

**FIRST QUARTERLY  
ACCOUNTS  
(UN-AUDITED)**

FOR THE PERIOD ENDED  
DECEMBER 31, 2023



**FARAN SUGAR MILLS LTD.**

# CORPORATE INFORMATION

**Date of Incorporation**

November 3, 1981

**Date of Commencement of Business**

November 25, 1981

**Board of Directors**

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

**Audit Committee**

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

**Human Resource & Remuneration Committee**

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

**Auditors**

Rahman 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.  
Al Baraka 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 M. Khan.

**E-mail & Website**

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

**Stock Exchange Symbol**

FRSM

**Registration Number**

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

# CHIEF EXECUTIVE REVIEW

## FOR THE PERIOD ENDED DECEMBER 31, 2023

Dear Shareholders,

By the grace of Almighty Allah, I present a brief overview of your company's performance for the first quarter ended December 31, 2023.

Financial results for the first quarter ended December 2023 are summarized as follows:

	Dec-2023 Rs. '000	Dec-2022 Rs. '000
Local Sale-Gross	2,827,469	2,517,047
(Loss) / profit before interest & taxation	86,417	(122,305)
Share of profit/ (loss) from Associate-net	10,773	350,077
Profit before taxation	97,190	227,772
Less: Taxation	(30,343)	(27,399)
Profit after Taxation	66,847	200,373
Earnings per Share – Rs.	2.67	8.01

Gross sales during the period was Rs. 2.8 billion vis-à-vis Rs. 2.517 billion, grew by 12%. This upswing can be primarily attributed to a substantial improvement in the selling price of refined sugar, despite a 37% reduction in sales volume. The earlier commencement of the current crushing season 2023-24 in comparison to the preceding season 2022-23 contributed to increased volumetric sales of molasses with improved selling prices also bolstering overall gross sales.

Several factors contributed to escalated production cost of refined sugar, such as the steep rise in cane rates, escalating minimum labour wages and high cost of chemical & machinery spare parts. It is a challenging scenario to sugar sector, aggravated by notably depressed prevailing domestic prices of refined sugar. However, the carry forward inventory of previous year has mainly contributed to the gross profit, though major chunk of gross margin deferred to next quarter, due to weighted average costing.

Finance cost slightly up by 7%, even current season started 18 days earlier than the previous season and administrative cost up by 22% due to high inflation that have eroded our net profitability. Unicol Limited reported a meagre profit of Rs. 32.3 million only, out of which our shares of profit of Rs. 10.773 million has been reflected in 'shares of profit from equity accounted investees-net'.

For ongoing season 2023-24, the Government of Sindh fixed minimum support price for sugarcane at Rs. 425 per maund – Rs. 123 jump from the previous season. The current price is a 41% increase over the previous season 2022-23 rate of Rs. 302 per maund and noteworthy 70% increase over the 2021-22 rate of Rs. 250 per maund.

Our mills commenced operations on November 10, 2023, which is 18 days earlier than the previous season's start date of November 28, 2022 and, by the grace of Allah, its performance is quite satisfactory. Up to reporting date; it produced 42,840 metric tons refined sugar by crushing 450,098 metric tons cane with average recovery 10.021%. The Sugar Mills of the country are running in full swing and have so far crushed a significant quantum of cane. However, it is estimated lower availability of cane in ongoing season, and as per initial assessment, refined sugar production of the country in 2023-24 is forecasted around 6.4 million tons.

The Company has substantial approved finance facilities limit amounting Rs. 5 billion and has been approaching to banks to enhance its current limits to meet its huge current season financial needs. Due to unprecedented rate of sugar-cane and drastic depressed selling price in the ongoing season, resultantly sluggish sales volume, huge working capital needed to ensure timely payment to growers. Nevertheless, in this difficult situation, Alhamdulillah, we managed efficiently our fund and enhanced our financing limit above Rs. 8 billion to ensure to discharge all obligations timely.

The industry is grappling with survival challenges as it has to procure sugarcane at above fixed rate which is 41% higher than previous season due to shorter crop plus higher conversion and financing costs, while the prevailing ex-factory price of refined sugar far below the production cost.

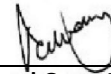
Certainly, crafting an effective sales strategy is akin to wielding a powerful weapon against escalating production costs and volatile market. A well-devised sales strategy becomes a critical tool to counterbalance and mitigate the impact of rising production expenses and decision in timing of sales. It enables businesses to proactively respond to market dynamics and fortify their position in the industry. The FSML management is vigilantly monitoring market trends and the factors influencing sugar prices in order to devise its sale strategy to sustain its overall profitability in the financial year 2024. By staying informed and adaptable to market dynamics, the management is making strategic decisions during the season to meet its financial needs and maintain its margins to attain overall financial health.

May Allah bestow the strength on us in this difficult time and to continue our success, AMEEN!



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**Ahmed Ali Bawany**  
Chief Executive



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**Muhammad Omar Bawany**  
Director

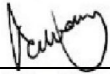
Karachi:  
January 26, 2024

کمپنی کے پاس 5 ارب روپے کی فنانسنگ سہولیات ہیں اور وہ موجودہ سیزن کی مالی ضروریات کو پورا کرنے کے لئے اپنی موجودہ لٹ کو بڑھانے کے لئے بینکوں سے رابطہ کر رہی ہے۔ رواں سیزن میں گنے کی غیر معمولی شرح اور فروخت کی قیمت میں زبردستی، جس کے نتیجے میں فروخت کا حجم سست ہونے کی وجہ سے کاشتکاروں کو بروقت ادائیگی کو یقینی بنانے کے لئے بھاری ورکنگ کیپیٹل کی ضرورت ہے۔ بہر حال اس مشکل صورتحال میں الحمد للہ ہم نے اپنے فنڈز کو موثر طریقے سے منظم کیا اور تمام ذمہ داریوں کی بروقت ادائیگی کو یقینی بنانے کے لئے اپنی فنانسنگ کی حد 8 ارب روپے تک بڑھادی۔

یہ صنعت بقا کے چیلنجوں سے نبرد آزما ہے کیونکہ اسے مقررہ نرخوں سے زیادہ قیمت پر گنے کی خریداری کرنی پڑتی ہے جو کم فصل اور زیادہ تبدیلی اور فنانسنگ لاگت کی وجہ سے پچھلے سیزن کے مقابلے میں 41 فیصد زیادہ ہے، جبکہ ریٹائنڈ چینی کی موجودہ ایکس ٹیکسٹری قیمت پیداواری لاگت سے بہت کم ہے۔

ایک اچھی طرح سے تیار کردہ فروخت کی حکمت عملی بڑھتی ہوئی پیداواری یقینی طور پر، ایک موثر فروخت کی حکمت عملی تیار کرنا بڑھتی ہوئی پیداواری لاگت اور غیر مستحکم مارکیٹ کے خلاف ایک طاقتور ہتھیار چلانے کے مترادف ہے یہ کاروباری اداروں کو مارکیٹ کی حرکیات کا فعال طور اور صنعت میں اپنی پوزیشن کو مضبوط بنانے کے قابل بناتا۔ اخراجات اور فروخت کے وقت میں فیصلے کے اثرات کو متوازن کرنے اور کم کرنے کے لئے ایک اہم آلہ بن جاتی ہے۔ انتظامیہ مالی سال 2024 میں اپنے مجموعی منافع کو برقرار رکھنے کے لئے اپنی فروخت کی حکمت عملی تیار کرنے کے لئے مارکیٹ کے رجحانات اور چینی کی قیمتوں پر اثر انداز ہونے والے عوامل کی محتاط نگرانی کر رہی ہے۔ مارکیٹ کی حرکیات سے باخبر اور ہم آہنگ رہتے ہوئے، انتظامیہ اپنی مالی ضروریات کو پورا کرنے اور مجموعی مالی صحت حاصل کرنے کے لئے اپنے مارجن کو برقرار رکھنے کے لئے سیزن کے دوران اسٹریٹجک فیصلے کر رہی ہے۔

اللہ تعالیٰ ہمیں اس مشکل گھڑی میں بھی ہماری کامیابیوں کو جاری رکھنے کی توفیق عطا فرمائے، آمین



محمد امیر بادانی  
چیئرمین



احمد علی بادانی  
چیئف ایگزیکٹو

کراچی

26 جنوری، 2024

یف ایزیکٹو کا جائزہ

31 دسمبر، 2023 کو ختم ہونے والی مدت کے لئے

معزز شیئر ہولڈرز

اللہ تعالیٰ کے فضل و کرم سے 31 دسمبر 2023ء کو ختم ہونے والی پہلی سہ ماہی میں آپ کی کمپنی کی کارکردگی کا مختصر جائزہ پیش کرتا ہوں۔

دسمبر 2023ء کو ختم ہونے والی پہلی سہ ماہی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

31 دسمبر 2022	31 دسمبر 2023	
روپے '000	روپے '000	
2,517,047	2,827,469	مقامی فروخت - مجموعی
(122,305)	86,417	قبل از ٹیکس منافع (تقصان)
350,077	10,773	ایسوسی ایٹ سے منافع کا حصہ - نیٹ
227,772	97,190	قبل از ٹیکس منافع
(27,399)	(30,343)	منفی: ٹیکس
200,373	66,847	بعد از ٹیکس منافع
8.01	2.67	فی شیئر آمدنی

اس عرصے کے دوران مجموعی فروخت 2.857 ارب روپے رہی جو 2.517 ارب روپے کے مقابلے میں 12 فیصد زیادہ ہے۔ اس اضافے کی بنیادی وجہ فروخت کے حجم میں 37 فیصد کمی کے باوجود ریفاائنڈ چینی کی فروخت کی قیمت میں نمایاں بہتری ہے۔ گزشتہ سیزن 2022-23 کے مقابلے میں رواں کرشنگ سیزن 2023-24 کے آغاز سے مولاسس کی حجم میں اضافہ ہوا ہے اور قیمتوں میں بہتری کے ساتھ مجموعی فروخت میں بھی اضافہ ہوا ہے۔

ریفاائنڈ چینی کی پیداواری لاگت میں اضافے میں کئی عوامل کا کردار ہے، جیسے گنے کی قیمتوں میں تیزی سے اضافہ، مزدور کی کم از کم اجرت میں اضافہ اور کیمیکل اور مشینری کے اسپینر پارٹس کی زیادہ قیمت۔ یہ چینی کے شعبے کے لیے ایک چیلنجنگ منظر نامہ ہے، جس میں ریفاائنڈ چینی کی موجودہ مقامی قیمتوں میں نمایاں کمی کی وجہ سے اضافہ ہوا ہے۔ تاہم، پچھلے سال کی کیری فارورڈ انونیٹری نے بنیادی طور پر مجموعی منافع میں حصہ ڈالا ہے، اگرچہ مجموعی مارجن کا بڑا حصہ اوسط لاگت کی وجہ سے اگلی سہ ماہی منتقل ہو گیا۔

فنانس کی لاگت میں 7 فیصد اضافہ ہوا، یہاں تک کہ موجودہ سیزن بھی پچھلے سیزن کے مقابلے میں 18 دن پہلے شروع ہوا اور بلند افراط زر کی شرح کی وجہ سے انتظامی لاگت میں 22 فیصد اضافہ ہوا جس نے ہمارے خالص منافع کو کم کر دیا ہے۔ یوٹول لمیٹڈ نے صرف 32.3 ملین روپے کا معمولی منافع ظاہر کیا، جس میں سے ہمارے 10.773 ملین روپے کے منافع کے حصص کی عکاسی ایسوسی ایٹ سے منافع کا حصہ - نیٹ میں ہوئی ہے۔

رواں سیزن 2023-24 کے لیے حکومت سندھ نے گنے کی کم از کم امدادی قیمت 425 روپے فی من مقرر کی ہے جو گزشتہ سیزن کے مقابلے میں 123 روپے زیادہ ہے۔ موجودہ قیمت گزشتہ سیزن 2022-23 کے مقابلے میں 41 فیصد اضافہ ہے اور 2021-22 کی شرح 250 روپے فی من کے مقابلے میں 70 فیصد زیادہ ہے۔


ہماری ملوں نے 10 نومبر 2023 کو کرشنگ کا آغاز کیا جو گزشتہ سیزن کے آغاز کی تاریخ 28 نومبر 2022 سے 18 دن پہلے ہے اور اللہ کے فضل و کرم سے اس کی کارکردگی کافی تسلی بخش ہے؛ رپورٹنگ کی تاریخ تک 450,098 میٹرک ٹن گنے کو کرش کر کے 42,840 میٹرک ٹن ریفاائنڈ چینی پیدا کی جس کی اوسط وصولی 10.021 فیصد تھی۔ ملک کی شوگر ملز زور و شور سے چل رہی ہیں اور اب تک گنے کی ایک بڑی مقدار کو کرش کر چکی ہیں۔ تاہم رواں سیزن میں گنے کی کم دستیابی کا تخمینہ لگایا گیا ہے اور ابتدائی تخمینے کے مطابق 2023-24 میں ملک میں ریفاائنڈ چینی کی پیداوار تقریباً 6.4 ملین ٹن رہنے کی پیش گوئی کی گئی ہے۔

**FARAN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT DECEMBER 31, 2023**

<b>ASSETS</b>	<i>Note</i>	<b>Un-Audited Dec-2023</b>	<b>Audited Sep-2023</b>
		----- Rupees -----	
<b>Non-current assets</b>			
Property, plant and equipment	5	<b>3,045,026,919</b>	2,987,763,424
Long term investments	6	<b>1,820,000,763</b>	1,808,758,066
Long term advances		<b>7,661,736</b>	44,209,190
Long term deposits		<b>16,892,151</b>	13,632,391
		<b>4,889,581,569</b>	4,854,363,071
<b>Current assets</b>			
Stores and spares		<b>207,314,902</b>	172,797,045
Stock in trade		<b>5,049,659,345</b>	1,693,997,261
Trade debts		<b>174,025,427</b>	360,941,863
Short term investments		<b>5,942,791</b>	5,507,278
Loans, advances, deposits, prepayments and other receivables		<b>618,635,079</b>	615,541,921
Taxation - net		<b>10,801,011</b>	5,488,082
Cash and bank balances		<b>153,178,727</b>	105,178,894
		<b>6,219,557,282</b>	2,959,452,344
<b>Total assets</b>		<b>11,109,138,850</b>	7,813,815,415
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital		<b>400,000,000</b>	400,000,000
Issued, subscribed and paid up capital		<b>250,069,550</b>	250,069,550
<b>Capital reserve</b>			
Share premium		<b>8,472,152</b>	8,472,152
Surplus on re-measurement of investment		<b>1,416,667</b>	946,970
		<b>9,888,819</b>	9,419,122
<b>Revenue reserves</b>			
Unappropriated profit		<b>2,808,384,053</b>	2,741,537,043
		<b>3,068,342,422</b>	3,001,025,715
<b>Non-current liabilities</b>			
Long term borrowings from banking companies		<b>539,022,710</b>	572,284,960
Deferred liabilities		<b>493,277,665</b>	496,849,547
		<b>1,032,300,375</b>	1,069,134,507
<b>Current liabilities</b>			
Trade and other payables		<b>2,108,417,035</b>	2,064,248,657
Accrued mark up		<b>75,959,844</b>	119,486,474
Current portion of long term finance		<b>360,708,961</b>	413,366,395
Unclaimed dividend		<b>8,833,713</b>	8,833,714
Short term borrowing from banking companies	7	<b>4,454,576,500</b>	1,137,719,953
		<b>7,008,496,053</b>	3,743,655,193
<b>Contingency and commitment</b>	8		
<b>Total equity and liabilities</b>		<b>11,109,138,850</b>	7,813,815,415

  
Ahmed Ali Bawany  
Chief Executive Officer

  
Muhammad Omar Bawany  
Chairman

  
Muhammad Ayub  
Chief Financial Officer


**FARAN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED DECEMBER 31, 2023**

	Quarter Ended	
	Dec 31, 2023	Dec 31, 2022
	----- Rupees -----	
Turnover - net	2,454,471,978	2,191,367,050
Cost of sales	(2,177,785,456)	(2,124,592,693)
Gross profit	<u>276,686,522</u>	<u>66,774,357</u>
Administrative expenses	<u>(59,831,558)</u>	<u>(48,651,457)</u>
Selling and distribution costs	<u>(15,607,124)</u>	<u>(32,898,300)</u>
	<u>(75,438,682)</u>	<u>(81,549,757)</u>
Operating profit/ (loss)	<u>201,247,840</u>	<u>(14,775,400)</u>
Other income	<u>20,556,270</u>	<u>13,380,868</u>
Other expenses	<u>(6,524,695)</u>	<u>(203,438)</u>
	<u>14,031,575</u>	<u>13,177,431</u>
	<u>215,279,416</u>	<u>(1,597,969)</u>
Finance costs	<u>(128,862,447)</u>	<u>(120,707,597)</u>
	<u>86,416,969</u>	<u>(122,305,567)</u>
Share of profit from equity accounted investments	10,773,000	350,077,333
Profit before taxation	<u>97,189,969</u>	<u>227,771,767</u>
Taxation	<u>(30,342,959)</u>	<u>(27,399,073)</u>
<b>Profit after taxation</b>	<u><u>66,847,010</u></u>	<u><u>200,372,694</u></u>
<b>Earnings per share - basic and diluted</b>	<u><u>2.67</u></u>	<u><u>8.01</u></u>

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

  
 Ahmed Ali Bawany  
 Chief Executive Officer

  
 Muhammad Omar Bawany  
 Chairman

  
 Muhammad Ayub  
 Chief Financial Officer



**FARAN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED DECEMBER 31, 2023**

	Quarter Ended	
	Dec 31, 2023	Dec 31, 2022
	----- Rupees -----	
Profit after taxation	<b>66,847,010</b>	200,372,694
<b>Other comprehensive Income</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Unrealised gain/ (loss) on re-measurement of investment in certificates of B.F. Modaraba	<b>469,697</b>	(939,394)
<b>Total comprehensive income for the period</b>	<b><u>67,316,707</u></b>	<b><u>199,433,300</u></b>

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

  
Ahmed Ali Bawany  
Chief Executive Officer

  
Muhammad Omar Bawany  
Chairman

  
Muhammad Ayub  
Chief Financial Officer

**FARAN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED DEC 31, 2023**

	Issued, subscribed and paid up capital	Capital reserves	Revenue reserves		Total
		Share premium	Unappropriated profits	Surplus on re- measurement of investment	
----- (Rupees) -----					
<b>Balance as at October 1, 2022</b>	<b>250,069,550</b>	<b>8,472,152</b>	<b>1,521,510,706</b>	<b>665,152</b>	<b>1,780,717,560</b>
<i>Total comprehensive income for the quarter ended Dec 31, 2022</i>					
- Profit after taxation	-	-	200,372,694	-	200,372,694
- Other comprehensive (loss)	-	-	-	(939,394)	(939,394)
	-	-	200,372,694	(939,394)	199,433,300
<b>Balance as at Dec 31, 2022</b>	<b>250,069,550</b>	<b>8,472,152</b>	<b>1,721,883,400</b>	<b>(274,243)</b>	<b>1,980,150,860</b>
<i>Total comprehensive income for the period ended September 30, 2023</i>					
- Loss after taxation	-	-	1,019,653,642	-	1,019,653,642
- Other comprehensive income	-	-	-	1,221,213	1,221,213
	-	-	1,019,653,642	1,221,213	1,020,874,855
<b>Balance as at September 30, 2023</b>	<b>250,069,550</b>	<b>8,472,152</b>	<b>2,741,537,043</b>	<b>946,970</b>	<b>3,001,025,715</b>
<b>Balance as at October 1, 2023</b>	250,069,550	8,472,152	2,741,537,043	946,970	3,001,025,715
<i>Total comprehensive income for the quarter ended Dec 31, 2023</i>					
- Profit after taxation	-	-	66,847,010	-	66,847,010
- Other comprehensive income	-	-	-	469,697	469,697
	-	-	66,847,010	469,697	67,316,707
<b>Balance as at Dec 31, 2023</b>	<b>250,069,550</b>	<b>8,472,152</b>	<b>2,808,384,053</b>	<b>1,416,667</b>	<b>3,068,342,422</b>

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

  
 Ahmed Ali Bawany  
 Chief Executive Officer

  
 Muhammad Omar Bawany  
 Chairman

  
 Muhammad Ayub  
 Chief Financial Officer


**FARAN SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE QUARTER ENDED DEC 31, 2023**

	Quarter Ended	
	Dec 31, 2023	Dec 31, 2022
Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	97,189,969	227,771,767
<i>Adjustments for:</i>		
Depreciation	42,246,925	37,069,137
Share in profit from equity accounted investments	(10,773,000)	(350,077,333)
Dividend income	(8,000)	(46,250)
Finance costs	128,862,447	120,707,597
Gain on disposal of property, plant and equipment	(26,220)	-
(Gain)/ Loss on re-measurement of investments carried at fair value	(435,411)	63,054
	<u>159,866,741</u>	<u>(192,283,796)</u>
	<b>257,056,710</b>	35,487,971
<b>Working capital changes</b>		
Increase in stores and spares	(34,517,857)	(74,435,121)
Increase in stock in trade	(3,355,662,084)	(506,730,579)
Decrease/ (Increase) in trade debts	186,916,436	(41,890,922)
(Increase)/ decrease in loans, advances, deposits, prepayments and other receivables	(3,093,158)	7,733,739
Increase in trade and other payables	40,596,496	881,072,907
	<u>(3,165,760,167)</u>	<u>265,750,024</u>
Cash (used in)/ generated from operating activities	(2,908,703,457)	301,237,995
Taxes paid	(35,655,888)	(27,907,314)
Finance cost paid	(172,389,076)	(235,481,710)
Net cash (used in)/ generated from operating activities	<b>(3,116,748,421)</b>	37,848,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(99,657,124)	(38,535,462)
Proceeds from sale of fixed assets	172,820	-
Long term advances made	36,547,454	(45,807,945)
Dividend received	8,000	46,250
Long term deposits - net	(3,259,760)	-
Net cash used in investing activities	<b>(66,188,610)</b>	(84,297,157)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans - net	(85,919,684)	(45,459,084)
Short term finance - net	3,281,856,546	79,518,614
Net cash generated from financing activities	3,195,936,862	34,059,530
<b>Net decrease in cash and cash equivalents</b>	<b>12,999,832</b>	(12,388,655)
Cash and cash equivalents at the beginning of the year	105,178,894	132,674,392
<b>Cash and cash equivalents at the end of the year</b>	<b>118,178,726</b>	120,285,737
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	7 153,178,727	120,285,737
Short term running Musharika finance	(35,000,001)	-
	<b>118,178,726</b>	120,285,737

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

  
 Ahmed Ali Bawany  
 Chief Executive Officer

  
 Muhammad Omar Bawany  
 Chairman

  
 Muhammad Ayub  
 Chief Financial Officer

**FARAN SUGAR MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED DEC 31, 2023**

**1 STATUS AND NATURE OF BUSINESS**

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

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

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

**1.1 SEASONALITY OF OPERATIONS**

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

The condensed interim financial information are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange. The condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan. The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2023.

The comparative condensed balance sheet, presented in this condensed interim financial information, as at December 31, 2023 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2023 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the quarter ended December 31, 2023 have been extracted from the condensed interim financial information for the quarter ended December 31, 2022.

**2.2 FUNCTIONAL AND PRESENTATION CURRENCY**

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

**3 SIGNIFICANT ACCOUNTING POLICIES**

These interim financial information have been prepared using the same accounting convention, basis of preparation and significant accounting policies as those applied in the preparation of the audited financial statements for the year ended September 30, 2023.

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

#### 4 ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended September 30, 2023.

		Un-Audited Dec 31, 2023	Audited Sep 30, 2023
	Note	Rupees	
<b>5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating Fixed Assets	5.1	2,924,750,718	2,953,884,743
Capital Work in Progress		120,276,201	33,878,681
		<u>3,045,026,919</u>	<u>2,987,763,424</u>
<b>5.1</b>	<b>Operating Fixed Assets</b>		
Opening WDV		2,953,884,743	2,663,270,005
Additions to fixed asset during the period			
Plant and machinery		-	370,088,094
Office and mill equipment		25,000	49,654,192
Vehicles		13,234,500	34,145,900
		13,259,500	453,888,186
Disposals		(146,600)	(3,785,067)
Depreciation for the period		(42,246,925)	(159,488,381)
		<u>2,924,750,718</u>	<u>2,953,884,743</u>
<b>6</b>	<b>LONG TERM INVESTMENTS</b>		
Equity accounted investment in Associates	6.1	1,814,734,127	1,803,961,126
Available for sale investments		5,166,666	4,696,970
Investment in subsidiary company		99,970	99,970
		1,820,000,763	1,808,758,066
<b>6.1</b>	<b>Equity accounted investments</b>		
Unicol Limited		1,793,947,161	1,783,174,159
Uni Energy Limited	6.1.1	20,786,967	20,786,967
		1,814,734,127	1,803,961,126
<b>6.1.1</b>	Carrying amounts of these equity accounted investees are adjusted on the basis of share of profit of their un-audited financial statements for the year ended upto Sep 30, 2023		
<b>7</b>	<b>SHORT TERM FINANCE - SECURED</b>		

This represents the availed amount of Islamic finance facilities provided by various banks. As at the reporting date, the aggregate limit of these available finances amounted to Rs. 6,400 million (Sep 2023: Rs. 5,550 million). These finances are secured against pledge of refined sugar and first pari passu charge on fixed assets of the Company including land, building and plant & machinery carrying profit at the rate of KIBOR + 0.50% to 1% per annum (Sep 2022: KIBOR + 0.50% to 1% per annum).

## 8 CONTINGENCIES AND COMMITMENTS

### Contingencies

8.1 There is no material change in the contingencies as disclosed in the published annual financial statement for the year ended September 30, 2023

### Commitments

8.2 There is no material change in the commitments as disclosed in the published annual financial statement for the year ended September 30, 2023

## 9 RELATED PARTY TRANSACTIONS

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

Transactions with Associate	Quarter Ended	
	31-Dec-23	31-Dec-22
	----- Rupees -----	
Share of profit in associates - net of tax	10,773,000	350,077,333
Sale of goods	587,879,744	308,777,488
<b>Transactions with other related parties</b>		
Insurance premium	9,600,000	7,200,000
Sale of goods	4,931,795	-
Provident fund contribution	1,790,763	1,473,393

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

Balances with related parties at the end of the period are as follows:	As at	
	31-Dec-23	30-Sep-23
	----- Rupees -----	
Due from Associate	138,301,063	2,022,226

## 10 FINANCIAL RISK MANAGEMENT

The companies financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended September 30, 2023.

## 11 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the company at there meeting held on January 26, 2024.


## 12 GENERAL

- Figure have been rounded off to the nearest rupee.

- Figures, including comparatives, have been re-arranged and reclassified wherever necessary

  
Ahmed Ali Bawany  
Chief Executive Officer

  
Muhammad Omar Bawany  
Chairman

  
Muhammad Ayub  
Chief Financial Officer



**FARAN SUGAR MILLS LTD.**

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