	1,167,078,616
	Investment in certificates of B.F. Modaraba	*5.3*	**4,696,970**	4,415,152
			1,808,758,066	1,171,593,738

5.1 Investment in subsidiary - at cost

2023	2022		2023	2022
Number of shares			Rupees	
9,970	9,970	Ordinary shares of Rs. 10/- each	99,970	99,970

5.1.1 The Company has a subsidiary, M/s. Faran Power Limited ('FPL'), a public unlisted company. The authorized and paid up capital of FPL is Rs. 50 million and Rs. 0.1 million respectively, which is presently wholly owned by the Company. The registered office of FPL is situated at 43/1/E (B), P.E.C.H.S Block 6, Karachi.

5.1.2 The principal activity of FPL is to generate power and supply it to Hyderabad Electric Supply Corporation (HESCO) via Central Power Purchasing Authority (CPPA). However, FPL has not yet commenced its business operations. Though FPL had already achieved major milestones i.e. obtaining tariff approval, Letter of Support (LOS) and generation license in 2017, the project has been halted due to CPPA's denial to sign the Implementation Agreement (IA) and the Purchase Power Agreement (PPA).The Company has principally decided to shelf the project as it no longer appears to be financially viable due to significant increase in cost. FPL entered into a mutually agreed "Deed of Release" in December 2022 with Alternate Energy Development Board (AEDB) which resulted in the cancellation of the LOS and the subsequent release of the performance guarantee by AEDB. As cancellation LOS of the project and release of guarantee signifies the discontinuation of the project, there is no purpose to continue the company as it was formed as SPV. With these developments, FPL has proceeded with voluntary winding-up.

5.1.3 In accordance with the provision of section 228(1) of the Companies Act, 2017, the Company is required to prepare the consolidated financial statements of the Group (comprising the Company and the subsidiary). However, in November 2023, the Company submitted a request to the Securities and Exchange Commission of Pakistan (SECP) seeking an exemption from the obligation to prepare consolidated financial statements. This request is based on the belief that consolidating FPL's accounts would redundantly replicate FSML's financial statements, offering negligible additional information to stakeholders. Such duplication would incur unwarranted expenses and efforts. The Management anticipates that the requested exemption will be approved in due course.

5.2 Investment in associates	Note	2023	2022
		---------- Rupees ----------	
Unquoted investments			
Unicol Limited	*5.2.1*	**1,783,174,159**	1,146,524,153
Uni Energy Limited	*5.2.2*	**20,786,967**	20,554,463
		1,803,961,126	1,167,078,616

5.2.1 **Investment in Unicol Limited**

As at September 30, 2023, the Company held 49,999,998 (2022: 49,999,998) ordinary shares of M/s. Unicol Limited (UL) which gives the Company 33.33% (2022: 33.33%) voting power in UL. The Company's arrangement with the associate entails diversification of business activities, and is part of its strategic investment. The principal business activity of UL is to produce ethanol from sugarcane molasses. The registered office of UL is situated at 3rd Floor Modern Motors House, Beaumont Road, Karachi.

(a) Carrying amount of the investment and changes therein	Note	2023	2022
		---------- Rupees ----------	
Cost of investment: 10,499,998 shares of Rs.10/- each		**104,999,980**	104,999,980
Bonus shares issued: 39,500,000 shares		**395,000,000**	395,000,000
		499,999,980	499,999,980
Accumulated share of profit:			
Opening balance		**646,524,173**	531,591,840
Cash dividend received during the year		**(274,999,994)**	(325,000,000)
Share of profit for the year	*28*	**911,650,000**	439,932,333
		1,283,174,179	646,524,173
Carrying amount as of the reporting date		**1,783,174,159**	1,146,524,153

(b) Summarized financial information of the associate

Based on its audited financial statements for the year ended September 30, 2023, the summarized financial information of M/s. Unicol Limited is as under:

	2023	2022
	Rupees	
Current assets	**6,361,317,000**	4,719,315,000
Non-current assets	**9,101,744,000**	2,323,968,000
Current liabilities	**6,113,539,000**	3,592,280,000
Non-current liabilities	**4,000,000,000**	11,431,000
Revenue	**15,064,436,000**	8,916,824,000
Profit after tax for the year	**2,734,950,000**	1,319,797,000
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**2,734,950,000**	1,319,797,000

5.2.2 Investment in Uni Energy Limited

As at September 30, 2023, the Company held 1,999,998 (2022: 1,999,998) ordinary shares of M/s. Uni Energy Limited (UEL) which gives the Company 20% (2022: 20%) voting power in UEL. The Company's arrangement with the associate entails diversification of business activities, and is part of its strategic investment. The principal business activity of UEL is to produce power from wind, solar and other alternate power sources, however, it has not commenced its operations yet. The registered office of UEL is situated at 3rd Floor Modern Motors House, Beaumont Road, Karachi.

	Note	2023	2022
(a) Carrying amount of the investment and changes therein		Rupees	
Cost of investment: 1,999,998 shares of Rs.10/- each		**19,999,980**	19,999,980
Accumulated share of loss / profit:			
Opening balance		**554,483**	228,717
Share of profit for the year	*28*	**232,504**	325,766
		786,987	554,483
Carrying amount as of the reporting date		**20,786,967**	20,554,463

(b) Summarized financial information of the associate

Based on its un-audited financial statements for the year ended June 30, 2023, the financial information of M/s. Uni Energy Limited is summarized below:

	2023	2022
	Rupees	
Current assets	**53,450,384**	53,127,865
Non-current assets	**50,628,304**	51,798,304
Current liabilities	**973,500**	2,983,500
Non-current liabilities	**-**	-
Revenue	**-**	-
Profit after tax for the year	**1,162,519**	882,885
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**1,162,519**	882,885

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

As at September 30, 2023, the Company held 939,394 (2022: 939,394) certificates of M/s. B.F. Modaraba ('the Modaraba') which gives the Company 12.50% (2022: 12.50%) voting power in the Modaraba. The principal business activity of the Modaraba is trading of sugar, investment in quoted securities, leasing, musharika and murahaba transactions. The registered office of Modaraba is situated at 43/1/E (B) P.E.C.H.S Block 6 Karachi. Mr. Muhammad Omar Amin Bawany, the Chairman of the Board of Directors of the Company, also acts as the Chief Executive of the Modaraba.

	Note	2023	2022
(a) Carrying amount of the investment and changes therein		Rupees	
Cost of the investment: 939,394 certificates (including 144,980 bonus certificates)		**3,750,000**	3,750,000
Unrealized gain on re-measurement:			
Opening balance		**665,152**	2,731,819
Increase in fair value during the year		**281,818**	(2,066,667)
		946,970	665,152
Carrying amount as of the reporting date		**4,696,970**	4,415,152

(b) Other relevant information

(i) Since the investment is a long-term strategic investment (i.e. not held for trading purposes), in accordance with the provisions of the International Financial Reporting Standard (IFRS) 9 'Financial Instruments', the Company has made an irrevocable election to present subsequent changes in the fair value of the investment in other comprehensive income.

(ii) During the year ended September 30, 2023, the Company received a dividend from M/s. B.F. Modaraba amounting to Rs. nil (2022: 469,696).

		Note	2023	2022
			Rupees	
6	LONG TERM DEPOSITS			
	Security deposits in respect of:			
	- Utilities		**4,182,891**	3,208,442
	- Ijarah financing facility		**9,429,500**	9,429,500
	- Others		**20,000**	20,000
			13,632,391	12,657,942
7	STORES AND SPARES			
	Stores on hand		**128,438,481**	91,167,158
	Spares on hand		**41,226,073**	35,190,981
			169,664,554	126,358,139
	Less: Provision for slow moving stores and spares		**(11,789,445)**	(11,789,445)
			157,875,109	114,568,694
	Packing materials		**14,921,936**	4,403,293
			172,797,045	118,971,987
8	**STOCK-IN-TRADE**			
	Finished goods:			
	- Sugar	*8.1*	**1,647,697,361**	1,993,503,877
	- Bagasse		**42,728,000**	11,538,450
			1,690,425,361	2,005,042,327
	Work in process		**3,571,900**	**3,389,793**
			1,693,997,261	**2,008,432,120**

8.1 As of the reporting date, the value of stock pledged against bank borrowings amounted to Rs. 1.426 billion (2022: Rs. 1,897 million).

9 TRADE DEBTS - unsecured

	2023	2022
	Rupees	
Local receivables	**360,941,863**	228,669,662

9.1 Ageing analysis of the balance due from a related party as of the reporting date

Party name	Not yet due	1-30 days past due	31-60 days past due	More than 60 days past due	Total
	September 30, 2023				
	Rupees				
Unicol Limited	**2,022,226**	**-**	**-**	**-**	**2,022,226**
	September 30, 2022				
Unicol Limited	2,018,067	-	-	-	2,018,067

9.2 Maximum aggregate amounts outstanding during the year

	2023	2022
	Rupees	
Unicol Limited	**2,022,226**	94,304,178

10 SHORT TERM INVESTMENTS

Investment at fair value through profit or loss: in quoted equity securities

2023	2022	Scrip name	2023 Cost	2023 Fair Value	2022 Cost	2022 Fair Value
-- (Number of shares) --			Rupees			
5,000	5,000	Oil and Gas Development Company	**728,856**	**482,300**	728,856	378,600
2,500	2,500	Pakistan State Oil Company Limited	**545,925**	**306,850**	545,925	406,075
28,125	28,125	Fauji Cement Company Limited	**424,237**	**318,128**	424,237	374,750
			1,699,018	**1,107,278**	1,699,018	1,159,425
Investment at amortized cost:						
		Term Deposit Certificates	**4,400,000**	**4,400,000**	-	-
			6,099,018	**5,507,278**	1,699,018	1,159,425

	Note	2023	2022
10.1 Unrealized loss on remeasurement of investments as of the reporting date		Rupees	
Market value of the investment		**5,507,278**	1,159,425
Cost of investment		**(6,099,052)**	(1,699,018)
		(591,774)	(539,593)
10.2 Movement in unrealized loss on remeasurement of investments			
At the beginning of the year		**(539,593)**	(328,793)
Change in fair value of investment during the year	*26*	**(52,181)**	(210,800)
At the end of the year		**(591,774)**	(539,593)

		Note	2023	2022
			---------- Rupees ----------	
11	LOANS, ADVANCES, DEPOSITS AND OTHER RECEIVABLES - Unsecured			
	Loans (interest-free)	*11.1*	**48,556,962**	17,064,153
	Advances (interest-free)	*11.2*	**83,145,858**	77,507,576
	Deposits	*11.3*	**7,321,634**	17,071,605
	Other receivables	*11.4*	**476,517,467**	554,185,231
			615,541,921	665,828,565
11.1	Loans (interest-free)			
	Loan to growers	*39.5*	**46,718,469**	13,929,527
	Loan to employees	*11.1.1*	**1,838,493**	3,134,626
			48,556,962	17,064,153

11.1.1 These loans have been provided to employees in accordance with the terms of employment. These loans are recovered through deduction from monthly payroll.

		Note	2023	2022
			---------- Rupees ----------	
11.2	Advances (interest-free)			
	Advance to suppliers:			
	- Suppliers of goods		**41,365,123**	44,626,362
	- Suppliers of services		**37,832,471**	27,539,726
			79,197,594	72,166,088
	Advance to contractors		**1,215,667**	2,668,783
	Other advances		**2,732,597**	2,672,705
			83,145,858	77,507,576
11.3	Deposits			
	Bid Money	*11.3.1*	**3,000,000**	16,356,208
	Others		**4,321,634**	715,397
			7,321,634	17,071,605

11.3.1 This represents amount deposited with Pakistan Army against tenders for the supply of sugar.

		Note	2023	2022
			---------- Rupees ----------	
11.4	Other receivables			
	Freight subsidy receivable	*11.4.1*	**388,014,167**	457,985,758
	Sales tax receivable	*16.2*	**56,424,979**	56,424,979
	Excise duty receivable	*16*	**7,005,677**	7,005,677
	Road cess receivable		**7,180,538**	7,180,538
	Others		**17,892,106**	25,588,279
			476,517,467	554,185,231
11.4.1	Freight subsidy receivable			
	Government of Sindh	*11.4.1.1*	**304,730,417**	304,730,417
	Trading Development Authority of Pakistan (TDAP)	*11.4.1.2*	**83,283,750**	83,283,750
	Federal Government	*26.1*	**-**	69,971,591
			388,014,167	457,985,758

11.4.1.1 This represents the Cash Freight Support receivable from the Government of Sindh (in relation to exports made by the Company in the FY 2016-17 and FY 2017-18). The long-standing amount of Rs. 304.73 million represents the Government of Sindh's 50% share in said export incentive announced by the Federal Government in October 2017 (vide the notification no. F. No. 7(2)/2012-EXP.III dated October 03, 2017 issued by the Ministry of Commerce). In this relation, in September 2021, the Company, along with several other sugar mills, filed a Constitutional Petition (bearing no. 5368/2021) before the Honorable Court of Sindh for the recovery of the said subsidy. The SHC disposed of the petition through their order dated 30th March 2023, directed to release the subsidy within first quarter of forthcoming financial year. However, the subsidy have not been released till date. The legal counsel has sent reminder letter on September 22, 2023 to the relevant authorities urging to release the subsidy.

11.4.1.2 This represents the Inland Freight Subsidy receivable from TDAP (in relation to exports made by the Company in the FY 2012-13 and FY 2013-14). In this relation, the Pakistan Sugar Mills Association (PSMA) as well as the Company have recently approached TDAP requesting the release of the said subsidy; however, any response from TDAP is still forthcoming. In this relation, in January 2023, the Company, along with several other sugar mills, filed a Constitutional Petition (bearing no. 653/2023) before the Honorable Court of Sindh (SHC) for the release of the subsidy, As of reporting date, the petition is currently pending with SHC.

12. TAXATION - net

	Note	2023	2022
		---------- Rupees ----------	
Opening balance		**113,085,679**	107,298,074
Taxes deducted at source during the year		**87,987,320**	138,013,576
		201,072,999	245,311,650
Less: Provision for taxation for the year		**(195,584,917)**	(132,225,971)
		5,488,082	113,085,679

12.1 Status of income tax assessments

The income tax assessments of the Company are deemed to have been finalized up to, and including, the tax year 2023 (accounting year ended September 30, 2022) based on the returns of income filed by the Company with the concerned taxation authority. As per section 120 of the Income Tax Ordinance, 2001 ('the Ordinance'), a tax return filed by a taxpayer is treated as an assessment order issued by the concerned taxation authority unless the same is selected for re-assessment / audit as per the legal provisions stipulated in the Ordinance.

13 CASH AND BANK BALANCES

	Note	2023	2022
		---------- Rupees ----------	
Cash at bank:			
- In current accounts		**59,033,136**	76,406,500
- In deposit accounts with Islamic banks	*13.1*	**32,871,840**	52,047,089
		91,904,976	128,453,589
Cash in hand		**13,273,918**	4,220,803
		105,178,894	132,674,392

13.1 These represent balances held in deposit accounts carrying profit at the rates ranging from 6.65% to 19.79% (2022: 4.50% to 14%).

14 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
--- Number of shares ---			-------------- Rupees --------------	
		Authorized capital		
40,000,000	40,000,000	Ordinary shares of Rs. 10/- each	400,000,000	400,000,000
		Issued, subscribed and paid up capital		
18,201,714	18,201,714	Ordinary shares of Rs. 10/- each issued:	**182,017,140**	182,017,140
6,805,241	6,805,241	- for cash	**68,052,410**	68,052,410
25,006,955	25,006,955	- as bonus shares	**250,069,550**	250,069,550

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

15	LONG TERM BORROWINGS FROM BANKING COMPANIES	Note	2023	2022
			---------- Rupees ----------	
	Financing under SBP schemes			
	Islamic Temporary Economic Refinance Facility (ITERF)	*15.1*	**424,585,824**	458,157,383
	Islamic Financing for Renewable Energy (IFRE)	*15.2*	**29,907,695**	-
			454,493,519	458,157,383
	Other financing schemes			
	Diminishing Musharaka financing	*15.3*	**117,791,441**	342,661,726
		15.4	**572,284,960**	800,819,109

15.1	Financing under Islamic Temporary Economic Refinance Facility (ITERF)			
	Faysal Bank Limited	*15.1.1*	**361,011,049**	393,087,736
	Bank Islami Pakistan Limited	*15.1.2*	**63,574,775**	65,069,647
			424,585,824	458,157,383

15.1.1 ITERF from Faysal Bank Limited

The Company has obtained a long-term financing facility from M/s. Faysal Bank Limited (BAHL) under the SBP's scheme of Temporary Economic Refinance Facility (TERF) notified vide IH & SMEFD Circular No. 01 of 2020 dated March 17, 2020.

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

	Note	2023	2022
		---------- Rupees ----------	
Opening carrying amount - net of deferred grant		**436,400,241**	277,326,849
Funds borrowed during the year:			
Loan proceeds received from the bank		-	220,248,922
Less: Element of government grant recognized as deferred income		-	(85,632,188)
		-	134,616,734
		436,400,241	411,943,583
Interest recognized on unwinding of the liability	*27*	**47,021,802**	38,997,643
Loan installments paid during the year		**(40,391,673)**	(14,540,985)
		443,030,370	436,400,241
Less: Current maturity shown under current liabilities	*18.1*	**(82,019,321)**	(43,312,505)
Non-current maturity		**361,011,049**	393,087,736

Terms and conditions of the financing arrangement

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

(a) The applicable markup rate is 2.75% p.a. (2022: 2.75% p.a.);

(b) The tenure of each tranche of the facility is 10 years (including 2-year moratorium period, commencing from the date of disbursement of the funds);

(c) Each tranche of the loan is to be repaid in 32 equal quarterly instalments; and

(d) The facility is secured against first pari passu hypothecation charge over the plant and machinery of the Company amounting to Rs. 800 million (with 25% margin) and mortgage charge over the land and building of the Company amounting to Rs. 300 million.

15.1.2 ITERF from Bank Islami Pakistan Limited

The Company has obtained a long-term financing facility from M/s Bank Islami Pakistan Limited under the SBP's scheme of Temporary Economic Refinance Facility (TERF) notified vide IH & SMEFD Circular No. 01 of 2020 dated March 17, 2020.

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

	Note	2023	2022
		Rupees	
Opening carrying amount - net of deferred grant		**68,739,182**	-
Funds borrowed during the year:			
Loan proceeds received from the bank		-	97,386,750
Less: Element of government grant recognized as deferred income		-	(33,704,240)
		-	63,682,510
		68,739,182	63,682,510
Interest recognized on unwinding of the liability	*27*	**8,472,892**	5,420,393
Loan installments paid during the year		**(4,032,437)**	(363,721)
		73,179,637	68,739,182
Less: Current maturity shown under current liabilities	*18.1*	**(9,604,862)**	(3,669,535)
Non-current maturity		**63,574,775**	65,069,647

Terms and conditions of the financing arrangement

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

(a) The applicable markup rate is 4% per annum (2022:4% per annum);
(b) The tenure of the each tranche of the facility is 10 years (including 2-year moratorium period, commencing from the date of disbursement of the funds);
(c) Each tranche of the loan is to be repaid in 32 equal quarterly instalments; and
(d) The facility is secured against first pari passu hypothecation charge over the plant and machinery of the Company amounting to Rs. 200 million (with 25% margin).

15.1.3 Since the above ITERF facilities carry markup rates that are well below the prevailing market interest rates, in accordance with a technical opinion issued by the Institute of Chartered Accountants of Pakistan (ICAP) in November 2020, the financing is considered to contain an element of government grant as per the IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Accordingly, at initial recognition, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value as deferred government grant in the statement of financial position. This deferred grant is being recognized as income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest method).

		Note	2023	2022
			Rupees	
15.2	Islamic Financing for Renewable Energy (IFRE)			
15.2.1	Opening Balance		-	-
	Loan proceeds received from bank		**29,907,695**	-
			29,907,695	-
	Less: Current maturity shown under current liabilities	*18.1*	-	-
			29,907,695	-

During the year, 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 (IFRE) notified vide IH and SMEED Circular No. 12 of 2019 dated august 21, 2019. upto 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 facility are as follows:

(a) The applicable markup rate is 6% per annum;
(b) The tenure of the each tranche of the facility is 10 years (including 3 months as grace period);
(c) Each tranche of the loan is to be repaid in 39 equal quarterly instalments; and
(d) 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).

15.3 Diminishing Musharaka financing

Facilities obtained from Islamic banks

	Movement in Diminishing Musharaka facilities during the year ended September 30, 2023		Total outstanding balance as at September 30	
	I	IV	2023	2022
	---------- Rupees ----------			
Opening balance	615,260,705	10,748,500	626,009,205	580,014,763
Obtained during the year	56,205,654	-	56,205,654	98,605,561
	671,466,359	10,748,500	682,214,859	678,620,324
Payments made during the year	(284,497,498)	(2,469,712)	(286,967,210)	(52,611,119)
	386,968,861	8,278,788	395,247,649	626,009,205
Current maturity shown under current liabilities	(275,386,520)	(2,069,688)	(277,456,208)	(283,347,479)
	111,582,341	6,209,100	117,791,441	342,661,726

15.3.1 The principal terms and conditions of the above financing facilities are as under:

	Diminishing Musharaka facility	
	I	IV
Purpose:	For procurement of plant and machinery	For procurement of vehicles
Facility amount (Rs.):	785,827,000	50,000,000
Instalment frequency	Monthly / Quarterly	Monthly
Markup rate (formula):	6-Month KIBOR + 0.5% to KIBOR + 1%	3-Month KIBOR + 1%
Markup rate (floor):	5%	5%
Markup rate (cap):	20%	40%
Tenure	2-5 years	5 Years
Security:	Pari Passu / Exclusive Hypothecation Charge over plant and machinery of Rs. 692.91 million (2022: Rs. 692.91 million)	Title over DM assets with comprehensive Takaful / Insurance Coverage

15.4 As of the reporting date, un-availed long-term financing facilities amounted, in aggregate, to Rs. 40.94 million (2022: Rs. 136.393 million).

		Note	2023	2022
			----------- Rupees -----------	
16	DEFERRED LIABILITIES			
	Deferred taxation - net	*16.1*	**262,157,936**	182,969,414
	Sales tax payable	*16.2 & 11.4*	**109,419,576**	109,419,576
	Provision for excise duty	*11.4*	**7,005,677**	7,005,677
	Deferred government grant	*16.3*	**118,266,358**	166,173,860
			496,849,547	465,568,527

		2023	2022
16.1	Deferred taxation - net		
	Deferred tax liability arising in respect of:		
	Property, plant and equipment	**440,857,713**	391,427,491
	Investment in associates	**192,476,127**	96,978,626
	Long-term borrowing from banking companies	**43,105,197**	54,949,398
		676,439,037	543,355,515
	Deferred tax asset arising in respect of:		
	Provision for slow moving stores and spares	**(3,418,939)**	(3,418,939)
	Deferred government grant	**(47,140,185)**	(56,675,723)
	Unused tax losses	**(363,721,977)**	(300,291,439)
		(414,281,101)	(360,386,101)
		262,157,936	182,969,414

16.2 Sales tax payable

This represents the amount of further tax collected in terms of repealed section 3(1A) of the Sales Tax Act, 1990 and paid to the extent disclosed in note 11.4 to these financial statements in view of the judgment of the Honorable High Court of Sindh against the said levy. The Collectorate's appeal with the Honorable Supreme Court of Pakistan was remanded back to the Honorable High Court of Sindh where it is currently pending for further adjudication.

		Note	2023	2022
			----------- Rupees -----------	
16.3	Deferred government grant			
	Deferred government grant recognized in respect of:			
	- Islamic Temporary Economic Refinance Facility	*16.3.1*	**118,266,358**	166,173,860
16.3.1	Deferred grant on ITERF			
	Opening balance		**195,433,526**	104,066,427
	Add: Grant recognized during the year		**-**	119,336,428
	Less: Amortization for the year		**(32,881,164)**	(27,969,329)
			162,552,362	195,433,526
	Less: Current maturity shown under current liabilities	*18.2*	**(44,286,004)**	(29,259,666)
	Non-current maturity		**118,266,358**	166,173,860

	Note	2023	2022
		Rupees	
17 TRADE AND OTHER PAYABLES			
Trade creditors:			
- Sugarcane growers	*39.5*	**20,674,553**	44,902,727
- Suppliers of stores and spares		**223,394,895**	151,239,357
		244,069,448	196,142,084
Other payables:			
Advance and deposit from customers	*17.1*	**1,333,185,300**	210,194,808
Sales tax payable		**343,176,695**	180,179,038
Accrued liabilities		**55,285,287**	53,169,362
Workers' Welfare Fund	*17.2*	**12,304,686**	38,641,793
Workers' Profit Participation Fund	*17.3*	**34,483,859**	3,189,509
Special Excise Duty payable	*17.4*	**13,208,869**	13,208,869
Road cess payable		**4,774,797**	4,774,799
Security deposits		**4,893,853**	4,618,956
Withholding income tax payable		**6,098,337**	3,359,626
Others	*17.5*	**12,767,526**	7,947,248
		1,820,179,209	519,284,008
		2,064,248,657	715,426,092

17.1 During the year, the performance obligations underlying the opening contract liability of Rs. 210.195 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year.

In addition, information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 1,333.185 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

	Note	2023	2022
		Rupees	
17.2 Workers' Welfare Fund			
Opening balance		**38,641,793**	38,641,793
Add: charge for the year		**11,896,271**	-
		50,538,064	38,641,793
Less: reversal of provision earlier recorded	*17.2.1*	**(23,242,702)**	-
Less: adjustment during the year		**(14,990,676)**	-
Closing balance		**12,304,686**	38,641,793

17.2.1 This represent amount written-off recorded in prior years on the basis of accounting income in excess of taxable income. Subsequent to promulgation of notification PAS/LEGIS-B-24/2021 dated: Oct 3, 2022, it was clarified that SWWF should be payable on the higher of "Accounting profit" and "Taxable income" with effect from financial year 2022-23. Company had already discharged its obligation of previous years in full on the basis of taxable income. therefore, excess liability has been written-off by the company.

	2023	2022
17.3 Workers' Profit Participation Fund	Rupees	
Opening balance	**3,189,509**	3,189,509
Add: charge for the year	**31,305,976**	-
	34,495,485	3,189,509
Less: payment during the year	**(11,626)**	-
Closing balance	**34,483,859**	3,189,509

17.4 This represents the amount of provision made on account of Special Excise Duty (SED) provided for the months of May and June 2011. In February 2013, the Honorable High Court of Sindh decided the petition in the favor of the Company following which the Commissioner Inland Revenue - Large Taxpayers' Unit filed an appeal against the said decision in the Honorable Supreme Court of Pakistan where it is currently pending for further adjudication.

17.5 This includes an amount of Rs. 11.21 million (2022: Rs. 6.81 million) due to M/s. Reliance Insurance Limited, a related party.

		Note	2023	2022
			---------- Rupees ----------	
18	CURRENT MATURITY OF LONG-TERM LIABILITIES			
	- Islamic Temporary Economic Refinance Facility (ITERF)	*18.1*	**91,624,183**	46,982,040
	- Salaries and wages financing		**-**	16,468,300
	- Diminishing Musharaka financing	*15.3*	**277,456,208**	283,347,479
			369,080,391	346,797,819
	- Deferred government grant	*18.2*	**44,286,004**	29,259,666
			413,366,395	376,057,485
18.1	Current maturity of ITERF			
	Faysal Bank Limited	*15.1.1*	**82,019,321**	43,312,505
	Bank Islami Pakistan Limited	*15.1.2*	**9,604,862**	3,669,535
			91,624,183	46,982,040
18.2	Current maturity of deferred government grant			
	Islamic Temporary Economic Refinance Facility	*16.3.1*	**44,286,004**	29,259,666
19	SHORT TERM BORROWINGS – Secured			
	Islamic financing arrangements	*19.1*	**1,137,719,953**	2,955,413,470

19.1 This represents the amount availed against Islamic finance facilities provided by various Islamic banks. As at the reporting date, the aggregate limit of these available finances amounted to Rs. 5,550 million (2022: Rs. 5,300 million). These finances are secured against pledge of refined sugar and first pari passu charge over fixed assets of the Company including land, building and plant & machinery carrying profit at the rate of KIBOR + 0.50% to 1.00% per annum (2022: KIBOR + 0.50% to 1.25% per annum).

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

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 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 by the plaintiffs in Suit No. 2273 of 2021 (and other connected suits) were directed to be discharged and returned, the CCP was directed not to initiate recovery proceedings against the plaintiffs until the final decision of the appeals pending before the CAT, and the Single Judge was directed to frame the issues in Suit No. 2273 of 2021 (and other connected suits) and decide the suits expeditiously.

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

20.1.2 The Government of Sindh arbitrarily imposed minimum support price of cane at the Rs. 182 per- 40 kgs on 7th November 2014. However, the Government of Sindh issued another notification of interim minimum support price of Rs. 155 per 40 kgs on 3rd December 2014 to commence crushing season. Later, through notification dated December 9, 2014, GOS withdrew that later notification and arbitrarily restored its earlier notification of minimum price of sugarcane at Rs 182 per 40kg. The Company challenged the notification before Sindh High Court (SHC) which was dismissed vide their order dated 31-12-2014. The Company filed Appeal# 48/2015 (APPEAL) before Supreme Court of Pakistan (SCP) against the aforementioned order.

Subsequently, the grower and other filed the Appeal # 554 of 2015 before SHC for seeking the implementation of SHC order dated 31-12-2014. However, it was decided in an interim arrangement that Sugar Cane at the rate of Rs.160/- per mound will be paid by the miller for the crushing season 2014-2015, while, the Government of Sindh would pay of Rs. 12/ per mound to the Cane Grower. The difference of Rs. 10/- would be contingent upon the outcome of Supreme Court Appeal # 48/2015.

The aforesaid appeal was dismissed by Supreme of Court of Pakistan vide their order dated September 13, 2023. The Company filed a review petition bearing 960 of 2023 on October 23, 2023 against the dismissal of Appeal.

In the opinion of legal counsel, the Company has a good case on merit and, hence the final outcome of aforesaid civil review petition will be in favor of the Company therefore, no provision for the short payment of Rs. 192 million has been recorded in these unconsolidated financial statements.

20.1.3 The Company entered into a sale agreement with Garib Sons (Pvt) Ltd (GSL) for supply of 20,000 M. Tons of Bagasse under specific term and conditions. Under the said terms, GSL committed to maintain an amount equivalent to 2,000 M. Tons as advance throughout the terms of contract. However, GSL breached the terms of agreement and failed to maintain an advance payment of 2,000 Metric.

During the year ended September 30, 2023, GSL has filed suit vide suit No. 507 of 2023 before the High court of Sindh, alleging non-performance of the sale agreement by the company. The company is actively defending its position through its legal counsel before the SHC. According to the legal counsel of the company, the Company has a good case on merit and, hence the final outcome of aforesaid Suit in favor of the Company.

20.1.4 The Economic Coordination Committee of the Federal Cabinet (ECC), in its meeting dated January 11, 2023, held that, in relation to the crushing season 2022-23, a total export quota of 32% (i.e. 80,000 M.T.) be allocated to the Province of Sindh and directed the Cane Commissioner, Sindh to distribute the said quota among all the sugar mills currently functioning in the province of Sindh. In response thereto, the Cane Commissioner, Sindh issued various notices to the sugar mills (dated January 26, 2023 and January 30, 2023) whereby an equal quota of 2,500 M.T. was allocated to each mill.

Being aggrieved with the aforesaid equal quota allocation, M/s. JDW Sugar Mills Limited and M/s. JK Sugar Mills (Private) Limited (along with certain other petitioners) filed suits (numbered as Suit 145 of 2023 and Suit No. 149 of 2023, respectively) in the Honorable High Court of Sindh ('the High Court'). In these suits, it was claimed that the equal quota allocation by the Cane Commissioner, Sindh was designed to unfairly and unlawfully benefit a group of mill owners having no significant contribution at all in the process of crushing of sugarcane and the production of sugar, and that they were given benefit at the expense of other mill owners being efficient and contributing to a large extent towards the national need. Subsequently, on March 07, 2023, the High Court finally decided the matter in favor of the sugar mills holding the equal quota allocation as being illegal and unlawful and directing the Cane Commissioner, Sindh to submit the revised quota allocation within two weeks from the date of the order.

Thereafter, on March 10 2023, the Cane Commissioner, Sindh filed two appeals (numbered as H.C.A No. 66 of 2023 and H.C.A. 67 of 2023) in the High Court praying, on various grounds, that the said High Court order be set aside and its operation be suspended. In addition, on March 12, 2023, certain other sugar mills also instituted an appeal against M/s. JDW Sugar Mills Limited (in H.C.A No. 64 of 2023) and M/s. JK Sugar Mills (Private) Limited (in H.C.A No. 65 of 2023)..In response to these appeals, the High Court, via its interim order dated March 09, 2023, modified its earlier order dated March 07, 2023 (referred to above) directing that the claimed export quota of the respondent sugar mills in H.C.A No. 64 and 65 of 2023 be secured by the Cane Commissioner, Sindh, and that PSMA and all its member sugar mills be allowed to export 1,500 M.T of sugar till further order of the Court.

Subsequently, in May 2023, the respondent sugar mills in the aforementioned H.C.A. No. 64 and 65 of 2023 filed CMA No. 2297 of 2023 in the High Court requesting that, till the decision in the instant H.C.A.s, an interim arrangement for export of the remaining quota (i.e. 32,000 M.T.) be allowed subject to deposit of an amount before the Nazir of the Court (explained below). The said CMA was duly supported by a joint statement dated May 29, 2023 prepared on behalf of the respondents and appellants in the instant H.C.A.s wherein a detailed proposal for the interim arrangement to allow export of the aforesaid remaining quota was given. In terms of the said joint statement, the total disputed quantity was 15,776 M.T. which, when divided into 32 functioning sugar mills, came to 493 M.T. per mill. Based on the said quantity of 493 M.T. and the rate of Rs. 96.10 per kg. (worked out as the difference between the price per kg. of sugar realized in the export market relative to that realized in the local market), each mill was required to deposit an amount of Rs. 47.377 million with the Nazir of the Court. Accordingly, subsequent to year ended September 30, 2023, the said amount was duly deposited by the Company with the Nazir of the Court on October 10, 2023. In the event that the H.C.A.s are decided in favor of the respondent mills, the said deposit amount (along with profit accruing thereon) shall be disbursed to them; otherwise, the same shall be distributed between all the sugar mills, including the appellant and respondent sugar mills, in the same proportion in which they deposited the amount with the Nazir of the Court, or as may be ordered by the Court.

As of the reporting date, the H.C.A.s were yet pending for adjudication before the High Court. In the opinion of the Company's legal counsel, the appellant sugar mills (including the Company), however, have a good case on merit and the final outcome of the appeals is expected to be in their favor. Consequently, no provision for the aforesaid amount of Rs. 47.377 million has been recognized in these unconsolidated financial statements.

20.1.5 The Pakistan Standard and Quality Control Authority (the Authority) demanded from the company a marking fee @0.1 % of the ex-factory price of sugar produced for the year 2008-09.

The Company then filed a petition with Honorable High Court of Sindh challenging a marking fee under PSQCA Act -VI of 1996 pleading that the impugned demand so raised are without any lawful authority under the said Act and in violation of the Constitution of the Islamic Republic of Pakistan. Other mills in the industry too have filed similar petitions. The High Court passed order dated December 04.2012 on the company’s petition terming the impugned notification as issued without lawful authority on the grounds that the subject of agricultural produced is a provincial subject and the Federal Government or its departments has no jurisdiction to prescribe the standard or to regulate licensing, marking and levying of any fee on the petitioners.

In March 2013, the authority filed an Appeal against the aforesaid order of the High Court before the Supreme Court of Pakistan (the Apex Court) which is currently pending in adjudication. The Company has not made any provision against the impugned demand in view of the legal counsel of the company that the company has a good case on merit and the judgment of the High Court is likely to be upheld.

		Note	2023	2022
			Rupees	
20.2	Commitments			
	Financial guarantee provided	*20.2.1*	**48,429,140**	15,461,550
	Commitments for capital expenditures		**18,479,000**	39,136,277

20.2.1 This represents a bank guarantee amounting to Rs. 48,429,140/- arranged by the Company for the benefit of M/s. Controller of Military Accounts (Defence Purchase) Rawalpindi in accordance with the agreement in respect of sale of sugar dated January 02, 2023 between M/s Faran Sugar Mills Limited and controller of military accounts. The guarantee is due to expire on January 31, 2024.

		Note	2023	2022
			Rupees	
21	SALES REVENUE - net			
	Revenue from local sales - net	*21.1*	**8,938,195,371**	6,671,766,330
	Revenue from export sales		**398,528,196**	-
			9,336,723,567	6,671,766,330

		Note	2023	2022
			Rupees	
21.1	Revenue from local sales - net			
	Sales of sugar - gross		**9,084,430,404**	6,706,090,177
	Less: Sales tax / advance income tax		**(1,377,720,893)**	(1,002,467,709)
			7,706,709,511	5,703,622,468
	Sales of molasses		**1,098,832,099**	850,842,720
	Sales of bagasse - gross		**155,609,781**	137,152,571
	Less: Sales tax		**(22,956,020)**	(19,851,429)
			132,653,761	117,301,142
	Net sales revenue		**8,938,195,371**	6,671,766,330
22	**COST OF SALES**			
	Opening stock of finished goods		**2,005,042,327**	1,042,472,302
	Cost of goods manufactured	*22.1*	**7,472,433,492**	7,162,646,218
			9,477,475,819	8,205,118,520
	Closing stock of finished goods		**(1,690,425,361)**	(2,005,042,327)
			7,787,050,458	6,200,076,193
22.1	**Cost of goods manufactured**			
	Raw materials consumed		**6,436,174,749**	6,297,283,794
	Conversion costs incurred:			
	- Salaries, wages and benefits	*22.1.1*	**372,704,355**	334,021,817
	- Repairs and maintenance		**207,678,479**	144,336,750
	- Stores and spares consumed		**156,125,919**	134,515,221
	- Depreciation	*4.1.3*	**129,888,329**	112,591,207
	- Packing materials consumed		**71,955,023**	66,809,602
	- Fuel and power	*39.5*	**43,145,652**	30,748,772
	- Insurance		**26,698,219**	16,992,926
	- Vehicle running expenses		**15,288,838**	10,588,407
	- Others	*39.5*	**12,956,036**	14,345,532
			1,036,440,850	864,950,234
			7,472,615,599	7,162,234,028
	Opening stock of work in process		**3,389,793**	3,801,983
	Closing stock of work in process		**(3,571,900)**	(3,389,793)
			(182,107)	412,190
			7,472,433,492	7,162,646,218

22.1.1 This includes Rs. 3.85 million (2022: Rs. 3.66 million) in respect of staff retirement benefits.

23	**ADMINISTRATIVE EXPENSES**	Note	2023	2022
			Rupees	
	Salaries and benefits	*23.1*	**117,134,332**	100,173,329
	Depreciation	*4.1.3*	**29,600,052**	25,779,754
	Vehicle running		**12,106,159**	8,866,323
	Ijarah lease rental		**11,330,195**	10,684,503
	Legal charges		**7,053,636**	6,684,185
	Fees and subscription		**6,061,315**	5,088,953
	Traveling and conveyance charges		**4,720,801**	776,307
	Utilities charges		**3,696,840**	1,200,292
	Telephone, postage and telegraph		**3,008,086**	1,972,585
	Insurance		**2,737,035**	3,566,690
	Auditors' remuneration	*23.2 & 39.5*	**1,441,000**	1,305,000
	Repairs and maintenance		**2,324,485**	121,344
	Professional services	*39.5*	**1,602,731**	156,525
	Printing and stationery		**1,023,090**	674,775
	Rent, rates and taxes		**773,844**	756,258
	Advertisement expenses		**372,400**	546,751
	IT related expenses		**262,900**	310,700
	General expenses		**17,892,357**	4,114,132
			223,141,258	172,778,406

23.1 This includes Rs. 3.257 million (2022: Rs. 2.755 million) in respect of staff retirement benefits.

		Note	2023	2022
			Rupees	
23.2	**Auditors' remuneration**			
	Statutory audit fee		**925,000**	825,000
	Half yearly review		**341,000**	300,000
	Certification charges		**150,000**	150,000
	Out of pocket expenses		**25,000**	30,000
			1,441,000	1,305,000
24	**SELLING AND DISTRIBUTION EXPENSES**			
	Transportation		**126,198,885**	57,222,145
	Loading, stacking, bagging and storage		**12,501,755**	12,534,018
	Export Expenses		**9,531,830**	-
			148,232,470	69,756,163
25	**OTHER INCOME**			
	Sale of Associate	*25.1*	**188,380,393**	-
	Amortization of deferred government grant		**32,881,164**	30,206,345
	Liability written-off	*17.2*	**23,242,702**	-
	Sale of scrap		**22,434,726**	12,572,186
	Exchange gain		**17,458,851**	18,683
	Gain on sale of property, plant and equipment		**13,500,496**	6,570,184
	Profit on deposit accounts		**9,236,831**	4,794,411
	Miscellaneous	*39.5*	**5,454,845**	5,755,693
	Dividend income		**66,500**	525,945
			312,656,508	60,443,447

25.1 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 share in the said sale consideration amounted to Rs. 205.263 million (34.67%). The transaction was completed during the year ended September 30, 2023 at a revised consideration of Rs. 199.916 million by way of mutual-agreement between the parties.

		Note	2023	2022
26	**OTHER EXPENSES**		Rupees	
	Assets written off	*26.1*	**84,191,591**	-
	Workers' Profit Participation Fund		**31,305,976**	-
	Workers' welfare fund		**11,896,271**	-
	Donation	*26.2*	**811,130**	520,645
	Unrealized loss on remeasurement of investments in quoted equity securities to fair value	*10.2*	**52,181**	210,800
			128,257,149	731,445
26.1	**Assets written off**			
	Freight Support Subsidies written off	*26.1.1&11.4.1*	**69,971,591**	-
	Bid Money - Utility Stores Corporation	*26.1.2*	**14,220,000**	-
			84,191,591	-

26.1.1 During the year Sindh High Court (SHC) disposed off the petitions, filed by sugar mills in Sindh for the release of Freight Subsidy, with the direction to Government of Sindh (GOS) to disburse reconciled subsidy claims by first quarter of Financial 2023-2024. However, as per record submitted by SBP to the SHC, reconciled subsidy claims amount to Rs. 304.73 Million. Thereby, the management has decided to write off the differential amount of Rs. 69.97 Million.

26.1.2 This represents bid money withheld by Utility Stores Corporation (USC) deposited against tender for procurement of sugar during December 2019.

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

		Note	2023	2022
			Rupees	
27	**FINANCE COSTS**			
	Markup on short term borrowings		**603,074,649**	399,614,732
	Markup on long term borrowings:			
	- Diminishing Musharaka financing		**114,170,557**	18,235,329
	- ITERF from Faysal Bank Limited	*15.1.1*	**47,021,802**	38,997,643
	- ITERF from Bank Islami Pakistan Limited	*15.1.2*	**8,472,892**	5,420,393
	- Salaries and wages financing		**69,789**	3,293,064
			169,735,040	65,946,429
			772,809,689	465,561,161
	Bank charges		**6,971,779**	3,995,184
			779,781,468	469,556,345
28	**SHARE OF PROFIT OR LOSS OF ASSOCIATES - net**			
	Unicol Limited	*5.2.1*	**911,650,000**	439,932,333
	Uni Energy Limited	*5.2.2*	**232,504**	325,766
	Uni Food Industries Limited		**-**	(82,953,165)
			911,882,504	357,304,934

		Note	2023	2022
			Rupees	
29	**TAXATION**			
	Current		**195,584,917**	132,225,971
	Deferred		**79,188,522**	17,007,669
			274,773,439	149,233,640

29.1 The numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate as required by IAS 12 'Income Taxes' has not been presented in these unconsolidated financial statements since the Company's income in both reporting years is subject to taxation under the normal tax regime and has attracted the provisions of section 113 of the Income Tax Ordinance, 2001 (Minimum tax).

		2023	2022
		Rupees	
30	**EARNINGS PER SHARE**		
30.1	Basic earnings per share		
	Profit after taxation	**1,220,026,337**	27,382,519
		------------- Number -------------	
	Weighted average number of ordinary shares outstanding during the year	**25,006,955**	25,006,955
	Earnings per share - basic	**48.79**	1.09

30.2 **Diluted earnings per share**

There was no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at September 30, 2023 and September 30, 2022.

31 **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

		Note	2023	2022
			Rupees	
	Cash and bank balances	*13*	**105,178,894**	132,674,392
	Short term investment- term deposit certificates		**4,400,000**	-
			109,578,894	132,674,392
32	**CASH USED IN OPERATIONS**			
	Profit before taxation		**1,494,799,776**	176,616,159
	Adjustment for non-cash and other items:			
	- Depreciation	*4.1.3*	**159,488,381**	138,370,961
	- Sale of Associate	*25*	**(188,380,393)**	-
	- Amortization of deferred government grant	*25*	**(32,881,164)**	(30,206,345)
	- Gain on sale of property, plant and equipment	*25*	**(13,500,496)**	(6,570,184)
	- Profit on deposit accounts	*25*	**(9,236,831)**	(4,794,411)
	- Dividend income	*25*	**(66,500)**	(525,945)
	- Provision for Workers' Profit Participation Fund	*26*	**31,305,976**	-
	- Provision for Workers' Welfare Fund	*26*	**11,896,271**	-
	- Unrealized loss on re-measurement of investments	*26*	**52,181**	210,800
	- Finance costs	*27*	**779,781,468**	469,556,345
	- Share of profit of associates - net	*28*	**(911,882,504)**	(357,304,934)
			1,321,376,165	385,352,446

	Note	2023	2022
		Rupees	
Working capital changes			
(Increase) / decrease in current assets			
- Stores and spares		**(53,825,058)**	(29,927,176)
- Stock in trade		**314,434,859**	(962,157,835)
- Trade debts		**(132,272,201)**	(84,765,620)
- Loans, advances, deposits and other receivables	*39.5*	**50,286,644**	223,474,934
Increase / (decrease) in current liabilities			
- Trade and other payables	*39.5*	**1,320,622,620**	466,789,725
		1,499,246,864	(386,585,972)
Cash generated from / (used in) operations		**2,820,623,029**	(1,233,526)

33 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of the Company's subsidiary, associates, key management personnel (including directors) and their close family members and the staff provident fund. Remuneration of the Chief Executive and Directors is disclosed in note 34 to these unconsolidated financial statements. Transactions entered into during the year, and balances held with, related parties are given below:

	2023	2022
	Rupees	
ASSOCIATES		
Transactions		
Sale of molasses to Unicol Limited	**935,770,667**	850,842,720
Sale of bagasse to Unicol Limited	**35,322,059**	47,306,524
Balances outstanding		
Trade receivable from Unicol Limited	**2,022,226**	2,018,067
OTHER RELATED PARTIES		
Transactions		
Insurance premium to Reliance Insurance Ltd.	**28,800,000**	24,000,000
Sale of Sugar to BF Modaraba	**2,089,744**	-
Provident fund contribution	**7,107,700**	6,413,910
Balances outstanding		
Insurance premium payable to Reliance Insurance Ltd.	**11,215,946**	6,810,727
Amount receivable from / Contribution payable to provident fund	**6,160,672**	379,779
KEY MANAGEMENT PERSONNEL		
Hamza Omar Bawany (Director)		
Transactions		
Sale of vehicle	**4,500,000**	-
Muhammad Ayub (Chief financial officer)		
Transactions		
Sale of vehicle	**1,642,540**	-

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Note	Year ended September 30, 2023			
		Chief Executive	**Directors**	**Executives**	**Total**
		---------------------------- **Rupees**	----------------------------		
Managerial remuneration		**16,376,727**	**16,124,727**	**34,072,726**	**66,574,181**
Contribution to provident fund		**-**	**-**	**2,679,054**	**2,679,054**
Other perquisites and benefits	*34.1*	**1,637,673**	**1,612,473**	**32,769,224**	**36,019,369**
Bonus		**-**	**-**	**7,568,704**	**7,568,704**
		18,014,400	**17,737,200**	**77,089,708**	**112,841,308**
Number of persons		**1**	**2**	**15**	

	Note	Year ended September 30, 2022			
		Chief Executive	Directors	Executives	Total
		---------------------------- Rupees	----------------------------		
Managerial remuneration		14,887,636	14,658,545	27,889,799	57,435,980
Contribution to provident fund		-	-	2,532,946	2,532,946
Other perquisites and benefits	*34.1*	1,488,764	1,465,855	24,100,080	27,054,699
Bonus		-	-	7,606,542	7,606,542
		16,376,400	16,124,400	62,129,367	94,630,167
Number of persons		1	2	13	

34.1 Other perquisites and benefits mainly include house rent allowance, utilities allowances and medical allowance.

34.2 In addition to above, two non-executive directors (2022: three non-executive directors) of the Company were paid fees to attend the board meetings amounting, in aggregate, to Rs. 100,000 (2022: Rs. 480,000).

34.3 The Chief Executive, Directors and executives are also provided with free use of Company-maintained cars in accordance with their terms of service.

35 FINANCIAL INSTRUMENTS

35.1 Financial risk analysis

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

35.1.1 *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is **past due for 90 days** or more.

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

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

	Note	2023	2022
		---------- Rupees ----------	
Long term deposits		**13,632,391**	12,657,942
Trade debts	*(a)*	**360,941,863**	228,669,662
Short term loans		**48,556,962**	17,064,153
Short term advances		**2,732,597**	2,672,705
Short term deposits		**7,321,634**	17,071,605
Other receivables		**17,892,106**	25,588,279
Bank balances	*(b)*	**91,904,976**	128,453,589
		542,982,529	432,177,935

Note (a) - Credit risk exposure on trade debts

As part of its credit risk management strategy on trade debts, the Company receives advances from customers against sales of goods. In addition, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored.

As of the reporting date, the ageing analysis of trade debts was as follows:

	September 30, 2023		September 30, 2022	
	Gross carrying amount	**Provision for expected credit losses**	Gross carrying amount	Provision for expected credit losses
	---------- **Rupees** ----------			
Not past due	**360,941,863**	-	228,669,662	-
Past due 1 to 180 days	-	-	-	-
More than 180 days	-	-	-	-
	360,941,863	-	228,669,662	-

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment. Further, substantial amount of debtors have been collected post year end, therefore, expected credit loss has not been considered.

Note 'b' - Credit risk management of bank balances

To minimize its exposure to credit risk, the Company maintains its cash balances only with banks with high quality credit worthiness. As of the reporting date, the external credit ratings of the Company's major bankers were as follows:

Bank Name	**Credit Rating Agency**	**Rating** Short term	Long term
Bank Al Habib Limited	PACRA	**A1+**	AAA
Bank Al Falah Limited	PACRA	**A1+**	AA+
Faysal Bank Limited	PACRA	**A1+**	AA
Habib Metropolitan Bank Limited	PACRA	**A1+**	AA+
MCB Bank Limited	PACRA	**A1+**	AAA
MCB Islamic Bank Limited	PACRA	**A1**	A
Askari Bank Limited	PACRA	**A1+**	AA+
JS Bank Limited	PACRA	**A1+**	AA-
Soneri Bank Limited	PACRA	**A1+**	AA-
Standard Chartered Bank	PACRA	**A1+**	AAA
Bank Islami Pakistan Limited	PACRA	**A1**	A+
Al Baraka Bank (Pakistan) Limited	JCR-VIS	**A1**	A+
Dubai Islamic Bank Pakistan Ltd	JCR-VIS	**A1+**	AA
Habib Bank Limited	JCR-VIS	**A1+**	AAA
Meezan Bank Limited	JCR-VIS	**A1+**	AAA
United Bank Limited	JCR-VIS	**A1+**	AAA

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was exposed to the following concentrations of credit risk:

	September 30, 2023			September 30, 2022		
	Total exposure	**Concentration**	**% of total exposure**	Total exposure	Concentration	% of total exposure
	------------- Rupees -------------			------------- Rupees -------------		
Trade debts	**360,941,863**	**298,186,394**	**83%**	228,669,662	132,098,104	58%
Bank balances	**91,904,976**	**55,075,392**	**60%**	128,453,589	108,621,784	85%
		353,261,786			240,719,888	

35.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities: The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of non-derivative financial liabilities:

	September 30, 2023					
	Carrying amount	**Contractual cash flows**	**One to six months**	**Seven to twelve months**	**More than 1 to 5 years**	**More than 5 years**
	-- (Rupees) --					
Non-derivative financial liabilities						
Long term borrowings	**941,365,351**	**1,143,440,502**	**183,034,022**	**191,606,503**	**540,967,002**	**227,832,975**
Short term borrowings	**1,137,719,953**	**1,137,719,953**	**1,137,719,953**	**-**	**-**	**-**
Trade and other payables	**299,354,735**	**299,354,735**	**299,354,735**	**-**	**-**	**-**
Accrued markup	**119,486,474**	**119,486,474**	**119,486,474**	**-**	**-**	**-**
	2,497,926,513	**2,700,001,664**	**1,739,595,184**	**191,606,503**	**540,967,002**	**227,832,975**

	September 30, 2022					
	Carrying amount	Contractual cash flows	One to six months	Seven to twelve months	More than 1 to 5 years	More than 5 years
	-- (Rupees) --					
Non-derivative financial liabilities						
Long term borrowings	1,147,616,928	1,573,105,199	212,288,400	207,043,100	791,981,370	361,792,329
Short term borrowings	2,955,413,470	2,955,413,470	2,955,413,470	-	-	-
Trade and other payables	249,311,446	248,317,454	248,317,454	-	-	-
Accrued markup	173,224,722	173,224,722	173,224,722	-	-	-
	4,525,566,566	4,950,060,845	3,589,244,046	207,043,100	791,981,370	361,792,329

35.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. As of the reporting date, the Company was not exposed to any foreign currency risk.

ii) Interest rate risk

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

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

	Effective interest rate (%)		Carrying amount (Rs.)	
	2023	2022	**2023**	2022
Financial liabilities				
Long term borrowings	**13.93%-24.22%**	15%-17.24%	**395,247,649**	626,009,205
Short term borrowings	**17.24%-23.15%**	11.36%-17.24%	**1,137,719,953**	2,955,413,470
Financial assets				
Bank deposits - pls account	**9-20%**	4.50-14%	**32,871,840**	52,047,089

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

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

	(Decrease) / increase in profit before taxation	
As at September 30, 2023	**100 bp increase**	100 bp decrease
Cash flow sensitivity - Variable rate financial instruments	**(15,000,958)**	15,000,958
As at September 30, 2022		
Cash flow sensitivity - Variable rate financial instruments	**(35,293,756)**	35,293,756

iii) Other price risk

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

		2023	2022
		Rupees	
35.2	**Financial instruments by categories**		
35.2.1	**Financial assets**		
	At amortized cost		
	Long term deposits	**13,632,391**	12,657,942
	Trade debts	**360,941,863**	228,669,662
	Short term loans	**48,556,962**	17,064,153
	Short term advances	**2,732,597**	2,672,705
	Short term deposits	**7,321,634**	17,071,605
	Other receivables	**17,892,106**	25,588,279
	Cash and bank balances	**105,178,894**	132,674,392
		556,256,447	436,398,738
	At fair value through profit or loss		
	Short term investments in quoted equity securities	**1,107,244**	1,159,425
	At fair value through other comprehensive income		
	Long term investment in B.F. Modaraba	**4,696,970**	4,415,152
35.2.2	**Financial liabilities**		
	At amortized cost		
	Long term borrowings from banking companies	**941,365,351**	1,147,616,928
	Short term borrowings from banking companies	**1,137,719,953**	2,955,413,470
	Trade and other payables	**299,354,735**	249,311,446
	Accrued mark up	**119,486,474**	173,224,722
		2,497,926,513	4,525,566,566

36 FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements

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

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

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

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

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

Following is the fair value hierarchy of the assets carried at fair value:

	Level 1	Level 2	Level 3
		Rupees	
September 30, 2023			
Investment in certificates B.F. Modaraba	**4,696,970**	-	-
Short term investment in quoted equity securities	**1,107,244**	-	-
	5,804,214	-	-
September 30, 2022			
Investment in certificates B.F. Modaraba	4,415,152	-	-
Short term investment in quoted equity securities	1,159,425	-	-
	5,574,577	-	-

37 **CAPITAL MANAGEMENT**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit or loss after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year.

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

	2023	2022
Borrowings	Rupees	
Long term borrowings	**1,090,003,961**	1,316,228,244
	1,090,003,961	1,316,228,244
Share capital and reserves		
Issued, subscribed and paid up capital	**250,069,550**	250,069,550
Share premium	**8,472,152**	8,472,152
General reserve	-	-
Unappropriated profits	**2,741,537,043**	1,521,510,706
	3,000,078,745	1,780,052,408
Total capital being managed by the Company	**4,090,082,706**	3,096,280,652

The Company is not subject to externally imposed capital requirements.

38. **SEGMENT INFORMATION**

These unconsolidated 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:

(a) Revenue from sale of sugar represents 86.81% (2022: 85.49%) of the total revenue of the Company.

(b) 95.73% (2022: 100%) gross sales of the Company were made to customers based in Pakistan.

(c) As at September 30, 2023 and September 30, 2022 all non-current assets of the Company were located in Pakistan.

(d) Revenue earned from one major customer, excluding sales tax, of more than 10% of total sales amounted to Rs. 1,098.83 million (2022: Rs. 952.56 million). The major customer resides in Pakistan.

39. GENERAL

39.1 Non - adjusting event after balance sheet date

The Board of Directors in their meeting held on January 3, 2024 has proposed a final cash dividend of Rs. 2.5/- i.e. 25% per share (2022: Rs. nil) for approval of the members at the Annual General Meeting to be held on January 26, 2024. These unconsolidated financial statements do not reflect this appropriation.

39.2 Plant capacity and actual production

	2023		2022	
	Quantity (metric tons)	**No. of days**	Quantity (metric tons)	No. of days
Sugarcane crushing capacity	**2,160,000**	**180**	2,160,000	180
Sugarcane crushed	**764,606**	**92**	845,438	129

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

39.3 Number of employees

	2023	2022
	---Numbers---	
Total number of employees as at September 30	**390**	391
Average number of employees during the year	**398**	397

39.4 Investments made by the provident fund

The investments out of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

39.5 Reclassification of corresponding figures

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

Reclassified from component	Reclassified to component	Amount – Rupees
Fuel and power *(Cost of goods manufactured)*	Others *(Cost of goods manufactured)*	4,741,220
Sugarcane growers *(Trade and other payables)*	Loan to growers *(Loans, advances, deposits and other receivables)*	476,240
Auditors' remuneration *(Administrative expenses)*	Professional services *(Administrative expenses)*	100,000
Others *(Cost of goods manufactured)*	Miscellaneous *(Other income)*	5,232,505

39.6 **Date of authorization of the financial statements for issue**

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on January 3, 2024.

39.7 **Level of rounding**

Figures in these unconsolidated financial statements have been rounded off to the nearest rupee.

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of the Company will be held on Friday, January 26, 2024 at 11:00 AM at the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of last meeting held on January 27, 2023.

2. To receive, consider and approve annual audited financial statement of the Company for the year ended September 30, 2023 together with the reports of the auditors' and directors' thereon.

3. To consider and approve the payment of cash dividend @ Rs.2.5 i.e. 25% per share for the year ended September 30, 2023 as recommended by the Board of Directors.

4. To appoint auditor of the company for the year September 30, 2024, and to fix their remuneration. The retiring auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants have given their consent and offered themselves for re-appointment of Auditors of the company for the year ending September 30, 2024.

Special Business

5. To consider and approve enhancement in monthly emolument of the Chief Executive and an Executive Director, w.e.f. October 2023.

6. To approve the circulation of the Annual Audited Financial Statements to the members through QR enabled code and web-link by passing the following ordinary resolutions proposed in the statement of material facts.

Other Business

7. To transact any other business with permission of the Chair.

BY ORDER OF THE BOARD

Karachi.
Dated: January 03, 2024

Muhammad Ayub
Company Secretary

Notes:

1. Share Transfer Books will be closed from January 19, 2024 to January 26, 2024 (both days inclusive) for the purpose of Annual General Meeting.

2. Only those members whose names appear in the register of member of the Company as on January 19, 2024 will be entitled to attend and vote at the meeting.

3. A member entitled to attend, speak and vote may appoint any other person as his / her proxy to attend, speak and vote on his / her behalf. Proxies must be received at the Registered Office of the Company duly signed not later than 48 hours before the time of holding the meeting. Form of proxy is enclosed herewith.

4. Any change of address of Members should be notified immediately to the Company's Share Registrar office.

   A. For Attending the Meeting:

   i. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with participant ID number and the Account number at the time of attending the meeting.
   ii. In case of corporate entity, the Boards resolution / power of attorney with specimen signature of the nominee shall be produce [unless it has been provide earlier] at the time of the meeting.

   B. For Appointing Proxies:

   i. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulation, shall submit the proxy form as per above requirements.
   ii. The proxy form shall witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
   iii. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
   iv. The proxy shall produce his original CNIC or original passport at the time of the meeting.
   v. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished [unless it has been provided earlier] along with proxy form to the Company.

5. Transmission of the Annual Audited Financial Statements through CD/DVD
   The Company has circulated financial statements to its members through CD at their registered address. Printed copy of above referred statements can be provided to members upon request. Request form is available on the website of the Company i.e. www.faran.com.pk

6. **Transmission of Annual Reports through e-mail**
   The SECP vide SRO 787 (I)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website www.faran.com.pk. The Company shall, however additionally provide hard copies of the annual report on request, to such members free of cost.

7. **Availability of Audited Financial Statements on Company's Website**
   The audited financial statements of the Company for the year ended September 30, 2023, have been made available on the Company's website: www.faran.com.pk

8. **Submission of copies of CNIC and NTN Certificates (Mandatory)**
   CNIC of the shareholders is mandatory in terms of the directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)/2012 dated July 05, 2012 for the issuance of future dividend warrants etc., and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Independent Share Registrar without any further delay.

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

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

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

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

Folio / CDC A/c No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal / Joint Shareholder

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

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

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

11. Form for Video Conference Facility
    In accordance with Section 132 and 134 of the Companies Act, 2017, members can also avail video conference facility.

    If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location other than the city of the Meeting, to participate in the meeting through video conference at least 7 days prior to the date of the Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the form and submit the same to the registered address of the Company 7 days before holding of the Annual General Meeting.

    The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access facility.

12. Unclaimed dividend
    Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar M/s. C&K Management Associates (PVT.) Ltd. 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi, to collect/enquire about their unclaimed dividend, if any.

NOTICE OF ANNUAL GENERAL MEETING

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend.

The statement sets out the material facts concerning "**Special Businesses**" to be transacted at the Annual General Meeting of the Company to be held on January 26, 2024. The approval of the Members of the Company will be sought for

Item No. 5 of the Agenda

Chief Executive and Executive Director Remuneration

The Board of Directors in its meeting held on January 03, 2024 recommended to approve remuneration along with other benefits as per service rule for the Chief Executive and an Executive Directors, w.e.f. October 01, 2023 for this purpose that the following resolution be passed with or without modification.

"Resolved that the consent of the Company be and hereby accorded to the aggregate remuneration to Mr. Ahmed Ali Bawany – Chief Executive, a sum of Rs. 1,726,380/- per month and Mr. Bilal Omar Bawany, Executive Director, a sum of Rs. 1,246,830/- per month w.e.f. from October 01, 2023, and other benefits as per service rules."

Item No. 6 of the Agenda

Annual Audited Financial Statements to the members through QR enabled code and web-link by passing the following resolution proposed in the statement of material facts:

"Resolved that approval of the Members of Faran Sugar Mills Limited (the "Company") be and is hereby accorded and the Company be and is hereby authorized to circulate the Annual Audited Financial Statements of the Company together with the reports and documents required to be annexed thereto under the Companies Act, 2017 through QR enabled code and web-link instead of circulation through CD/DVD/USB."

"Further Resolved that the Chief Executive and the Company Secretary be and is/are hereby singly and/or jointly empowered and authorized to do all acts, deeds and things, take or cause to be taken all necessary actions for the purposes of implementing the QR enabled code."

PATTERN OF SHAREHOLDING

For the year ended September 30, 2023

No. of Shareholders	Shareholding From		Shareholding To	Total Shares Held
1163	1	-	100	19,651
470	101	-	500	105,060
122	501	-	1000	95,389
155	1001	-	5000	357,460
41	5001	-	10000	322,822
11	10001	-	15000	127,532
6	15001	-	20000	109,291
7	20001	-	25000	163,528
5	25001	-	30000	136,615
1	30001	-	35000	34,890
2	35001	-	40000	73,016
1	45001	-	50000	48,395
3	50001	-	55000	156,378
1	55001	-	60000	57,536
1	60001	-	65000	60,500
1	75001	-	80000	80,000
1	90001	-	95000	90,600
3	95001	-	100000	300,000
1	100001	-	105000	102,107
1	130001	-	135000	132,426
1	180001	-	185000	182,663
1	230001	-	235000	232,825
1	255001	-	260000	256,209
1	265001	-	270000	266,300
1	315001	-	320000	318,221
1	480001	-	485000	482,470
1	495001	-	500000	497,585
1	550001	-	555000	551,265
1	640001	-	645000	644,029
1	765001	-	770000	766,245
1	1860001	-	1865000	1,860,460
1	1905001	-	1910000	1,905,439
1	2035001	-	2040000	2,035,428
2	2045001	-	2050000	4,092,795
1	2120001	-	2125000	2,120,274
1	2130001	-	2135000	2,131,256
1	4090001	-	4095000	4,090,295
2014		Total		25,006,955

Sr. No.	Categories of Shareholders	Number of Shareholders	Total Shares Hold	Percentage %
1	INDIVIDUALS	1963	20,734,375	82.91
2	INVESTMENT COMPANIES	1	5,000	0.02
3	INSURANCE COMPANIES	1	18,329	0.07
4	JOINT STOCK COMPANIES	18	794,783	3.18
5	FINANCIAL INSTITUTIONS	4	28,689	0.11
6	MODARABAS	1	231	0.00
7	OTHERS	14	433,250	1.73
8	CHARITABLE TRUSTS	2	522,085	2.09
9	MUTUAL FUND	1	2,120,274	8.48
10	WELFARE SOCIETY	1	52,102	0.21
11	EMPLOYEES PENSION FUND	1	256,209	1.02
12	EMPLOYEES BENEVOLENT FUND	1	8,990	0.04
13	GRATUITY FUND	1	5,000	0.02
14	EMPLOYEES PROVIDENT FUND	1	10,000	0.04
15	COOPERATIVE SOCIETIES	1	438	0.00
16	PRIVATE LIMITED	1	4,700	0.02
17	AUTHORIZED CAR DEALER	1	2,500	0.01
18	SHIPPING SERVICES	1	10,000	0.04
		2014	25,006,955	100.00

DETAIL OF SHAREHOLDERS CATAGORIES

As at September 30, 2023

		No. of Shares	Percentage
1	ASSOCIATED COMPANIES , UNDERTAKINGS AND RELATED PARTIES		
	RELIANCE INSURANCE COMPANY LIMITED	18329	0.07
2	MUTUAL FUNDS		
	CDC-TRUSTEE NATIONAL INVESTMENT	2120274	8.48
3	JOINT STOCK COMPANIES		
	FAWAD YUSUF SECURITIES (PVT.) LIMITED	266300	1.06
	AMIN TAI (PRIVATE) LIMITED	182663	0.73
	O.A.TRADING CO.(PVT) LTD	102107	0.41
	HABIB SUGAR MILLS LTD	90600	0.36
	MADINA ESTATES & PROPERTIES (PVT) LTD	52501	0.21
	MEMON SECURITIES (PVT.) LIMITED	35500	0.14
	SUPER PETROCHEMICALS PRIVATE LIMITED	28000	0.11
	TIME SECURITIES (PVT.) LTD.	26500	0.11
	MARINE SERVICES (PVT.) LIMITED	3000	0.01
	HH MISBAH SECURITIES (PRIVATE) LIMITED	3000	0.01
	FIKREES (PRIVATE) LIMITED	2310	0.01
	INTERACTIVE SECURITIES (PVT) LIMITED	1500	0.01
	NAEEM'S SECURITIES (PVT) LTD	288	0.00
	AKD SECURITIES LIMITED - AKD TRADE	288	0.00
	SARFRAZ MAHMOOD (PRIVATE) LTD	133	0.00
	TAURUS SECURITIES LIMITED	78	0.00
	M/S NAEEM SECURITY LTD.	14	0.00
	MAPLE LEAF CAPITAL LIMITED	1	0.00
		794783	3.18
4	FINANCIAL INSTITUTIONS		
	NATIONAL BANK OF PAKISTAN	26520	0.11
	NATIONAL BANK OF PAKISTAN	1731	0.01
	NATIONAL BANK OF PAKISTAN	346	0.00
	MUSLIM COMMERCIAL BANK LTD.	92	0.00
		28689	0.11
5	INSURANCE COMPANY		
	RELIANCE INSURANCE COMPANY LTD.	18329	0.07
6	DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN		
	MR. MUHAMMAD OMAR BAWANY	803761	3.21
	MR. AHMED ALI BAWANY	5950755	23.80
	MR. HAMZA OMAR BAWANY	644029	2.58
	MR. BILAL OMAR BAWANY	551265	2.20
	MR. IRFAN ZAKARIA	2625	0.01

DETAIL OF SHAREHOLDERS CATAGORIES

As at September 30, 2023

		No. of Shares	Percentage
6	DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN *(contd.)*		
	MR. ALTAMASH AHMED ALI	2500	0.01
	MR. AHMED GHULAM HUSSAIN	2500	0.01
	MRS. RUKHSANA OMAR BAWANY	2131256	8.52
	MST. GULSHANARA	2035428	8.14
	MST. SHAHEDA	1905439	7.62
	MST. AYSHA	2046398	8.18
	MS. TASNEEM YUSUF	2500	0.01
		16078456	64.30
7	EXECUTIVES	NIL	NIL
8	PUBLIC SECTOR COMPANIES AND CORPORATIONS	NIL	NIL
9	GENERAL PUBLIC	5948095	23.79
	TOTAL	25006955	100.00

SHARE HOLDERS HOLDING FIVE PERCENTS OR MORE INTREST	Shares Held	Percentage %
AHMED ALI BAWANY	5950755	23.80
ROSHAN ARA MOHAMMAD AMIN	2046397	8.18
RUKSANA OMAR BAWANY	2035428	8.14
AISHA M.AMIN	2131256	8.52
SHAHIDA AMIN	1905439	7.62
GULSHANRA AMIN	2035428	8.14
NATIONAL INVESTMENT UNIT TRUST	2120274	8.48

GLOSSARY OF TERMS

AGM	Annual General Meeting
AEDB	Alternative Energy Development Board
Bagasse	The dry pulpy residue left after the extraction of juice from sugar cane, used as fuel for electricity generators, etc.
Brix	Measure of dissolved solids in sugar liquor or syrup using a refractometer
Centrifugal	Centrifuge used to separate sugar from mother liquor
Clarified Juice	Juices from clarifiers is referred as clear juice
Clarifier	Apparatus for the separation by sedimentation of suspended solids from turbid sugar solution
Dissolved Solids	All solute materials which is in solution, including sucrose, monosaccharide's, ash and other organic impurities
DuPont Analysis	A method of performance measurement, which examines return on equity (ROE) analyzing profit margin, total asset turnover, and financial leverage
EITDA	Earnings before Interest, Taxes, Depreciation and Amortization.
Ethanol	A colorless volatile flammable liquid which is produced by the natural fermentation of sugars
HESCO	Hyderabad Electric Supply Company
IASB	International Accounting Standards Board.
IFRIC	International Financial Reporting Issues Committee
IFRS	International Financial Reporting Standard
KIBOR	Karachi Inter Bank Offer Rate
LOI	Letter of Intent
Liming	Process in juice purification with lime in the form of milk of lime
Molasses	Thick, dark brown juice obtained from raw sugar during the refining process
NEPRA	National Electric Power Regulator Authority
Operating Cycle	The average time between purchasing or acquiring inventory and receiving cash proceeds from its sale
PSMA	Pakistan Sugar Mills Association:
Sucrose	A pure chemical compound C 1 2 H 2 2 O 1 1.
Vacuum Pan	Vacuum evaporator crystallizer used for rapid crystallization of sugar from liquor syrup or molasses
Wind Power	Power obtained by harnessing the energy of the wind

FARAN SUGAR MILLS LIMTIED
Proxy Form

FARAN SUGAR MILLS LTD.

IMPORTANT
Instrument of Proxy will not be considered as valid unless it is deposited or received at the Company's Head Office at 43-1-E(B), P.E.C.H.S., Off Razi Road, Block 6, Main Shahrah-e-Faisal, Karachi not later than 48 hours before the time of holding the meeting.

Registered Folio/ Participant's
ID No. & A/c No. ____________________
____
No. of Shares held ___________________

I/We ____

of ____

being member of Faran Sugar Mills Limited, hereby appoint ______________________________

__________________________________ of ______________________________

another member of the Company as my/ our proxy to attend & vote for me/ us and on my/ our behalf at the 42nd Annual General Meeting of the Company to be held on Friday, January 26, 2024 at 11:00 a.m. and at any adjournment thereof.

WITNESSES
1. **Signature** ________________________
   Name ___________________________
   Address _________________________
   ____
   CNIC or Passport No. ______________

2. **Signature** ________________________
   Name ___________________________
   Address _________________________
   ____
   CNIC or Passport No. ______________

Signature of Shareholder

Please affix Revenue Stamp

فاران شوگر ملز لمیٹڈ

FARAN SUGAR MILLS LTD.

پروکسی فارم

42 واں سالانہ اجلاس

رجسٹرڈ فولیو نمبر / پارٹیسپنٹ کرنے والے کی شناخت نمبر ________

اکاؤنٹ نمبر ________

____

شیئرز کی تعداد ________

اہم نوٹ

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

میں مسمی/مسماۃ ________ سکنہ ________

ضلع ________ بحثیت ممبر فاران شوگر ملز لمیٹڈ مسمی/ مسماۃ ________

سکنہ ________ کو بطور مختار (پراکسی) مقرر کرتا/کرتی ہوں تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام (یا جو بھی صورت حال ہو) جو مورخہ جمعہ، 26 جنوری، 2024 دوپہر 11:00 بجے بمقام دی انسٹیٹوٹ اف چارٹرڈ اکاؤنٹس اف پاکستان، کلفٹن کراچی میں منعقد ہو رہا ہے۔ اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

گواہان

1۔ دستخط ________

نام ________

پتہ ________

NIC/پاسپورٹ نمبر ________

ریونیو اسٹیمپ

دستخط شیئرز ہولڈر

2۔ دستخط ________

نام ________

پتہ ________

NIC/پاسپورٹ نمبر ________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FARAN SUGAR MILLS LTD.

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