

INDEPENDENT AUDITOR'S REVIEW REPORT

To The Members of Faran Sugar Mills Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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, 2025 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, 2025.

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	Mandatory	7	In accordance with section 176(3) of the Companies Act, 2017, the Board of a public company is required to meet at least once in each quarter. However, the Board meeting for the first quarter ended December 31, 2024 was not held within the prescribed quarter.

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S. No.	Nature of Requirement	Paragraph No.	Description of the Non-Compliance
2	Explanation for non-compliance is required (Non-Mandatory)	9	<p>As per Regulation 19, it is encouraged that all directors serving on the Board obtain the prescribed certification under a Directors' Training Program offered by institutions, whether local or foreign, that meet the criteria specified and approved by the Commission. A newly appointed director may obtain the certification within one year from the date of appointment to the Board.</p> <p>To date, five directors have successfully completed the Directors' Training Program. Two directors, Mr. Muhammad Omar Amin Bawany and Mr. Dawood E. Bawany, meet the criteria for exemption from the Directors' Training Program. The remaining directors, Mr. Muhammad Altamash Ahmed Bawany and Mr. Ahmed Ghulamhussain, had not obtained certification under the Directors' Training Program as at the reporting date and are expected to complete the required training in the near future.</p>
3	Mandatory	14	<p>As per Regulation 27(2), the Audit Committee of a company is required to meet at least once in every quarter of the financial year. Such meetings are to be held prior to the approval of interim results by the Board and after completion of the external audit. However, no meeting of the Audit Committee was held during the first quarter ended December 31, 2024.</p>
4	Explanation for non-compliance is required	19	<p>As per the proviso to Regulation 24 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the same individual shall not simultaneously hold the offices of Chief Financial Officer and Company Secretary.</p> <p>As stated in Clause 19 of the Statement of Compliance, management is of the view that, considering the volume and nature of the Company's transactions and its corporate structure, the positions of Chief Financial Officer and Company Secretary have not been segregated. The Company may, however, segregate the duties of the two offices should the need arise in the future.</p>

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S. No.	Nature of Requirement	Paragraph No.	Description of the Non-Compliance
5	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>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 in the following financial year.</p>


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: January 5, 2026
UDIN: CR2025102107QLoTfxlu

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	Name
Independent Directors	Mr. Ahmed Ghulamhussain
	Ms. Tasneem Yusuf
	Mr. Khurram Aftab
Non-Executive Directors	Mr. Muhammad Omar Amin Bawany
	Mr. Mohammad Altamash Ahmed Bawany
	Mr. Irfan Zakaria
	Mr. Dawood E. Bawany
Executive Directors	Mr. Ahmed Ali Bawany
	Mr. Bilal Omar Bawany
Female Directors	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 the meetings of the Board. Except for the Board meeting for the first quarter ended December 31, 2024, which was held on January 2, 2025.

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

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

9. Up to the date of reporting period (i.e. September 30, 2025), following Directors have attained Directors training program:

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

Two Directors Mr. Muhammed Omar Amin Bawany and Mr. Dawood E. Bawany, meets the criteria of exemption from Directors Training Program. The remaining directors, Mr. Muhammad Altamash Ahmed Bawany and Mr. Ahmed Ghulamhussain, had not obtained certification under the Directors' Training Program as at the reporting date. These directors are expected to obtain the required certification in accordance with the applicable 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 Ghulamhussain	Chairman
Mr. Muhammad Omar Amin Bawany	Member
Mr. Irfan Zakaria	Member

HR Remuneration Committee

Mr. Ahmed Ghulamhussain	Chairman
Mr. Muhammad Omar Amin Bawany	Member
Mr. Ahmed Ali Bawany	Member

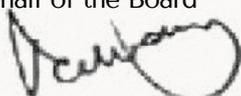
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per following:
- i. Audit Committee
- Four meetings were held during the financial year ended September 30, 2025. However, meeting for the Oct - Dec 2024 was held on January 2, 2025.
- 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;

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

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.
 - 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 financial year.
 - 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



MOHAMMAD OMAR AMIN BAWANY
Chairman