

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, 2024 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, 2024.

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Further, we highlight below the instances of non-compliance made by the Company with certain requirements of the Code as stated in paragraph no. 19 of the Statement of Compliance:

S. No.	Nature of Requirement	Paragraph No.	Description of the Non-Compliance
1	Explanation for non-compliance is required	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.
2	Explanation for non-compliance is required	19	<p>As per the Regulation 10A, the Board is responsible for governance and oversight of sustainability risks and opportunities and, for this purpose, is required / encouraged to take a number of measures including, in particular, implementation of policies to promote diversity, equity and inclusion (DE&I); taking steps to proactively understand and address the principal as well as emerging sustainability risks and opportunities; ensuring that the Company's sustainability and DE&I related strategies, priorities and targets as well as performance against these targets are periodically reviewed and monitored; and establishment of dedicated sustainability committee having at least one female director, or assignment of additional responsibilities to an existing board committee.</p> <p>In light of the recent requirements introduced through S.R.O. 920(I)/2024 dated June 12, 2024, the Board intends to evaluate the establishment of a dedicated Sustainability Committee or the delegation of sustainability-related responsibilities to an existing Board Committee. This matter will be addressed following the reconstitution of the Board, which is scheduled for March 2025.</p>
3	Explanation for non-compliance is required	19	As per the Regulation no. 29 & 30 of the Regulations, the Board may constitute a separate committee, designated as the Nomination Committee & Risk Management Committee, of such number and class of directors, as it may deem appropriate in the circumstances.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi
Date: January 02, 2025
UDIN: CR202410210TsDzgJEk

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, 2024), 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

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

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	<i>Chairman</i>
Mr. Mohammed Omar Amin Bawany	<i>Member</i>
Mr. Irfan Zakaria Bawany	<i>Member</i>

HR and Remuneration Committee

Mr. Ahmed Ghulam Hussain	<i>Chairman</i>
Mr. Mohammed Omar Amin Bawany	<i>Member</i>
Mr. Ahmed Ali Bawany	<i>Member</i>

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

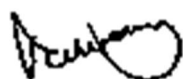
STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

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.
- As per the Regulation 10A, the Board is responsible for governance and oversight of sustainability risks and opportunities and, for this purpose, is required / encouraged to take a number of measures including, in particular, implementation of policies to promote diversity, equity and inclusion (DE&I); taking steps to proactively understand and address the principal as well as emerging sustainability risks and opportunities; ensuring that the Company's sustainability and DE&I related strategies, priorities and targets as well as performance against these targets are periodically reviewed and monitored; and establishment of dedicated sustainability committee having at least one female director, or assignment of additional responsibilities to an existing board committee. Since the said requirements have been recently introduced vide S.R.O. 920 (I)/2024 dated June 12, 2024, as of the reporting date, the board will comply with the aforesaid regulation following the reconstitution of the Board, which is scheduled in March 2025.
- As per the Regulation no. 29 & 30 of the Regulations, the Board may constitute separate committees, designated as the Nomination Committee & Risk Management Committee, of such number and class of directors, as it may deem appropriate in the circumstances. However, Company has not established separate Nomination and Risk Management Committees. The Company believes that the responsibilities of these committees are being effectively managed by the HR&R Committee and senior management.

On behalf of the Board



MUHAMMAD OMAR BAWANY

Chairman of the Board of Directors