

# TANDLIANWALA SUGAR MILLS LTD.



ANNUAL  
REPORT

2021

# 33<sup>rd</sup> Annual Report

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## COMPANY INFORMATION

<b>Board of Directors</b>	Mr. Ghazi Khan Mr. Akbar Khan Mr. Haroon Khan Mr. Humayun Akhtar Khan Mrs. Rasheeda Begum Mrs. Mobina Akbar Khan Mr. Tahir Farooq Malik	(Chairman) (Chief Executive)
<b>Company Secretary and Chief Financial Officer</b>	Mr. Ahmad Jehanzeb Khan	
<b>Bankers</b>	<b>Conventional</b> National Bank of Pakistan MCB Bank Limited United Bank Limited Allied Bank Limited Habib Bank Limited The Bank of Punjab Soneri Bank limited Sindh Bank Limited Bank Alfalah Limited Faysal Bank Limited	<b>Conventional</b> Meezan Bank Limited Askari Bank Limited Summit Bank Limited Samba Bank Limited The Bank of Khyber Pair Investment Company Ltd. Pak Oman Investment Co Ltd. Pak Libya Holding Co (Pvt) Ltd <b>Islamic</b> Dubai Islamic Bank Al-Baraka Bank (Pakistan) Ltd.
<b>Legal Advisors</b>	1- Bandial & Associates 35-A, Luqman Street, Zahur Afridi Road, Lahore Cantt.	2- Ali Sibtain Fazli & Associates Mall Mansion 30 The Mall, Lahore.
<b>Audit Committee</b>	Mr. Humayun Akhtar Khan Mr. Ghazi Khan Mr. Tahir Farooq Malik Mr. Khalid Siddique	Chairman Member Member Secretary
<b>Auditors</b>	UHY Hassan Naeem & Co. Chartered Accountants	
<b>Share Registrars</b>	Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore	
<b>Mills:</b>		
<b>Unit 1</b>	Kanjwani, Tehsil Tandlianwala District, Faisalabad	
<b>Unit 2</b>	Taunsa Road, Indus Highway District, Dera Ismail Khan	
<b>Unit 3</b>	Shah Jamal Road, District, Muzaffargarh	
<b>Distillery:</b>		
<b>Unit 1</b>	Kanjwani, Tehsil Tandlianwala District, Faisalabad	
<b>Unit 2</b>	Shah Jamal Road, District, Muzaffargarh	
<b>Top Gas:</b>	Kanjwani, Tehsil Tandlianwala District, Faisalabad	
<b>Registered &amp; Corporate Office:</b>	66-L, Gulberg-II, Lahore-54000, Pakistan PABX: 042-35712901, 35763115, 35754701, 35761124 Fax: 042-35710929, 35710605 Email: tsmlho@tsmlgroup.com Website: www.tsmlgroup.com	



### CORPORATE VISION, MISSION & STRATEGY

#### **Vision**

- To be a Company that continuously enhances its superior technological competence amongst the most efficient and lowest cost procedures in the industry;
- Through enhancing quality of life and contributing to have a healthier future, We aim to deliver sustainable, industry – leading financial performance and earn trust;
- The company aims to produce high quality diversified finished goods at competitive price and to ensure a safe, melodic and challenging working environment for the employees.

#### **Mission**

- The Company should ensure a secure & rewarding investment to the shareholders and investors, quality products to its customers, a secure, harmonious and friendly environment to its employees and be a ethical partner with its stakeholders;
- To be a leader in the market, a world class organization by providing competitive quality products and superior services to our customers, while learning from their high standard oriented feedback for our products;
- Improve on contemporary measures including cost, quality, service, speed of delivery and mobilization by optimizing the long term returns and growth of the business.

#### **Strategy**

- To be a Company that attracts and retains outstanding people by creating a fosters openness and cultural innovations that promotes individual growth and reward oriented performances;
- To produce a high quality white crystalline sugar by using of highest international standards;
- To grow our base business in sugar and build those related activities where there is opportunity to smooth the impact of sugar price cycles;
- To offer an equal and fair growth opportunities to all employees;
- Ensure to make investments on sugarcane growers in order to have regular supply of profitable sugarcane, in addition to establish a high standard corporate sugarcane farming;
- We provide care through empathy, fairness, trust and support for community in which we exist. We always are conscious for the impact of our activities on our surrounded environment.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that thirty three Annual General Meeting of the Shareholders of the Company will be held on Friday August 05, 2022 at 10:00 A.M. at Chandni Banquet Halls 43-N, Gulberg-III, Lahore to transact the following business:

1. To confirm the minutes of Annual General Meeting of the Company held on February 27, 2021.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2021 together with Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year 2021-2022 and fix their remuneration. The present Auditors M/s UHY Hassan Naeem & Co. Chartered Accountants, retire and being eligible have offered themselves for reappointment.
4. To transact any other ordinary business with the permission of the Chair.

Lahore: July 13, 2022.

By order of the Board

Ahmad Jehanzeb Khan  
Company Secretary

**NOTES:**

1. The Share Transfer Books of the Company will remain closed from 29-07-2022 to 05-08-2022 (both days inclusive) for entitlement, attending and voting at Annual General Meeting. Physical Transfers/CDS Transactions IDS received in order in all respects at the close of the Business on 28-07-2022 at the Company's Share Registrar M/s Corplink (Pvt) Ltd, Wing Arcade, 1-K Commercial Area Model Town Lahore attending of the meeting.
2. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote on his/her behalf, Forms of Proxy to be valid must be properly fitted in/executed and received at the Registered Office of the Company at 66-L, Gulberg-II, Lahore, at least 48 hours before the time of this meeting.
3. Members are requested to provide by mail or email, photocopy of their CNIC and their email address to enable the Company to comply with the relevant laws.
4. In accordance with the provision of Section 242 of the Act, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In order to

receive dividends directly into bank account, members are requested to complete the particulars in e-Credit Dividend Mandate Form.

5. Members are advised to ensure that they have provided valid Zakat declaration under Zakat & Usher Ordinance, 1980 (for Zakat exemption) to their respective Participant/CDC Investor Account Services/Company's Share Registrar.
6. Members holding shares in physical form are encouraged to convert their physical shares into Book Entry Form (CDC) pursuant to the requirements of Section 72 of the Act.
7. The financial statements of the Company for the financial year ended on September 30, 2021 will also be up-loaded on Company's website.
8. Members are advised to promptly notify change in their postal address, if any, to the Company's Share Registrar.



## نوٹس سالانہ اجلاس عام

درج ذیل کاروباری امور کی انجام دہی کیلئے کمپنی کے شیئرز ہولڈرز کا 33 واں سالانہ اجلاس عام چاندنی بینک ٹاؤن ہاؤس 43 گلبرگ-iii میں مورخہ 05 اگست 2022ء بوقت 10:00 بجے منعقد ہوگا۔

- 1- مورخہ 27 فروری 2021ء کو کمپنی کے سالانہ اجلاس عام کے نکات کی توثیق
- 2- کمپنی کے مالیاتی گوشواروں برائے اختتام سال 30 ستمبر 2021ء کی ڈائریکٹرز اور آڈیٹرز کی رپورٹس کیساتھ وصولی، غور و خاص اور منظوری
- 3- سال 2021-2022ء کیلئے آڈیٹرز کی تعیناتی اور ان کے مشاہرہ کا تعین (موجودہ آڈیٹرز میسرز یو ایچ و اے حسن نعیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، جو کہ ریٹائر ہو چکے ہیں نے اہل ہونے کے ناطے اپنی دوبارہ تعیناتی کیلئے درخواست دائر کی ہے)
- 4- چیئرمین کی اجازت سے کسی دیگر کاروباری امور کی انجام دہی

لاہور

بحکم بورڈ

13 جولائی 2022ء

احمد جہانزیب خان

کمپنی سیکرٹری

نوٹس:

- 1- سالانہ اجلاس عام میں نامزدگی، شمولیت اور ووٹ ڈالنے کے مقصد کے تحت کمپنی کی شیئرز ٹرانسفر بکس مورخہ 29 جولائی 2022ء تا 05 اگست 2022ء (بشمول دونوں دن) بند رہیں گی۔ اجلاس میں شرکت کیلئے فزیکل ٹرانسفر/سی ڈی ایس ٹرانزیکشنز مورخہ 28 جولائی 2022ء کو اختتام پذیر ہونے والے کاروباری اوقات میں کمپنی کے شیئرز رجسٹر میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگ آر کیڈ، 1- کلو میٹر کمرشل ایریا ماڈل ٹاؤن، لاہور کے پاس بہر صورت پہنچ جانی چاہئیں۔
- 2- اس اجلاس میں شمولیت کیلئے نامزد ممبر اپنی جگہ بطور پرائیویٹ کسی دیگر فرد کو بھی تعینات کر سکتا/سکتی ہے۔ ہر لحاظ سے مکمل پُر شدہ مستند پرائیویٹ فارم کمپنی کے رجسٹرڈ آفس واقع 66- ایل گلبرگ-III لاہور میں اجلاس ہذا کے انعقاد سے 48 گھنٹے قبل تک وصول کئے جائیں گے۔
- 3- ممبران کو متعلقہ قوانین کے تحت اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی اور ای میل ایڈریس بذریعہ ڈاک یا ای میل کمپنی کو مہیا کرنا ہوگا۔
- 4- بحریہ قانون کی شق 242 کے تحت منظور شدہ کمپنی کیلئے لازمی ہے کہ وہ فہرست میں شامل شیئرز ہولڈرز کو کیش ڈیویڈنڈ صرف الیکٹرانک طریقے کار کے ذریعے براہ راست اُن کے بینک اکاؤنٹس میں ارسال کریں۔ ڈیویڈنڈ براہ راست اپنے بینک اکاؤنٹ میں وصول کرنے کیلئے ممبران سے درخواست کی جاتی ہے کہ وہ کریڈٹ ڈیویڈنڈ مینڈیٹ فارم کے اندر دیئے جانے والی تمام تصریحات کو مکمل کریں۔
- 5- ممبران کو ہدایت کی جاتی ہے کہ وہ زکوٰۃ و عشر آؤٹس 1980ء کے تحت زکوٰۃ ادا کیلئے سے استثنیٰ ہونے سے متعلق مستند اقرار نامہ اپنے معزز شریک/سی ڈی سی انوسٹر اکاؤنٹ سرورسز/کمپنی کے شیئرز رجسٹر کو مہیا کریں۔
- 6- بحریہ قانون کی شق 72 کے تحت فزیکل شیئرز ہولڈرز کو اپنے فزیکل شیئرز بک اینٹری کی نوعیت (سی ڈی سی) میں تبدیل کرنے پر سہا ہا جائے گا۔
- 7- کمپنی کے مالی گوشوارے برائے اختتام مالی سال 30 ستمبر 2021ء کمپنی کی ویب سائٹ پر بھی اپ لوڈ کئے جائیں گے۔
- 8- ممبران سے درخواست ہے کہ وہ اپنے ڈاک کے پتے میں کسی قسم کی تبدیلی کی صورت میں فوراً کمپنی کے شیئرز رجسٹر کو آگاہ کریں۔

**REVIEW REPORT BY THE CHAIRMAN**

It gives me immense pleasure to present this report to the Shareholders of M/s. Tandlianwala Sugar Mills Limited pertaining to the overall performance of the Board and the effectiveness of its role in attaining the Company's aims and objectives.

The Company complies with all the requirements set out in the Companies Act, 2017 ("the Act") and the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under Regulations, an annual evaluation of the Board of the Directors ("the Board") of the Company is carried out.

The Company has implemented a strong governance framework supportive of an effective and prudent management of business matters, which is regarded as instrumental in achieving long-term success of the company. During the year, the Board Committees continued to work with a great measure of proficiency. The Board as a whole has reviewed the Annual Report and Financial Statements, and is pleased to confirm that in its view the report and financial statements, taken as a whole, are fair, balanced, and understandable.

The Board carries out a review of its effectiveness and performance each year on a self-assessment basis. The Board Performance assessment for the year was based on an evaluation of the integral components i.e. Strategic Planning, Board Composition, Board Committees, Board Procedures, Board Interactions, Board and CEO's Compensation, Board Information and Board & CEO's Effectiveness.

The Board of Directors of the company received agendas and supporting written material including follow up materials in sufficient time prior to the Board and its Committee meetings. The Board meets frequently enough to adequately discharge its responsibilities. The Non-Executive and Independent Directors are equally involved in important decisions. The Board has effectively set the tone at the top, by putting in place a transparent and robust system of governance.

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**Ghazi Khan**  
Chairman

July 13, 2022



## چیئر مین کی جانب سے رپورٹ پر نظر ثانی

مجھے، میسرز تاندلیانوالہ شوگر ملز لمیٹڈ کے حصص داران کے سامنے بورڈ کی مجموعی کارکردگی اور کمپنی کے اغراض و مقاصد حاصل کرنے کیلئے بورڈ کی کارکردگی کی اتر انگیزی پر مبنی یہ رپورٹ پیش کرتے ہوئی خوشی محسوس ہو رہی ہے۔

کمپنی، تشکیل، طریقہ کار، بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاس کے حوالے سے کمپنیز ایکٹ، 2017 ("ایکٹ") اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 ("ریگولیشنز") کے تمام تقاضوں کی تعمیل کرتی ہے۔ اس کے علاوہ لاگوضوابط کے تحت، کمپنی کے بورڈ آف ڈائریکٹرز ("بورڈ") کا سالانہ جائزہ لیا جاتا ہے۔

کمپنی نے طویل مدتی کامیابی حاصل کرنے میں اہم کردار کے طور پر ایک مضبوط گورننس فریم ورک لاگو کیا ہے جس میں کاروباری معاملات کے موثر اور محتاط انتظام کی حمایت کی گئی۔ سال بھر کے دوران بورڈ کی کمیٹیاں بڑی مہارت کے ساتھ کام کرتی رہیں۔ بورڈ نے مجموعی طور پر سالانہ رپورٹ اور مالیاتی گوشواروں کا جائزہ لیا ہے، اور ہمیں اس بات کی تصدیق کرتے ہوئے خوشی ہو رہی ہے کہ اس کی نظر میں رپورٹ اور مالی بیانات، مجموعی طور پر، منصفانہ، متوازن اور قابل فہم ہیں۔

بورڈ ہر سال خود تشخیصی طریقہ کار کے تحت اپنی کارکردگی اور موثریت کا جائزہ لیتا ہے۔ سال کیلئے بورڈ کی کارکردگی کے اندازہ پر مبنی لازمی اجزاء میں لائحہ عمل کی منصوبہ بندی، بورڈ کی تشکیل، بورڈ کمیٹیاں، بورڈ کے طریقہ کار، بورڈ کے معاملات، بورڈ اور سی ای او کا معاوضہ، بورڈ کی معلومات اور بورڈ اور سی ای او کی موثریت کا جائزہ شامل ہیں۔

کمپنی کے بورڈ آف ڈائریکٹرز نے بورڈ اور اس کی کمیٹی کے اجلاس سے قبل موزوں اوقات میں ایجنڈا اور معاون تحریری مواد بشمول فالو اپ میٹریل وصول کیا۔ بورڈ اپنی ذمہ داریوں کو مناسب طریقے سے ادا کرنے کیلئے اکثر مشاورت کرتا ہے۔ نان ایگزیکٹو اور خود مختار ڈائریکٹران اہم فیصلوں میں برابر کے شریک ہوتے ہیں۔ بورڈ نے گورننس کے شفاف اور مضبوط نظام کے قیام کیلئے ایک موثر طرز عمل اختیار کر رکھا ہے۔

غازی خان (چیئر مین)

13 جولائی 2022

## Directors' Report

Dear Shareholders,

On behalf of "The Board of Directors" of the TSML Group, I am pleased to present the Company's 33<sup>rd</sup> Annual Statutory Report together with the Audited Financial Statements for the year ended 30<sup>th</sup> September 2021.

### **Operating and Financial Highlights:**

The sugarcane support price fixed by the government of the Punjab & KPK for the crushing season 2020-21 touched highest ever levels at Rs 200/40Kg, as against the last seasons sugarcane support price of Rs190/40Kg. We faced exceptional circumstances from the beginning of the crushing season 2020-21 as the demand of sugarcane growers also touched their highest levels ever in the history. The demands of growers, during the season ranged between Rs 240 to Rs 280 per 40 Kg, depending from area to area.

The crushing season started after the mid of November 2020, as the Government intervened and forced the sugar mills to start crushing before the intended time frame, when the sucrose recovery was at the lowest ebb.

The forced start of crushing season 2020-21 badly affected sucrose recoveries at all our sugar producing units. The averaged combined recovery for the season was at 8.88%, as compared to 9.33% during the corresponding year. The company however managed to crush around 25% more sugarcane as compared to last season due to better management decision to crush aggressively in order to obtain more indigenous molasses for our distillery division, being a more viable option. This also increased our sugar production by around 19% in comparison to the last year.

The Company even under difficult circumstances, was able to achieve good financial results and managed to earn a profit before tax of Rs 1.033 Billion and an after tax profit to the tune 712 Million, during the year.

### **Allied Division:**

The Ethanol Division of the Company, as always has again contributed tremendously during this year and with huge exports, we were, for the third calendar year declared as the largest exporter of ethanol from Pakistan.

Our ENA product is very well acclaimed in international circuit of buyers & is always well received as a premium product in the international market and appreciably earn more profits.

Apart from our own molasses from the sugar division, the company has this year also procured large quantities of molasses from outside sources, in order to keep our ethanol division operational for the whole year.

This year TSML exported US \$ 42.885 million (PKR 6.621 Billion) worth ethanol and contributed towards increase in the foreign exchange reserves of the national exchequer.

In liaison with the Ethanol Division, our Top Gas (CO<sub>2</sub>) segment also proved to be a true alliance in company's operations'.



**Season 2021-22 & Future Outlook:**

In the current financial year 2021-22, which concluded in the first week of April 2022, the growers were not willing to supply sugarcane at prices less than Rs 300 per 40 kg, as against Governments notified support price of Rs 225 per 40 kg, thus making the situation even more challenging than the year 2020-21, which is under review.

The management of the company is very hopeful that the company would increase its production & revenue targets and will perform much better in the current year in both sugar & ethanol revenues, than the year under review.

The distillery division is also expected to perform much better, both in terms of production levels as well as revenue generation of ethanol exports, due to better prices of ethanol in international market as well as depreciation of PKR currency.

**Corporate and Financial Reporting Framework:**

The Directors are pleased to state that the Company is compliant with the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG) as required by Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework;

- The financial statements present fairly the state of affairs of the Company, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no doubts about the Company's ability to continue as going concern;
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations, except as mentioned in paragraph 18 of the "Statement of compliance with listed Companies (CCG) regulations, 2019" as Annexed to this report.
- A statement regarding key financial data for the last six years is annexed to this report;
- Information about taxes and levies is given in the notes to the financial statements;



- There is no likelihood of any delayed payments or default in respect of all loans availed by the Company;
- During the year 8 Board meetings were held. The minutes of the meetings were appropriately recorded and circulated Attendance was as under:

Name of Directors	Board		Audit Committee	
	Attended	Required	Attended	Required
<b>NON – EXECUTIVE DIRECTORS</b>				
Mr. Ghazi Khan	4	4	4	4
Mr. Tahir Farooq Malik	4	4	4	4
Mrs. Rasheeda Begum	3	4	4	4
Mrs. Mobina Akbar Khan	3	4	4	4
Mr. Humayun Akhtar Khan	4	4	4	4
<b>EXECUTIVE DIRECTORS</b>				
Mr. Akbar Khan	4		4	4
Mr. Haroon Khan	4	4	4	4

(However, leaves of absence were granted to the Directors who could not attend the Board Meetings due to their preoccupations.)

### **Six Years Review at a Glance**

The six years review at a glance is annexed on page 17, herewith in this report.

### **Pattern of Shareholdings**

The pattern of shareholdings as on September 30, 2021 which is required to be disclosed under the reporting framework is annexed herewith in this report on page 18 as "FORM 34".

### **Audit Committee**

The Board has constituted an Audit Committee consisting of three members including Chairman of the Committee. The Committee regularly meets as per requirement of the code. The Committee assists the Board in reviewing internal audit manual and internal audit system.

### **Human Resource Committee**

The Board has constituted a Human Resource and Remuneration Committee in compliance with the Code of Corporate Governance. The Human Resource Committee is performing its duties in line with its terms of reference as determined by the Board of Directors.

### **Nomination Committee**

The Board has constituted a Nomination Committee in compliance with the Code of Corporate Governance.

**Risk Management Committee**

The Board has constituted a Risk Management Committee in compliance with the Code of Corporate Governance.

**Board Meetings**

There have been 8 meetings during the year and the attendance of each director is stated as above:

**Trading in Shares**

Trading in shares by Directors, CEO, CFO, Company Secretary and their spouses and minor children has been disclosed in FORM 34 annexed as part of these financial statements to this annual report.

**Outstanding Statutory Dues**

Details of outstanding dues towards minimum tax and those relating to other statutory obligations are set out in note 16 and 32 respectively.

**Dividend**

No dividend is being recommended by the Board of Directors for the year ended September 30, 2021.

**Staff Retirement Benefits**

The company operates an un-funded gratuity scheme for all employees with qualifying service period of six months.

**Auditors**

The retiring Auditors, M/s UHY Hassan Naeem & Co, Chartered Accountants, being eligible, offer themselves for appointment for the Statutory External Audit of the year ending September 30, 2022.

**Appreciation**

The Board acknowledges the continued dedication and efforts of the employees of the Company.

We also acknowledge the contribution of our growers as they hold key element of our industry and we thank them for their continued cooperation.

On behalf of Board of Directors

Akbar Khan  
(Chief Executive Officer)  
July 13, 2022

## ڈائریکٹرز کی رپورٹ

### معزز حصص داران

میرے لئے ٹی ایس ایم ایل گروپ کے ”بورڈ آف ڈائریکٹرز“ کی جانب سے کمپنی کی 33 ویں سالانہ قانونی رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارہ جات بحوالہ 30 ستمبر 2021ء کو ختم ہونے والے سال، پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

### عملدرآمدگی اور مالیاتی معاملات کا احاطہ

حکومت پنجاب اور کے پی کے کی جانب سے کرشنگ سیزن 2020-21ء کیلئے گنے کی امدادی پرائس مقرر کی گئی ہے جو اب تک کی بلند ترین سطح 200 روپے فی 40 کلوگرام تک پہنچ گئی ہے، جب کہ گزشتہ سیزن میں گنے کی امدادی پرائس 190 روپے فی 40 کلوگرام تھی۔ گنے کے کاشتکاروں کی مانگ تاریخ کی بلند ترین سطح تک پہنچنے کی وجہ سے ہمیں کرشنگ سیزن 2020-21ء کے آغاز سے ہی غیر معمولی حالات کا سامنا کرنا پڑا۔ سیزن کے دوران علاقے کے لحاظ سے مختلف نرخوں پر کاشتکاروں کی مانگ 240 روپے سے 280 روپے فی 40 کلوگرام کے درمیان رہی۔ حکومتی مداخلت نے جبکہ شوگر کی ریکوری کم ترین سطح پر تھی شوگر ملوں کو مطلوبہ وقت سے پہلے کرشنگ شروع کرنے پر مجبور اور اس وجہ سے کرشنگ سیزن نومبر 2020ء کے وسط کے بعد شروع ہوا۔

اس صورتحال سے کرشنگ سیزن 2020-21ء کے آغاز میں ہمارے تمام چینی پیدا کرنے والے یونٹس پر شوگر کی وصولی بری طرح متاثر رہی۔ اس سیزن کی اوسطاً مجموعی وصولی 8.88 فیصد رہی، جو کہ اسی سال کے دوران 9.33 فیصد تھی۔ تاہم کمپنی ہمارے ڈسٹری ڈویژن کیلئے زیادہ ملیس حاصل کرنے کے بہتر انتظامی فیصلے کی وجہ سے گزشتہ سیزن کے مقابلے میں تقریباً 25 فیصد زیادہ گنے کی کرشنگ کرنے میں کامیاب رہی اور اس سے ہماری چینی کی پیداوار میں بھی گزشتہ سال کے مقابلے میں تقریباً 19 فیصد اضافہ ہوا۔

کمپنی مشکل حالات میں بھی اچھے مالیاتی نتائج حاصل کرنے میں کامیاب رہی اور سال کے دوران ٹیکس دینے سے پہلے 1.033 بلین روپے اور ٹیکس ادائیگی کے بعد 712 بلین کا منافع کمانے میں کامیاب رہی۔

### اتحادی ڈویژن

کمپنی کے ”تھنول ڈویژن“ کی جانب سے ہمیشہ کی طرح اس سال بھی بھرپور تعاون جاری رہا اور بڑی برآمدات کے ساتھ، ہمیں تیسری دفعہ پاکستان کے سب سے بڑے ”تھنول برآمد کنندہ“ ہونے کا اعزاز حاصل ہوا۔

ہمارے ای این اے پراڈکٹ خریداروں کے بین الاقوامی سرکٹ میں مثبت انداز میں سراہی جاتی ہے بلکہ اسے ہمیشہ بین الاقوامی مارکیٹ میں ایک پریمیم پروڈکٹ کے طور پر پذیرائی حاصل رہی ہے۔ یہی وجہ ہے کہ یہ پراڈکٹ زیادہ منافع بخش ہے۔ شوگر ڈویژن سے ہمارے اپنے ملیس کے علاوہ، کمپنی نے اس سال بیرونی ذرائع سے بھی بڑی مقدار میں ملیس منگوا یا ہے، تاکہ ہمارے ”تھنول ڈویژن“ کو پورا سال فعال رکھا جاسکے۔

اس سال ٹی ایس ایم ایل نے 42.885 بلین امریکی ڈالر (پاکستانی روپوں میں 6.621 بلین) مالیت کا ”تھنول برآمد کر کے قومی زرمبادلہ کے ذخائر میں اضافے کرنے میں اپنا بھرپور کردار ادا کیا۔



اتھنول ڈویژن کے ساتھ رابطے میں، ہمارا ناپ گیس (CO2) طبقہ بھی کمپنی کے کاموں میں ایک حقیقی اتحاد ثابت ہوا۔

سین 2021-22 اور مستقبل کا جائزہ

رواں مالی سال 2021-22ء میں جو کہ اپریل 2022ء کے پہلے ہفتے میں ختم ہوا، کاشتکار 300 روپے فی 40 کلوگرام سے کم قیمت پر گنے کی فراہمی کیلئے تیار نہیں تھے۔ حکومت کی جانب سے -225 روپے فی 40 کلوگرام کی امدادی قیمت کا اعلان کیا گیا لہذا اس صورتحال نے اس سال کو سال 2020-21ء کے مقابلے میں زیادہ مقابلہ جاتی بنا دیا، جس کا جائزہ لیا جا رہا ہے۔

کمپنی انتظامیہ پر امید ہے کہ وہ اپنی پیداوار اور ریونیو کے اہداف میں اضافہ کرے گی اور موجودہ سال میں چینی اور اتھنول کی آمدنی دونوں میں، زیر جائزہ سال کے مقابلے میں بہت بہتر کارکردگی کا مظاہرہ کرے گی۔

بین الاقوامی مارکیٹ میں اتھنول کی بہتر قیمتوں کے ساتھ ساتھ پاکستانی روپے کی قدر میں کمی کی وجہ سے، ڈسٹری ڈویژن سے پیداواری سطح کے ساتھ ساتھ اتھنول کی برآمدات کی آمدنی کے لحاظ سے بھی بہت بہتر کارکردگی کی توقع ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی احتیاجات کے مطابق لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (سی سی جی) کی دفعات کے مطابق ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیانات درج ذیل ہیں۔

• مالیاتی بیانات کمپنی کی حالت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو درست انداز میں پیش کیا گیا ہے۔

• کمپنی کے کھاتوں کی مناسب بکس برقرار رکھی گئی ہیں۔

• مالیاتی بیانات کے نوٹس میں بیان کردہ اکاؤنٹنگ پالیسیوں کو مالیاتی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور عین فیصلے پر مبنی ہیں۔

• بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے اور مالیاتی بیانات کی تیاری میں کمپنیز ایکٹ، 2017ء کے تقاضوں پر عمل کیا گیا ہے۔

• اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مناسب طریقے سے لاگو کیا گیا اور اس کی باقاعدہ نگرانی کی گئی ہے۔

• حالیہ تشویش ناک حالات کے باوجود کمپنی کی صلاحیت کے بارے میں کوئی شک نہیں کیا جاسکتا۔

• کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی اخراج نہیں ہوا (جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے)، سوائے اس کے کہ اس رپورٹ کے ساتھ منسلک "لمیٹڈ کمپنیز (CCG) ریگولیشنز، 2019 کے ساتھ تعمیل کا بیان" کے پیراگراف

18 میں مذکور ہے۔

• گزشتہ چھ سالوں کے اہم مالیاتی اعداد و شمار سے متعلق ایک بیان اس رپورٹ کے ساتھ منسلک ہے۔

• ٹیکس اور لیویز کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔

- کمپنی کی طرف سے حاصل کئے گئے تمام قرضوں کی ادائیگی میں تاخیر یا ڈیفالٹ کا کوئی امکان نہیں ہے۔
- سال کے دوران بورڈ کے 18 اجلاس منعقد ہوئے۔ اجلاس کے نکات کو مناسب طریقے سے ریکارڈ کیا گیا اور شرکاء کو حاضری درج کرنے کیلئے حاضری رجسٹرڈ بھی فراہم کیا گیا۔

آڈٹ کمیٹی		بورڈ		ڈائریکٹرز کے نام
مطلوب	شریک	مطلوب	شریک	

نان ایگزیکٹو ڈائریکٹرز

4		4		4	مسٹر غازی خان
4		4		4	مسٹر طاہر فاروق ملک
4		4		3	محترمہ رشیدہ بیگم
4		4		3	محترمہ موبینا کبر خان
4		4		4	مسٹر ہانیوں اختر خان

ایگزیکٹو ڈائریکٹرز

4		4		4	مسٹر اکبر خان
4		4		4	مسٹر ہارون خان

(تاہم، وہ ڈائریکٹرز جو اپنی مصروفیات کی وجہ سے بورڈ میٹنگز میں شرکت نہیں کر سکے کو غیر حاضری کی چٹھیاں دی گئیں۔)

چھ سالہ جائزہ کا خلاصہ

صفحہ 17 پر چھ سالہ جائزہ کا خلاصہ منسلک ہے۔

شیئر ہولڈنگز کا پیٹرن

30 ستمبر 2021ء تک کی شیئر ہولڈنگز کا پیٹرن جو رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے اس رپورٹ میں صفحہ 18 بطور "فارم 34"

منسلک کیا گیا ہے۔

آڈٹ کمیٹی

بورڈ نے کمیٹی کے چیئرمین سمیت تین ارکان پر مشتمل آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی ضابطہ کی ضرورت کے مطابق باقاعدگی سے میٹنگ کرتی ہے۔ کمیٹی اندرونی آڈٹ مینوئل اور اندرونی آڈٹ سسٹم کا جائزہ لینے میں بورڈ کی مدد کرتی ہے۔

ہیومن ریسورس کمیٹی

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک ہیومن ریسورس اینڈ ریونیویشن کمیٹی تشکیل دی ہے۔ ہیومن ریسورس کمیٹی بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ شرائط کے مطابق اپنے فرائض انجام دے رہی ہے۔

نامزدگی کمیٹی

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک نامزدگی کمیٹی تشکیل دی ہے۔

رسک مینجمنٹ کمیٹی

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک رسک مینجمنٹ کمیٹی تشکیل دی ہے۔

بورڈ میٹنگز

سال کے دوران 8 میٹنگز ہوئیں اور ہر ڈائریکٹر کی حاضری اوپر بیان کی گئی۔

حصص کی تجارت

ان مالیاتی بیانات کے حصے کے طور پر ڈائریکٹرز، ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں کے شیئرز کی تجارت کی تفصیل اس سالانہ رپورٹ کے ساتھ منسلک فارم 34 میں دی گئی ہے۔

بقایا قانونی واجبات

کم از کم ٹیکس اور دیگر قانونی ذمہ داریوں سے متعلق بقایا واجبات کی تفصیلات بالترتیب نوٹ 16 اور 32 میں بیان کی گئی ہیں۔

ڈیویڈنڈ

30 ستمبر 2021 کو ختم ہونے والے سال کے لیے بورڈ آف ڈائریکٹرز کی جانب سے کسی منافع کی سفارش نہیں کی جا رہی ہے۔

سٹاف ریٹائرمنٹ کے فوائد

کمپنی تمام ملازمین کیلئے چھ ماہ کی کوالیفیکیشننگ سروس کی مدت کے ساتھ ایک غیر فنڈڈ گریجویٹی اسکیم چلاتی ہے۔

آڈیٹرز

ریٹائر ہونے والے آڈیٹرز، میسرز پوچھ وائے حسن نعیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اہل ہونے کے ناطے، 30 ستمبر 2022 کو ختم ہونے والے سال کے قانونی بیرونی آڈٹ کے حوالے سے خود کو تفری کیلئے پیش کرتے ہیں۔

اعترافات

بورڈ کمپنی کے ملازمین کی مسلسل لگن اور کوششوں کا اعتراف کرتا ہے۔ ہم اپنے کارکنوں کے تعاون کو بھی تسلیم کرتے ہیں کیونکہ وہ ہماری صنعت میں کلیدی عنصر کی حیثیت رکھتے ہیں اور ہم ان کے مسلسل تعاون کے لیے ان کا شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

اکبر خان

(چیف ایگزیکٹو آفیسر)



## SIX YEARS REVIEW AT A GLANCE

		Figures in '000					
		2021	2020	2019	2018	2017	2016
		(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
<b>FINANCIAL RESULTS</b>							
Sales (Net)		27,114,404	21,271,885	27,295,875	17,522,464	13,903,985	18,675,054
Cost of Sales		23,995,409	19,430,945	23,142,769	14,665,516	11,769,616	16,258,134
<b>Gross profit</b>		<b>3,118,995</b>	<b>1,840,940</b>	<b>4,153,106</b>	<b>2,856,948</b>	<b>2,134,369</b>	<b>2,416,920</b>
Operating, financial and other expenses		2,123,859	1,927,181	2,437,413	2,031,870	1,680,412	1,542,640
		<b>995,136</b>	<b>(86,241)</b>	<b>1,715,693</b>	<b>825,078</b>	<b>453,957</b>	<b>874,280</b>
Other income		87,507	97,730	65,485	79,729	36,246	108,495
Net profit before wppf		<b>1,082,643</b>	<b>11,488</b>	<b>1,781,178</b>	<b>904,807</b>	<b>490,203</b>	<b>982,775</b>
Workers' profit participation fund		49,404	547	100,979	55,596	29,077	49,139
<b>Net profit before Taxation</b>		<b>1,033,239</b>	<b>10,941</b>	<b>1,680,199</b>	<b>849,211</b>	<b>461,126</b>	<b>933,636</b>
Provision for taxation		(320,993)	(292,666)	(234,276)	(41,566)	9,634	(35,669)
<b>Net profit after taxation</b>		<b>712,246</b>	<b>(281,725)</b>	<b>1,445,923</b>	<b>807,645</b>	<b>470,760</b>	<b>897,967</b>
<b>Cash dividend</b>		-	-	-	-	-	-
<b>Earning per share (Rs.)</b>		<b>6.05</b>	<b>(2.39)</b>	<b>12.28</b>	<b>6.86</b>	<b>4.00</b>	<b>7.63</b>
<b>Authorized capital</b>		<b>1,200,000</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>1,200,000</b>
<b>Paid-up capital</b>		<b>1,177,063</b>	<b>1,177,063</b>	<b>1,177,063</b>	<b>1,177,063</b>	<b>1,177,063</b>	<b>1,177,063</b>
<b>Fixed capital expenditures (Net)</b>		<b>15,880,401</b>	<b>16,114,373</b>	<b>16,100,857</b>	<b>15,683,153</b>	<b>13,082,041</b>	<b>10,686,598</b>
<b>OPERATING RESULTS</b>							
Sugar production - Unit - 1	M. Tons	95,118	77,182	69,115	57,826	64,441	50,392
Sugar production - Unit - 2	M. Tons	81,679	68,811	105,529	93,139	102,417	76,474
Sugar production - Unit - 3	M. Tons	139,872	119,427	80,731	94,617	136,284	120,512

**FORM 34**

**THE COMPANIES ACT, 2017  
(Section 227(2)(f))  
PATTERN OF SHAREHOLDING**

1.1 Name of the Company **TANGLIANWALA SUGAR MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **30-09-2021**

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
137	1	100	3,930
413	101	500	193,934
60	501	1,000	50,680
53	1,001	5,000	120,099
7	5,001	10,000	47,017
5	10,001	15,000	64,861
3	15,001	20,000	53,607
1	20,001	25,000	21,500
1	25,001	30,000	29,420
1	45,001	50,000	45,500
1	140,001	145,000	144,300
1	550,001	555,000	552,500
2	1,390,001	1,395,000	2,789,689
1	1,395,001	1,400,000	1,395,343
1	1,400,001	1,405,000	1,401,747
1	1,890,001	1,895,000	1,894,064
1	3,290,001	3,295,000	3,294,155
1	5,455,001	5,460,000	5,459,419
1	5,745,001	5,750,000	5,745,514
1	10,610,001	10,615,000	10,610,937
1	20,195,001	20,200,000	20,197,535
1	20,250,001	20,255,000	20,253,274
1	21,575,001	21,580,000	21,575,857
1	21,760,001	21,765,000	21,761,418
696			<b>117,706,300</b>

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	89,380,585	75.9353%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	---	---

2.3.3 Banks Development Financial Institutions, Non Banking Financial Institutions.	184,589	0.1568%
2.3.4 Shareholders holding 10% or more	89,378,563	75.9335%
2.3.5 General Public a. Local	28,141,126	23.9079%
2.3.6 Others (to be specified)	---	---



**TANGLIANWALA SUGAR MILLS LIMITED**  
**Categories of Shareholding required under Code of Corporate Governance (CCG)**  
**As on September 30, 2021**

Sr. No.	Name	No. of Shares Held	Percentage
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**Associated Companies, Undertakings and Related Parties (Name Wise Detail):**

- -

**Mutual Funds (Name Wise Detail)**

- -

**Directors and their Spouse and Minor Children (Name Wise Detail):**

1	MR. AKBAR KHAN	21,592,481	18.3444%
2	MR. HAROON KHAN	23,163,165	19.6788%
3	MR. GHAZI KHAN	22,974,900	19.5188%
4	MRS. RASHEEDA BEGUM	21,648,017	18.3916%
5	MRS. MOBINA AKBAR KHAN	1,000	0.0008%
6	MR. HUMAYUN AKHTAR KHAN	522	0.0004%
7	MR. TAHIR FAROOQ MALIK	500	0.0004%

**Executives:**

- -

**Public Sector Companies & Corporations:**

- -

**Banks, Development Finance Institutions, Non Banking Finance**

184,589 0.1568%

**Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

**Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)**

S. No.	Name	Holding	Percentage
1	MR. AKBAR KHAN	21,592,481	18.3444%
2	MR. HAROON KHAN	23,163,165	19.6788%
3	MR. GHAZI KHAN	22,974,900	19.5188%
4	MRS. RASHEEDA BEGUM	21,648,017	18.3916%
5	MR. HAMEED ULLAH KHAN PARACHA	7,639,578	6.4904%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	MR. GHAZI KHAN (CDC)	-	3,700

**Statement of Compliance with Listed Companies  
(Code of Corporate Governance) Regulations, 2019**

Name of Company: **Tandlianwala Sugar Mills Limited**

Year Ended: **30 September 2021**

The statement is presented in compliance of Listed Companies (Code of Corporate Governance) Regulations, 2019 (herein referred as "The Regulations") providing a framework for corporate governance.

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven (07) as per the following:

a)	Male:	05
b)	Female:	02

2. The composition of the Board is as under:

<b>Category</b>	<b>Names</b>
<u>Executive Directors:</u>	
	Mr. Akbar Khan
	Mr. Haroon Khan
<u>Non-Executive Directors:</u>	
<i>Male:</i>	
	Mr. Ghazi Khan
	Mr. Tahir Farooq Malik
	Mr. Humayun Akhtar Khan
<i>Female:</i>	
	Mrs. Rasheeda Begum
	Mrs. Mobina Akbar Khan

3. The directors have confirmed that none of them is serving as a director on more than seven 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 the 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 Board / shareholders as empowered by the relevant provisions of the Act 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. All the Directors on the Board are well conversant with their responsibilities as Directors of corporate bodies as the Company had arranged briefing for its Directors to apprise them of their duties and responsibilities. All the Directors of the Company are exempt from obtaining certification under Directors' training programs (DTP) per criteria i-e 14 years of education and 15 years of experience on the board of a listed company.
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. However no new appointment was made during the year.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed an audit committee. It comprises of following 03 (Three) Directors :

Name	Designation
Mr. Humayun Akhtar Khan	Chairman / Member
Mr. Ghazi Khan	Member
Mr. Tahir Farooq Malik	Member

The Board has formed a Human Resource and Remuneration committee. It comprises of following 03 (Three) Directors:

Name	Designation
Mr. Humayun Akhtar Khan	Chairperson / Member
Mrs. Rasheeda Begum	Member
Mr. Tahir Farooq Malik	Member

The Board has not constituted a separate "Nomination committee" and "Risk Management Committee" as the responsibilities of these committees is being taken care of at the Board level as when required. Therefore, a need for the separate formation of these committees does not exist.

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 (quarterly / half yearly / yearly) of the committees were as per following:
  - a) Audit Committee: 04 meetings held during the year ended on September 30, 2021; and



- b) HR and Remuneration Committee: 01 meeting held during the year ended on September 30, 2021.
15. The Board has set up an effective internal audit function / or has outsourced the internal audit function to who are considered suitably qualified and experienced professional 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 Accountant 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 Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or 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 Act, 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 requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with; except the following:
- a) The Company did not have any Independent Director during the year ended 30 September 2021 as per the requirement of clause (1) of Section 6 of Listed Companies (Code of Corporate Governance) Regulations, 2019.
- b) None of the members (including Chairman) of the Audit Committee is an Independent Director as per sub-clause (i)&(ii) of clause 1 of Section 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- c) None of the members of the Human Resource & remuneration Committee is an Independent Director as per Section 28(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- d) The CFO of the Company also holds the position of Company Secretary.

On Behalf of the Board

Lahore: July 13, 2022

**GHAZI KHAN**  
CHAIRMAN

## Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

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 **Tandlianwala Sugar Mills Limited** (“the Company”) for the year ended September 30, 2021 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company’s process for identification of related parties and that whether the related party transactions were undertaken at arm’s length price or not.

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, 2021.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:



Paragraph reference	Description
<i>i) Paragraph 18 (a)</i>	<i>At present there is no independent director on the Company's Board of Directors as required under the clause (1) of Section 6 of Listed Companies (Code of Corporate Governance) Regulations, 2019.</i>
<i>ii) Paragraph 18 (b)</i>	<i>Under the sub-clause (i &amp; ii) of clause 1 of Section 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Audit Committee shall have at least one independent director who shall preferably be the chairman of the committee. Since, there is no Independent Director on the Board, this requirement is not complied with.</i>
<i>iii) Paragraph 18 (c)</i>	<i>Under the clause 1 of Section 28 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Human Resource and Remuneration Committee shall have at least one independent director. Since, there is no Independent Director on the Board, this requirement is not complied with.</i>
<i>iv) Paragraph 18 (d)</i>	<i>The Chief Financial Officer of the Company also holds the position of Company Secretary.</i>

Lahore: July 13, 2022

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UHY Hassan Naeem & Co  
Chartered Accountant  
(Mr. Ibne Hassan)



**INDEPENDENT AUDITOR'S REPORT**  
**To the members of Tandlianwala Sugar Mills Limited**  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **Tandlianwala Sugar Mills Limited** (the Company), which comprise the statement of financial position as at September 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with 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 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**

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 were 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.

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	<p><b>Revenue recognition</b></p> <p>Refer to the statement of profit or loss and note 4.12 and 25 to the financial statements.</p>	<p>Our audit procedures to assess recognition of sales, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process relating to recording of revenue.</li> <li>• assessed the appropriateness of the</li> </ul>

Sr. No.	Key audit matters	How the matter was addressed in our audit
	<p>The Company generates revenue from sale of sugar and its by-products to both local and export customers.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.</p>	<p>Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</p> <ul style="list-style-type: none"> <li>• compared, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period;</li> <li>• performed scanning analytics to identify any manual journal entries relating to sales during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation;</li> <li>• performed test of details over a sample of revenue transactions recorded during the year with sale orders, sales invoices, delivery Challan and other relevant undertaking documents;</li> <li>• reconciled the sales recorded and sales tax paid thereto with the amounts reported in sales tax returns; and</li> <li>• assessed the adequacy of disclosures in financial statements with respect to revenue.</li> </ul>
2	<p><b>Borrowings and finance cost</b></p> <p>Refer notes 4.16, 8, 9, and 30 to the financial statements.</p> <p>The Company has obtained a range of financing facilities from various financial institutions with varying terms and tenure against collaterals of stocks and plant &amp; machinery.</p> <p>Further, compliance with debt covenants is a key requirement of these financing arrangements.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• assessed the internal controls over recording the terms and conditions of borrowings from financial institutions, including their classification as other current or non-current and associated cost;</li> <li>• obtained confirmations of borrowings as at September 30, 2021 directly from the financial institutions;</li> <li>• re-calculated the mark-up recognized as expense during the year to assess whether these were accounted for in accordance with approved accounting standard as applicable in Pakistan;</li> <li>• assessed whether installments of loans/leases due or loans/leases maturing</li> </ul>

Sr. No.	Key audit matters	How the matter was addressed in our audit
		<p>within twelve months were classified as current liabilities; and</p> <ul style="list-style-type: none"> <li>• performed substantive procedures to verify the mark-up and principal repayment during the year; and</li> <li>• assessed the adequacy of Company 's compliance with loan covenants and disclosures in financial statements.</li> </ul>
3	<p><b>Existence and valuation of stock-in-trade</b></p> <p>Refer notes 4.7 and 21 to the financial statements.</p> <p>The stock-in-trade balances constitutes 22.78% of total assets of the Company. The cost of finished goods is determined at cost including of proportions of production overheads;</p> <p>The Company's policy is to value stock-in-trade at lower of cost and net realizable value. The stock-in-trade valuation involves management judgement in determining the appropriate costing basis.</p> <p>Additionally, entity holds its stock-in-trade as a collateral against the financing on account of which there is persistent inherent risk.</p> <p>Thus, on account of the significance of stock-in-trade, complexity in re-calculation and involvement of significant management judgement/estimation in application of the costing methodology; we consider this to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• assessed the appropriateness &amp; consistency of Company's accounting policy for valuation of stock-in-trade and compliance of the policy with the requirements of the prevailing accounting standards;</li> <li>• obtained an understanding of internal controls over valuation of stock-in-trade and performed test of control on a sample basis, to test their operating effectiveness;</li> <li>• performed substantive procedures over purchases and consumptions;</li> <li>• re-calculated the value of stock-in-trade by allocating the fixed and variable overheads and reviewed the adequacy of costing methodology;</li> <li>• performed cut-off procedures and subsequent stock count to validate the completeness and existence of closing stock;</li> <li>• assessed reasonableness of management's determination of net realizable value (NRV) and the key estimates adopted and compared, on sample basis, the cost of stock-in-trade with their respective net realizable values (NRV);</li> <li>• assessed the adequacy of disclosures in the financial statements to be in accordance with the applicable accounting standards.</li> </ul>
4	<p><b>Deferred Tax</b></p> <p>Refer to note 10.2 to the Financial Statements.</p> <p>A deferred tax asset shall be recognized on</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• obtained computation of current tax and reconciled the amounts with relevant tax</li> </ul>



Sr. No.	Key audit matters	How the matter was addressed in our audit
	<p>the amount of tax losses, if any, along with the requirements of IAS 12. However, such recognition involves management judgement regarding estimation of future profits of the Company.</p> <p>As at 30 September 2021, the Company estimated that the unused tax losses should not be recognized as sufficient taxable profits are not expected against which the Company can use benefits therefrom. Management is of the view that recognition of deferred tax asset shall be re-assessed on 30 September, 2022.</p>	<p>correspondence and underlying accounting records;</p> <ul style="list-style-type: none"> <li>• re-calculated the deferred tax and evaluated the same in accordance the Income Tax Ordinance, 2001 and International Financial Reporting Standards (IFRS);</li> <li>• obtained the financial projections from management as approved by the Board of Directors and reviewed management's estimates and assumptions in support of the projections for rationality and achievability; and</li> <li>• assessed the adequacy of disclosures in the financial statements to be in accordance with the applicable accounting standards.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended September 30, 2021, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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:

- Identify and assess the risks of material misstatement of the 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 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 Mr. Ibne Hassan.

Place: Lahore  
Date: July 13, 2022

**UHY Hassan Naeem & Co.**  
**Chartered Accountants**



## Statement of Financial Position

EQUITY AND LIABILITIES	<i>Note</i>	2021 Rupees	2020 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 120,000,000 (September 2020: 120,000,000) ordinary shares of Rs. 10 each		<u>1,200,000,000</u>	<u>1,200,000,000</u>
Issued, subscribed and paid-up share capital	5	1,177,063,000	1,177,063,000
Share premium	6	290,741,640	290,741,640
Un-appropriated profits		5,458,558,557	4,743,215,795
Loan from sponsors - <i>unsecured</i>	7	<u>3,635,214,057</u>	<u>3,635,214,057</u>
<b>TOTAL EQUITY</b>		<b>10,561,577,254</b>	<b>9,846,234,492</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - <i>secured</i>	8	1,236,921,131	1,981,759,137
Lease liability	9	237,400,367	435,691,325
Deferred liabilities	10	657,248,153	564,706,862
Deferred income - Government grant	11	822,248	-
		<u>2,132,391,899</u>	<u>2,982,157,324</u>
<b>CURRENT LIABILITIES</b>			
Short term borrowings - <i>secured</i>	12	8,758,069,179	6,160,656,056
Current portion of non-current liabilities	13	1,475,925,325	985,679,431
Trade and other payables	14	4,002,580,744	2,708,079,894
Mark-up accrued	15	237,684,069	138,423,497
Provision for taxation	16	<u>321,862,481</u>	<u>576,625,525</u>
		<u>14,796,121,798</u>	<u>10,569,464,403</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>27,490,090,951</u></u>	<u><u>23,397,856,219</u></u>

The annexed notes 1 to 44 form an integral part of these financial statements

Lahore  
July 13, 2022

Chief Financial Officer

## As at September 30, 2021

ASSETS	<i>Note</i>	2021 Rupees	2020 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	18	15,935,896,090	16,168,944,779
Long term deposits	19	174,653,829	224,370,919
		<u>16,110,549,919</u>	<u>16,393,315,698</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	20	1,124,652,184	1,099,256,719
Stock-in-trade	21	6,260,943,955	2,384,437,294
Trade debts - <i>considered good</i>	22	14,243,716	5,808,788
Advances, deposits, prepayments and other receivables	23	3,488,447,950	2,371,757,797
Tax refunds due from Government		389,504,748	859,595,298
Cash and bank balances	24	101,748,479	283,684,625
		<u>11,379,541,032</u>	<u>7,004,540,521</u>
<b>TOTAL ASSETS</b>		<u><u>27,490,090,951</u></u>	<u><u>23,397,856,219</u></u>

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 Chief Executive

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 Director

## Statement of Profit or Loss

For the year ended September 30, 2021

	Note	2021 Rupees	2020 Rupees
Sales - net	25	27,114,404,208	21,271,884,733
Cost of sales	26	(23,995,408,711)	(19,430,945,446)
<b>Gross profit</b>		<b>3,118,995,497</b>	<b>1,840,939,287</b>
Administrative expenses	27	(546,115,160)	(532,383,857)
Distribution expenses	28	(322,550,055)	(313,627,765)
Other income	29	87,506,695	97,729,521
<b>Profit from operations</b>		<b>2,337,836,977</b>	<b>1,092,657,186</b>
Finance cost	30	(1,241,879,615)	(1,064,327,349)
Other expenses	31	(62,718,506)	(17,388,612)
<b>Profit before taxation</b>		<b>1,033,238,856</b>	<b>10,941,225</b>
Taxation	32	(320,993,120)	(292,666,471)
<b>Profit / (loss) after taxation</b>		<b>712,245,736</b>	<b>(281,725,246)</b>
<b>Earnings per share - basic and diluted</b>	33	<b>6.05</b>	<b>(2.39)</b>

The annexed notes 1 to 44 form an integral part of these financial statements

Lahore  
July 13, 2022

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



## Statement of Other Comprehensive Income

For the year ended September 30, 2021

	2021	2020
	Rupees	Rupees
Profit / (loss) after taxation	712,245,736	(281,725,246)
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss:		
Gain on remeasurement of defined benefit liability	3,966,387	46,857,287
Related tax impact	(869,361)	(10,139,823)
	3,097,026	36,717,464
<b>Total comprehensive income / (loss) for the year</b>	<b>715,342,762</b>	<b>(245,007,782)</b>

The annexed notes 1 to 44 form an integral part of these financial statements

Lahore  
July 13, 2022

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## Statement of Cash Flows

For the year ended September 30, 2021

	Note	2021 Rupees	2020 Rupees
<b><i>Cash flows from operating activities</i></b>			
Profit before taxation		1,033,238,856	10,941,225
<i>Adjustments for non-cash and other items:</i>			
Depreciation on property, plant and equipment	18.1.1	829,724,196	823,247,949
(Gain) / loss on disposal of property, plant and equipment	18.1.2	(66,398)	906,498
Finance cost	30	1,241,879,615	1,064,327,349
Provision for staff retirement benefits	10.1.3	101,239,616	107,553,669
Profit on saving accounts	29	(9,571,517)	(62,164,784)
Grant income	11	(23,203,871)	-
Workers' Profit Participation Fund	14.2	49,460,109	546,800
		<u>2,189,461,750</u>	<u>1,934,417,481</u>
<b>Operating profit before working capital changes</b>		<b>3,222,700,606</b>	<b>1,945,358,706</b>
<i>(Increase) / decrease in current assets:</i>			
Stores, spare parts and loose tools		(25,395,465)	(57,171,691)
Stock-in-trade		(3,876,506,661)	637,805,183
Advances, deposits, prepayments and other receivables		(1,116,690,153)	(355,011,620)
Trade debts - <i>considered good</i>		(8,434,928)	308,950,672
		<u>(5,027,027,207)</u>	<u>534,572,544</u>
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		1,245,040,741	(578,704,785)
<b>Cash (used in) / generated from operations</b>		<b>(559,285,860)</b>	<b>1,901,226,465</b>
Finance cost paid		(1,119,415,172)	(1,172,280,957)
Staff retirement benefit paid	10.1.1	(4,731,938)	(4,426,502)
Taxes paid		(106,534,975)	(76,887,804)
Workers' Profit Participation Fund paid	14.2	-	(88,431,507)
		<u>(1,230,682,085)</u>	<u>(1,342,026,770)</u>
<b>Net cash (used in) / generated from operating activities</b>		<b>(1,789,967,945)</b>	<b>559,199,695</b>
<b><i>Cash flows from investing activities</i></b>			
Capital expenditure		(596,711,833)	(583,190,353)
Proceeds from disposal of property, plant and equipment	18.1.2	102,724	62,788
Long term deposits		49,717,090	(141,941,633)
Income received from bank deposits		9,571,517	62,164,784
<b>Net cash used in investing activities</b>		<b>(537,320,502)</b>	<b>(662,904,414)</b>
<b><i>Cash flows from financing activities</i></b>			
Long term finances repaid		(610,480,472)	(792,932,098)
Long term finances obtained		363,745,275	541,137,523
Loan from sponsors		-	94,163,887
Lease liabilities - <i>net</i>		(205,325,625)	(278,576,748)
Short term borrowings - <i>net</i>		2,597,413,123	647,382,739
<b>Net cash generated from financing activities</b>		<b>2,145,352,301</b>	<b>211,175,303</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(181,936,146)</b>	<b>107,470,584</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>184,182,470</b>	<b>76,711,886</b>
<b>Cash and cash equivalents at the end of the year</b>	34	<b>2,246,324</b>	<b>184,182,470</b>

The annexed notes 1 to 44 form an integral part of these financial statements

Lahore  
July 13, 2022

Chief Financial Officer

Chief Executive

Director

## Statement of Changes in Equity

For the year ended September 30, 2021

	Reserves				Total	
	Share capital	Capital Share premium	Revenue Un-appropriated profits	Total reserves		Loan from Sponsors
Balance as at October 01, 2019	1,177,063,000	290,741,640	4,988,223,577	5,278,965,217	3,541,050,170	9,997,078,387
<b>Transactions with owners of the Company</b>						
Loan received during the period	-	-	-	-	94,163,887	94,163,887
<b>Total comprehensive income / (loss) for the year:</b>						
Loss for the year ended September 30, 2020	-	-	(281,725,246)	(281,725,246)	-	(281,725,246)
Other comprehensive income for the year ended September 30, 2020 - net of tax	-	-	36,717,464	36,717,464	-	36,717,464
<b>Balance as at September 30, 2020</b>	<b>1,177,063,000</b>	<b>290,741,640</b>	<b>4,743,215,795</b>	<b>5,033,957,435</b>	<b>3,635,214,057</b>	<b>9,846,234,492</b>
<b>Transactions with owners of the Company</b>						
Loan received during the period	-	-	-	-	-	-
<b>Total comprehensive income / (loss) for the year:</b>						
Profit for the year ended September 30, 2021	-	-	712,245,736	712,245,736	-	712,245,736
Other comprehensive income for the year ended September 30, 2021 - net of tax	-	-	3,097,026	3,097,026	-	3,097,026
<b>Balance as at September 30, 2021</b>	<b>1,177,063,000</b>	<b>290,741,640</b>	<b>5,458,558,557</b>	<b>5,749,300,197</b>	<b>3,635,214,057</b>	<b>10,561,577,254</b>

The annexed notes 1 to 44 form an integral part of these financial statements

**Lallore**  
July 13, 2022

Chief Financial Officer

Chief Executive

Director



## Notes to the Financial Statements

*For the year ended September 30, 2021*

### 1 Corporate and general information

#### 1.1 Reporting entity

Tandlianwala Sugar Mills Limited ("the Company") was incorporated in Pakistan on November 01, 1988 as a Public Limited Company. The shares of the Company are quoted on Pakistan Stock Exchange. The principal activity of the Company is production and sale of white crystalline sugar, ethanol and other related allied by-products.

The geographical locations and addresses of the Company's business units, including production facilities are as under :

- Head office and registered office : 66-L, Gulberg -II, Lahore
- Unit-I : Kanjwani, Tehsil Tandlianwala, District Faisalabad
- Unit-II : Zamand, Miran, Indus Highway, District Dera Ismail Khan
- Unit-III : Rehman Hajra, Shah Jamal Road, District Muzaffargarh

#### 1.2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance were particularly impacted by the following events and transactions during the reporting period:

##### Impact of COVID-19 on the financial statements

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab and Government of Sindh from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant.

Moreover, during the year, the Company has availed SBP's refinance scheme for payment of wages and salaries as explained in note 8.6 to these financial statements. Other than above, the management has evaluated and concluded that presently this outbreak does not have any significant impact on the amounts being reported in the Company's financial statements.

### 2 Basis of preparation

#### 2.1 Statement of compliance

These 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017

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

#### 2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees (PKR), which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest of Rupee, unless otherwise stated.

### 2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise stated.

### 2.4 Use of judgements and estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

#### 2.4.1 Employees' retirement benefits and other obligations

The Company operates approved unfunded gratuity scheme covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by an independent actuary on annual basis.

#### 2.4.2 Taxation

The Company takes into account the current Income Tax Law and the decisions taken by Appellate Authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law and the outcome is expected in favour of the Company, are shown as contingent liabilities.

#### 2.4.3 Provisions and contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can affect the carrying amounts of the liabilities recognized at the statement of financial position date.

#### 2.4.4 Estimated useful lives, residual values and method of depreciation of property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

#### 2.4.5 Inventories

The Company reviews the inventories for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of inventories with a corresponding effect on the provision.

#### 2.4.6 Expected Credit Loss (ECL) / loss allowances against trade debts, deposits, advances and other receivables

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.



The Company has elected to measure loss allowances for trade debts other than due from 'Government of Pakistan' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The financial assets due from Government of Pakistan continues to be measured under IAS-39 due to the exemption given by the Securities and Exchange Commission of Pakistan vide S.R.O. 985 (I)/2019 dated 02 September 2019. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The Company reviews the recoverability of its trade debts, deposits, advances and other receivables to assess amount of loss allowances required there against on an annual basis.

### 3 Application of new and revised International Financial Reporting Standards (IFRS)

The accounting policies and the methods of computation adopted in the preparation of these financial statements are same as those applied in the preparation of the financial statements for the year ended September 30, 2020 except for the adoption of new standards effective as of October 01, 2020 as stated below in 3.1.

#### 3.1 Change in significant accounting policy

IFRS 16 replaces the previous lease standard IAS 17 Leases. It resulted in almost all leases being recognized in the statement of financial position, as the distinction between operating and finance leases has now been **eliminated for the lessee**. Under the new standard, an asset and a lease liability to pay rentals are required to be recognized. The only exceptions are short term and low value leases.

##### Impact of Adoption

The Company has adopted IFRS 16 and it has no material impact on the Company's financial position as previously recognized leases were already classified under finance lease arrangements.

#### 3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

Standards or Interpretation	Effective date
IAS-37 -Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous.	January 1, 2022
IFRS-3 - Business Combination- (Amendments)	January 1, 2022
IFRS-4 - Interest rate benchmark reforms - (Amendments)	January 1, 2023
IFRS-16 - COVID-19- related rent concession -(Amendments)	January 1, 2022
IFRS-9 - Presentation of financial statements- (Amendments)	January 1, 2022
IFRS-10 - Consolidated Financial Statements' and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture.)	January 1, 2022
IFRS-15 - Definition of business - (Amendments)	January 1, 2022
IFRS-16 - Definition of material - (Amendments)	July 1, 2021

### 4 Significant accounting policies

The significant accounting policies set out below have been consistently applied to all the years presented, unless otherwise stated.



#### 4.1 Staff retirement benefits

The Company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The projected unit credit method used for the valuation of the scheme is based on assumptions stated in note 10.1.

Past-service costs are recognized immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

The Company's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurement of the defined benefit liability, which comprise actuarial gains and losses, is recognized immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plan are recognized in profit and loss account.

#### 4.2 Taxation

Income tax expense comprises current and deferred tax. It is recognized in profit or loss account except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in equity.

##### *Current tax*

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Under / over paid amounts of current tax are recorded as tax refundable / payable due from / to the Government.

##### *Deferred tax*

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in other comprehensive income or equity.

#### 4.3 Ijarah contracts

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to profit or loss account on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

#### 4.4 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

#### 4.5 Property, plant and equipment

Property, plant and equipment include owned, right of use assets and capital work in progress.

##### *Owned*

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work in progress are stated at cost less any identified impairment loss. Cost includes direct cost and related overheads, interest and borrowing cost including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and other costs directly attributable to the acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of operating fixed assets.

Subsequent costs are included in the 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 the cost of the item can be measured reliably. Major renewals and improvements are capitalized. All other repair and maintenance costs are charged to profit or loss account during the period in which they are incurred.

Depreciation is charged on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the economic benefits are consumed by the Company, at the rates specified in note 18.1.

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of the asset, is recognized as an income or expense in profit or loss account.

##### *Right-of-use assets*

Assets held under lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

##### *Capital work-in-progress*

Capital work in progress is stated at cost less identified impairment loss, if any. Cost includes the expenditures on material, labour, appropriate directly attributable overheads and includes borrowing cost in respect of qualifying assets as stated in note 4.16. These costs are transferred to operating fixed assets as and when assets are available for their intended use.

#### 4.6 Stores, spare parts and loose tools

Usable stores and spare parts are valued at lower of weighted average cost and net realizable value, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other directly attributable charges paid thereon up-to the balance sheet date. Provision is made in the financial statements for obsolete and slow moving stores, spare and loose tools based on management's estimate as a result of changes in usage pattern and physical form.

#### 4.7 Stock-in-trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date.

Cost is determined as follows:

Raw material	at lower of weighted average cost and net realizable value
Finished goods	at lower of weighted average cost and net realizable value
By products	net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to be incurred in order to make a sale.



## 4.8 Financial instruments

### 4.8.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade debt without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade debt without a significant financing component is initially measured at the transaction price.

### 4.8.2 Classification and subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at Amortized cost, Fair Value Through Other Comprehensive Income (FVOCI), Fair Value Through Profit or Loss (FVTPL) and in case of an equity instrument it is classified as FVOCI or FVTPL.

#### Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a 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 the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains / losses and impairment losses are recognized in statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, long term deposits, trade debts, advance, deposits, prepayments and other receivables.

#### Debt instrument - FVOCI

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- 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.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

#### Equity instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to profit or loss. However, the Company has no such instrument at the reporting date.

#### Fair value through profit or loss (FVTPL)

All financial assets not classified and measured at amortized cost or FVOCI, as described above, are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss. However, the Company has no such instrument at the reporting date.



**Financial liabilities**

Financial liabilities are classified and measured at amortized cost or 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 statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

The Company's financial liabilities comprise trade and other payables, long term finances, liabilities against assets subject to finance lease, short term borrowings and accrued mark-up.

**4.8.3 Derecognition****Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases the transferred assets are not derecognized.

**Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

**4.8.4 Trade debts, deposits and other receivables**

Trade debts are stated initially at the fair value, subsequent to initial recognition. These are stated at their amortized cost as reduced by appropriate provision for impairment, known impaired receivables are written off, while receivables considered doubtful are fully provided for.

The impairment for doubtful accounts is based on the Company's assessment the collectability of counterparty accounts. The Company regularly reviews its trade debts that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering facts such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect customer's ability to pay.

**4.9 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

**4.10 Impairment****Non-Financial assets**

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values 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 cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

#### 4.11 Cash

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand, running finance and cash at banks.

#### 4.12 Revenue recognition

According to the core principle of IFRS 15, the Company recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognizes revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognize revenue when the entity satisfies a performance obligation.

Revenue is measured at the fair value of consideration received or receivable and represents amount receivable for goods supplied. Revenue from sale of goods is recognized when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are invoiced and delivered to customers. This criteria of revenue recognition for its timing and amount is consistent with the previously adopted accounting standard, therefore the management concludes that the adoption of IFRS 15 does not have impact on the timing and amount of revenue recognition of the Company.

#### 4.13 Interest income

Interest income is recognized as it accrues under the effective interest rate method.

#### 4.14 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements. The Company's contract liabilities comprise advances from customers.

#### 4.15 Foreign currency translations

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into Pak Rupees at exchange rates prevailing on the statement of financial position date. All exchange differences are charged to statement of profit or loss.

#### 4.16 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

#### 4.17 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

#### 4.18 Related party transactions

The Company enters into transactions with related parties on an arm's length basis except in circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.



#### 4.19 Dividend

Dividend to Ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company's financial statements in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

#### 4.20 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

#### 4.21 Loan from sponsors

Loan from sponsors is accounted for as per Technical Release 32 "Director's Loan" ("TR 32") issued by Institute of Chartered Accountants of Pakistan ("ICAP"), on 25 January 2016 which provides specific guidance on Director's loans that are interest free and repayable at the discretion of the entity. Loans are accounted for as per clause 3.3.1 of TR 32 which states that "A loan to an entity by the director which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded as equity at face value. This is not subsequently re-measured".

#### 4.22 Government grants

Government grants relating to export support are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

#### 4.23 Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income related to operating activities. Operating profit excludes finance costs, other expenses and income taxes.

#### 4.24 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that are allocated on a reasonable basis.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are sugar, ethanol and top gas & others.

	2021	2020
	Rupees	Rupees
<b>5 Share capital</b>		
<b>5.1 Authorized share capital</b>		
120,000,000 (2020: 120,000,000) ordinary shares of Rs. 10 each	<u>1,200,000,000</u>	<u>1,200,000,000</u>
<b>5.2 Issued, subscribed and paid-up share capital</b>		
117,706,300 (2020: 117,706,300) voting ordinary shares of Rs. 10 each fully paid in cash	<u>1,177,063,000</u>	<u>1,177,063,000</u>
<b>6 Share premium</b>		
This reserve can be utilized by the Company only for the purposes specified in Section 81 (2) and 81 (3) of the Companies Act, 2017.		
<b>7 Loan from sponsors - unsecured</b>		
This represents interest free loan amounting to Rs. 3,635 million (2020: Rs. 3,635 million) obtained from the sponsors of the Company and is repayable at the discretion of the Company.		



8	Long term finances - secured	Note	2021 Rupees	2020 Rupees
	<b><u>Islamic mode of financing:</u></b>			
	Al Baraka Bank Limited - <i>Diminishing Modaraba</i>		-	22,466,545
	Sindh Modaraba - <i>Diminishing Modaraba</i>	8.1	39,801,604	57,491,200
			<b>39,801,604</b>	79,957,745
	<b><u>Mark-up bearing finances from conventional bank:</u></b>			
	National Bank of Pakistan - <i>Syndicated term finance</i>	8.2	1,629,374,995	1,925,624,997
	The Bank of Punjab - <i>Term finance</i>	8.3	300,000,000	-
	Pak Oman Investment Company Limited - <i>Term finance</i>	8.4	188,571,434	295,000,006
	Samba Bank Limited - <i>Term finance</i>	8.5	71,425,242	142,850,290
	Allied Bank Limited	8.6	277,380,506	321,137,523
			<b>2,466,752,177</b>	2,684,612,816
			<b>2,506,553,781</b>	2,764,570,561
	<b><u>Less: Current portion of non-current liabilities</u></b>			
	Conventional banks		<b>(1,251,943,054)</b>	(742,655,283)
	Islamic banks		<b>(17,689,596)</b>	(40,156,141)
			<b>1,236,921,131</b>	1,981,759,137

Sanctioned Limit (Rs.)	Tenure and basis of principal repayment	Mark-up as per Agreement	Security	
8.1	90,000,000	60 equal instalments payable at the end of each month beginning from January 04, 2019	6 Month KIBOR plus 350 bps	Title documents of the assets are exclusively in the name of Sindh Modaraba for the entire tenor of the facility.
8.2	2,400,000,000	16 equal instalments payable at the end of each quarter beginning from June 29, 2019. Installments were deferred from January 01, 2020 to December 31, 2020.	3 Month KIBOR plus 200 bps	This loan is secured by way of first pari passu hypothecation charge over all present and future moveable fixed assets and mortgage over land and building and any other immovable property of the Company (Unit I, II & III) for an amount of Rs. 3,200 million with 25% margin over the facility amount, respectively. The loan is also secured by ways of assignment of all insurances as co-loss payee or assignee, lien on project accounts and personal guarantees of all Sponsors / Directors along with all net worth statements. The lenders have subordinated the repayment of any debts or finance facilities availed from the Sponsors and Directors till the entire liabilities of the Company towards the syndicate are repaid.
8.3	300,000,000	10 equal quarterly instalments payable at the start of each quarter beginning from September 2021	3 Month KIBOR plus 250 bps	This loan is secured by way of ranking charge and 1st pari passu charge of Rs. 2000 Million each, over all present and future current assets of the Company and 1st pari passu charge of Rs. 400 Million over all present and future fixed assets of Distillery Unit -II (Land, building and Plant & machinery), respectively and personal guarantee of all Directors of the Company.
8.4	This presents following loans obtained from Pak Oman Investment Company Limited.			
8.4.1	300,000,000	12 equal instalments payable at the end of each quarter beginning from July 27, 2018	6 Month KIBOR plus 250 bps	This loan is secured by way of 1st pari passu charge of Rs. 400 Million over fixed assets including land, building, plant and machinery located at Unit III, with 25% margin over the facility amount and personal guarantee of all Directors of the Company.
8.4.2	220,000,000	14 equal instalments payable at the end of each quarter beginning on April 08, 2021	5.00%	This subsidized loan is obtained under the long term financing facility scheme provided by SBP to finance import of brand new machinery. This loan is secured by way of pari passu charge over fixed assets located at Unit-III in Muzaffargarh including land building, plant and machinery of the company with a 25% margin (amounting to Rs. 294 million) and personal guarantees of all Directors of the Company.

8.5 250,000,000 14 equal instalments payable at the end of each quarter beginning on April 01, 2019 3 Month KIBOR plus 250 bps This loan is secured by way of joint pari passu charge over fixed assets located at Unit-III in Muzaffargath amounting to Rs. 334 million. and personal guarantees of all Directors of the Company.

8.6 400,000,000 8 equal quarterly instalments payable at the start of each quarter beginning from February 11, 2021 SBP base rate plus 300 bps The Company has obtained borrowing under Refinance Scheme for payment of Wages & Salaries by the State Bank of Pakistan (SBP) at subsidized rate in six tranches on various dates. Fair value adjustment has been measured as difference between subsidized rate i.e., 0% KIBOR plus 300 bps per annum and prevailing market rate and same has been recognized as Government grant in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" (see note 11 to these unconsolidated financial statements) and is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating. The grant is conditional subject to fulfillment of certain conditions as defined in the SBP Refinance Scheme. The loan is secured by way of 1st pari passu charge over fixed assets including land, building, plant and machinery located at Unit III, with 25% margin over the facility amount and personal guarantee of all Directors of the Company.

9 Lease liability	Note	2021	2020
		Rupees	Rupees
Lease liability	9.1	433,233,707	638,559,332
Less: Current portion		(195,833,340)	(202,868,007)
Closing balance		<u>237,400,367</u>	<u>435,691,325</u>
9.1 Opening balance		638,559,332	662,593,081
Add: Assets acquired during the year		-	254,543,009
		<u>638,559,332</u>	<u>917,136,090</u>
Less: Payments / adjustments		(205,325,625)	(278,576,758)
		<u>433,233,707</u>	<u>638,559,332</u>
Less: Current portion		(195,833,340)	(202,868,007)
Closing balance		<u>237,400,367</u>	<u>435,691,325</u>

9.1.1 The principal payment due under the lease agreements aggregate to Rs. 433.2 million (2020: Rs. 638.6 million) and are payable in monthly instalments under various agreements, latest by September 2023. The present values of minimum lease payments have been discounted at interest rate implicit in the lease, which ranges from 9.49% to 17.06% per annum (2020: 9.49% to 18.40% per annum). All lease agreements carry renewal option at the end of lease period, however, the Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. There are no financial restrictions imposed by lessors and the taxes, repairs, replacements and insurance costs are borne by the lessee.

9.2	Particulars	Note	2021		
			Future minimum lease payments	Finance cost for future periods	Present value of future minimum lease payments
			----- Rupees -----		
	Not later than one year	13	218,334,272	22,500,932	195,833,340
	Later than one year and not later than five years		244,379,550	6,979,183	237,400,367
			<u>462,713,822</u>	<u>29,480,115</u>	<u>433,233,707</u>

	Note	2020		
		Future minimum lease payments	Finance cost for future periods	Present value of future minimum lease payments
----- Rupees -----				
<i>Particulars</i>				
Not later than one year	13	245,979,770	43,111,763	202,868,007
Later than one year and not later than five years		466,252,096	30,560,771	435,691,325
		<u>712,231,866</u>	<u>73,672,534</u>	<u>638,559,332</u>
<i>Salient features of the leases are as follows:</i>				
		2021	2020	
Discount factor (%)		9.49 - 17.06	9.49 - 18.40	
Term of lease (years)		3 - 5	3 - 5	
Security deposits (%)		10 - 30	10 - 30	
<b>10 Deferred liabilities</b>	Note	<b>2021</b>	2020	
		<b>Rupees</b>	Rupees	
Staff retirement benefits - <i>Gratuity</i>	10.1	657,248,153	564,706,862	
Deferred taxation	10.2	-	-	
		<u>657,248,153</u>	<u>564,706,862</u>	
<b>10.1 Staff retirement benefits - Gratuity</b>				
The latest actuarial valuation of the Company's defined benefit plan was conducted at September 30, 2021 using Projected Unit Credit Method. Detail of obligation for defined benefit plan is as follows:				
	Note	2021	2020	
		<b>Rupees</b>	Rupees	
Present value of defined benefit obligation	10.1.1	657,248,153	564,706,862	
<b>Liability as at 30 September</b>		<u>657,248,153</u>	<u>564,706,862</u>	
<b>10.1.1 Movement in defined benefit obligation</b>	Note	<b>2021</b>	2020	
		<b>Rupees</b>	Rupees	
Present value of defined benefit obligation as at 01 October		564,706,862	508,436,982	
Current service cost for the year	10.1.3	57,556,163	55,150,654	
Interest cost for the year	10.1.3	43,683,453	52,403,015	
Benefits paid during the year		(4,731,938)	(4,426,502)	
Actuarial (gain) on present value of defined benefit obligation	10.1.2	(3,966,387)	(46,857,287)	
<b>Present value of defined benefit obligation as at 30 September</b>		<u>657,248,153</u>	<u>564,706,862</u>	
<b>10.1.2 Changes in actuarial gains</b>	Note	<b>2021</b>	2020	
		<b>Rupees</b>	Rupees	
Opening actuarial gain		-	-	
Actuarial gain during the year		3,966,387	46,857,287	
Charge to other comprehensive income	10.1.3	(3,966,387)	(46,857,287)	
<b>Unrecognized actuarial gains</b>		<u>-</u>	<u>-</u>	
<b>10.1.3 Charge for the year</b>				
<b><i>Statement of Profit or Loss</i></b>				
Current service cost		57,556,163	55,150,654	
Interest cost for the year		43,683,453	52,403,015	
Net amount chargeable to profit and loss account		<u>101,239,616</u>	<u>107,553,669</u>	
<b><i>Statement of Other Comprehensive Income</i></b>				
Actuarial (gain) on defined benefit obligation		(3,966,387)	(46,857,287)	
		<u>97,273,229</u>	<u>60,696,382</u>	



	2021	2020	2019	2018	2017
	Rupees	Rupees	Rupees	Rupees	Rupees

**Historical Information**

Present value of defined benefit obligations	657,248,153	564,706,862	508,436,982	414,693,881	310,560,559
Experience adjustment arising on plan liability (Gain) / loss	(3,966,387)	(46,857,287)	10,136,137	42,824,778	26,243,582

**10.1.4 Assumptions used for valuation of defined benefit schemes**

	2021	2020
Discount rate used for interest cost	9.75%	12.50%
Discount rate used for year end obligation	10.50%	9.75%
Expected rates of salary increase in future	9.50%	8.75%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year
Withdrawal Rates	Age-Based	Age-Based
Retirement age	60 years	60 years

**10.1.5 Expected expense for next year**

The expected gratuity expense for the year ending on September 30, 2022 is estimated at Rs. 102.9 million.

**10.1.6 The Plan exposes the Company to actuarial risks such as:****Salary risks**

The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

**Mortality / withdrawal risks**

There is also a potential risk that the actual mortality / withdrawal rates are different.

**10.1.7 Gratuity scheme entitles the members to gratuity upon resignation, termination, early retirement, retrenchment, death and dismissal. Gratuity is based on the last month's basic salary for each year of service.****10.1.8 The average duration of the defined benefit obligation is 4 years.****10.1.9 Sensitivity analysis**

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on present value of the defined benefit obligation as at 30 September 2021 would have been as follows:

	2021	2020
	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase 100 bps	Decrease 100 bps
	----- Rupees -----	
Discount rate movement	498,661,451	543,889,670
Salary growth rate	544,653,613	497,584,132

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**10.2 Deferred taxation**

Deferred tax liability as at September 30, 2021 on taxable temporary differences arising in respect of:

- Accelerated tax depreciation on operating fixed assets
- Leased assets - net

Deferred tax asset as at September 30, 2021 on deductible temporary differences arising in respect of:

- Unused tax losses and tax credits
- Staff retirement benefits
- Provision for Worker's Profit Participation Fund

Note	2021	2020
	Rupees	Rupees
	1,931,177,747	1,858,191,557
	196,383,301	169,453,176
	(1,972,543,470)	(1,915,464,795)
	(144,056,965)	(112,061,612)
	(10,960,613)	(118,326)
	-	-

**10.2.1 Movement in deferred tax balances is as follows:**

As at 01 October

Recognized in Statement of Profit or Loss:

- Accelerated tax depreciation on operating fixed assets

- Leased assets - *net*

- Unused tax losses and tax credits

- Staff retirement benefits

- Provision for Worker's Profit Participation Fund

Recognized in Statement of Other Comprehensive Income:

- Staff retirement benefits

	2021 Rupees	2020 Rupees
	-	-
	72,986,190	188,147,428
	26,930,125	53,922,390
	(57,078,675)	(249,859,850)
	(32,864,714)	(20,006,110)
	(10,842,287)	17,656,319
	(869,361)	(10,139,823)
	869,361	10,139,823
	-	-

**10.2.2** As at 30 September 2021 deferred tax asset amounting to Rs. 2000.1 million (2020: Rs. 483.82 million) on unused tax losses and minimum tax credit u/s 113 has not been recognized in these financial statements as sufficient taxable profits are not expected to be probable against which the Company can use benefits therefrom. Management is of the view that recognition of deferred tax asset shall be re-assessed on 30 September 2022. Tax losses amounting to Rs. 575.954 million will expire in tax year 2022.**11 Deferred income - Government grant**

Deferred income - Government grant

Opening balance

Recognized during the year

Grant amortized during the year

Closing balance

Less: current portion shown under current liabilities

	Note	2021 Rupees	2020 Rupees
	8.6	822,248	-
		-	-
		34,485,454	-
		(23,203,871)	-
		11,281,583	-
		(10,459,335)	-
		822,248	-

**12 Short term borrowings - secured*****Banking & Financial Institutions****Mark-up based borrowings from conventional banks-secured*

Cash finance

Running finance

Export re-finance/FAPC

	Interest rate %	2021 Rupees	2020 Rupees
	9.5 - 11.59	4,448,314,022	1,538,953,899
	10.66 - 10.78	99,502,155	99,502,155
	3.00/20.13	4,210,253,002	4,522,200,002
		8,758,069,179	6,160,656,056

**12.1** The Company has availed short term borrowing facilities from various commercial banks under mark-up arrangements having aggregate sanctioned limits of Rs. 13,025 million (2020: Rs. 11,400 million). These facilities are secured through pledge of stock-in-trade, lien on debtors, charge over the present and future current and fixed assets, lien on export documents and personal guarantees of the sponsoring Directors as well as subordination of loan from Directors. The outstanding borrowing pledged against stock-in-trade amount to Rs. 5,181 million. (2020: Rs. 1,675 million).**13 Current portion of non-current liabilities**Long term finances - *Conventional loan*Long term finances - *Islamic loan*

Lease liability

Deferred grant

	Note	2021 Rupees	2020 Rupees
	8	1,251,943,054	742,655,283
	8	17,689,596	40,156,141
	9	195,833,340	202,868,007
	11	10,459,335	-
		1,475,925,325	985,679,431

**14 Trade and other payables**

Trade and other creditors

Creditors for capital expenditure

Advances from customers - local

Retention money payable

Federal Excise Duty and Sales Tax payable

Income Tax deducted at source

Withholding Sales Tax payable

Workers' Profit Participation Fund

Accrued liabilities

Other liabilities

	Note	2021 Rupees	2020 Rupees
		504,969,404	632,315,546
		2,022,733,316	1,443,909,533
	14.1	696,901,198	221,320,387
		9,505,734	10,596,676
		192,039,304	282,148
		57,459,880	68,606,613
		7,904,704	5,978,179
	14.2	50,006,909	546,800
		71,204,100	67,753,039
		389,856,195	256,770,973
		4,002,580,744	2,708,079,894

- 14.1 This includes Rs. 158.13 million received from Trading Corporation of Pakistan ("TCP") against sale of sugar. In the year 2009 the Food Directorate of the Government, in conjunction with the law enforcement agencies lifted and sold TCP sugar stocks, despite protest from the Company.

This lifting of the sugar stocks by Government constituted an event of force majeure under clause 12 of terms of tenders and the tenders would, therefore, be discharged due to frustration of the contract. Accordingly, the management, based on the legal opinion, is of the view that the Company after the event of force majeure is not required to make delivery of sugar to TCP and no penalties or incidental charges will arise on non-performance of the contract. Further, the Company agreed to settle the remaining amount to TCP subject to reconciliation of quantity forcibly lifted by TCP which to-date is pending.

	2021	2020
	Rupees	Rupees
<b>14.2 Workers' Profit Participation Fund</b>		
Balance as at 01 October	546,800	88,431,507
Provision for the year	49,403,898	546,800
Mark-up on Workers' Profit Participation Fund	56,211	-
Payments made during the year	-	(88,431,507)
	<b>50,006,909</b>	<b>546,800</b>

	2021	2020
	Rupees	Rupees
<b>15 Mark-up accrued</b>		
<i>Mark-up on borrowings from conventional banks:</i>		
Long term loans - secured	54,371,431	51,778,337
Short term borrowings - secured	183,312,638	86,645,160
	<b>237,684,069</b>	<b>138,423,497</b>
<i>Rental on Islamic mode of financing:</i>		
Short term borrowings - secured	-	-
	<b>237,684,069</b>	<b>138,423,497</b>

	Note	2021	2020
		Rupees	Rupees
<b>16 Provision for taxation</b>			
Balance at beginning of the year		576,625,525	273,819,231
Add: Provision for the year	32	321,862,481	302,806,294
		<b>898,488,006</b>	<b>576,625,525</b>
Less: Adjustments		(576,625,525)	-
Balance at the end of the year		<b>321,862,481</b>	<b>576,625,525</b>

## 17 Contingencies and commitments

### 17.1 Contingencies

17.1.1 The Government of Punjab under the powers conferred through the Punjab Excise Act, 1914 levied a charge of Rs. 2 per liter on manufacturing of spirit (Ethanol) on 03 July 2012. The management filed Writ Petitions no. 18347/2012 and 33334/2014 against the above levy in the Honorable Lahore High Court ("the Court"). The Court, vide order dated 15 July 2016, dismissed the aforementioned Writ Petitions.

Thereafter, the Company filed an Intra Court Appeal No. 1219/2016, of the same title, against the aforementioned order of the Court. This Intra Court Appeal was dismissed vide order dated 10 October 2017 on the technical ground of maintainability. The Court stated in the aforementioned order that the remedy of Intra Court Appeal did not lie against the Order dated 15 July 2016, and, therefore, dismissed the appeal. However, an Honorable Division Bench of the Court vide Order dated 10 August 2016, directed the Company along with other petitioners to deposit the excise duty payable under the impugned notification with the Deputy Registrar (Judicial), Lahore High Court, and restrained the respondents from collecting the same from the Company. The same interim order holds the field till date. Till date the Company has deposited Rs. 291 million with the Deputed Registrar (Judicial), Lahore High Court which is disclosed in the financial statements.

The Company then filed CPLA No. 4330/2017 against the Order dated 10 October 2017. The Honorable Supreme Court of Pakistan has set aside the Order dated 10 October 2017, and remanded the matter back to the Court for decision on merits vide order dated 20 November 2017. However, no date for hearing has been fixed till date against the above mentioned order.

Based on the opinion of the Company's legal counsel, the management is confident of favorable outcome regarding this case, hence, no provision has been recognized in these financial statements.

17.1.2 Commissioner (Appeals) vide order Dated 20/05/2015 deleted the addition made by the officer inland revenue (OIR). Tax impact of the same is Rs. 1,506,859/-. The appeal effect of the order of CIR (A) was given vide order dated 29-06-2016. However being aggrieved with the order of CIR (A), department has filed appeal before ATIR. The appeal has been heard on 06-04-2022 and decision is awaited.



- 17.1.3** Markup on short & long term loans has been disallowed against the local sales and allocated to distillery unit. Resultantly loss of the company has been decreased by Rs. 39,731,756. Taxpayer being aggrieved filed an appeal before CIR Appeals. The same has been decided in favour of the department. Further, the taxpayer being aggrieved has filed Appeal before ATIR, which was heard on 08-04-2021 and passed order having ITA no. 2491 & 2132/LB/2013 dated 1-06-2021 by directing the department to re-assess the case. Re-assessment proceedings are awaited.
- 17.1.4** Tax Credit u/s 65B amounting to Rs. 2,505,506/- on plant and machinery has been disallowed by the learned DCIR. Taxpayer being aggrieved filed an appeal before CIR Appeals. The same has been decided in favour of the taxpayer. Further, the department has filed Appeal before ATIR, which was heard on 08-04-2021 and passed order having ITA no. 2491 & 2132/LB/2013 dated 1-06-2021 whereby the decision of CIR (A) was upheld by ATIR.
- 17.1.5** The Learned DCIR started proceedings u/s 177 and made additions under various heads amounting to Rs. 664,275,802/- through order u/s 122(1) dated 12-12-2017. Resultantly loss of the company has been decreased by the same amount. The taxpayer filed an appeal before CIR (A) against the said additions which was decided vide order no. 18-A/V dated 09-02-2021. The same has been decided in the favor of department. Furthermore; the taxpayer being aggrieved has filed Appeal before ATIR on 07-04-2021. Hearing of the same is still pending.
- 17.1.6** The learned ACIR initiated proceedings u/s 8(1) of the Sales Tax Act, 1990. The ACIR disallowed the input tax of Rs. 1,730,245/- on account of claim in violation of section 8 and imposed penalty of Rs. 86,512/- vide order bearing no. C.No.LTO/Enf-16/ST/8(1)/19585 dated 14-05-2022. The Registered Person (RP) being aggrieved has filed an appeal before CIR (A) on 17-06-2022 against said order which is pending for adjudication.
- 17.1.7** The learned DCIR initiated proceedings u/s 11(1)/26(1) of the Sales Tax Act, 1990 where he imposed penalty of Rs. 156,660,698/- u/s 33 on account of late filing of sales tax returns along with default surcharge of Rs. 28,768,046/- u/s 34(1) vide order bearing no. C.No. LTO/Enf-16/ST/26(1)/19465 dated 12-05-2022. The RP being aggrieved has filed an appeal before CIR (A) on 14-06-2022 against the said order which is pending for adjudication.
- 17.1.8** The learned ACIR initiated proceedings u/s 73(4) of the Sales Tax Act, 1990. The learned ACIR disallowed the input tax of Rs. 1,794,672 u/s 73(4) on account of Supplies to unregistered persons through order bearing no. C.No.LTO/Enf-16/ST/73 (4)/18359 dated 22-04-2022. The RP being aggrieved has filed an appeal before CIR (A) on 24-05-2022 against the said order which is pending for adjudication.
- 17.1.9** The learned DCIR initiated proceedings u/s 8(1) of the Sales Tax Act, 1990 where he disallowed input tax of Rs. 14,384,754/- on account of claim in violation of section 8 vide order bearing no. C.No.LTO/ST/E&C-16/DRRA/2020/-2021/5273 dated 15-09-2021. The RP filed an appeal before CIR (A) which was heard on 16-02-2022 in which the learned CIR (A) has set aside the proceeding with the direction that re-assessment of case has to be made vide order bearing no. 09/A/V dated 04-03-2022.
- 17.1.10** The Learned DCIR issued Show cause notice (SCN) dated 21-05-2021 wherein DCIR has confronted the difference in sales and bank credits amounting to Rs. 24,806,408,432/-.
- The said SCN was challenged in High Court who was granted stay in ICA No.39649/2021 dated 22-06-2021. However, the learned DCIR issued order which was served on 22-06-2021.
- However, DCIR was not aware of stay issued order in which the addition made of Rs. 22,897,630,561/- and created demand of Rs. 6,860,328,513/-.** The said demand stayed while High Court (HC) vide order dated 04-11-2021 in the C.M no. 4/2021.
- The taxpayer filed an appeal before CIR (A) against the said demand in which CIR (A) stated that the decision of CIR (A) remains reliant on final decision of High court vide order barcode no.100000115208904 dated 23-12-2021. Furthermore; the taxpayer being aggrieved has filed Appeal before Appellate Tribunal Inland Revenue (ATIR) against the said order of Learned CIR (A) on 31-01-2022 which is pending adjudication.
- The above proceedings are pending before Lahore High Court and ATIR simultaneously and stay against Recovery of demand is granted by High Court.
- 17.1.11** he learned DCIR initiated proceedings u/s 33(5) and 33(1) of the Sales Tax Act, 1990 where he imposed penalty of Rs. 1,257,357/- on account of late filing of sales tax return vide order bearing no. C.No.LTU/ST/E&C-16/Min/Tandlianwala/2021/5053 dated 09-09-2021. The RP filed an appeal before CIR (A) which was heard on 15-10-2021 in which the learned CIR (A) confirmed the order of DCIR vide order bearing no. 08/A/V dated 04-03-2022. The RP being aggrieved filed an appeal before Honorable ATIR on 01-04-2022, which is pending for Hearing.

## 17.2 Commitments

- 17.2.1** Commitments in respect of imports contracted but not incurred at year end amounted to approximately Rs. Nil (2020: Rs. Nil).
- 17.2.2** The Company has given a bank guarantee with 100% cash margin of Rs. 2 million (2020: Rs. 2 million) to the Excise and Taxation Department for the export of Ethanol in relation to contingency as discussed in note 17.1.1.
- 17.2.3** The Company has certain Ijarah facilities which have been classified as operating lease in the financial statements as required by the Islamic Financial Accounting Standard 2 (IFAS 2) issued by the Institute of Chartered Accountants of Pakistan. The amount of Ijarah rentals paid during the year has been charged as an expense during the year.
- The commitments of future payments under operating leases/Ijarah financing and finance lease contracts and the period in which these payments will become due are as follows:

	2021	2020
	Rupees	Rupees
Not later than one year	26,387,126	31,309,188
Later than one year and not later than five years	10,905,363	43,630,203
	<u>37,292,489</u>	<u>74,939,391</u>

### 18 Property, plant and equipment

Operating fixed assets  
Capital work in progress

Note	2021 Rupees	2020 Rupees
18.1	15,880,400,544	16,114,373,406
18.2	55,495,546	54,571,373
	<u>15,935,896,090</u>	<u>16,168,944,779</u>

### 18.1 Operating fixed assets

	C O S T				D E P R E C I A T I O N				Net book value as at 30 September 2021
	As at 01 October 2020	Additions / (disposals) during the year	Transfer	As at 30 September 2021	Rate	As at 01 October 2020	Expense / (disposals) for the year	Transfer	
	Rupees-----				%	Rupees-----			
<b>Owned</b>									
Land	278,123,443	-	-	278,123,443	-	-	-	-	278,123,443
Building and roads on land	3,175,062,611	46,897,031	-	3,221,959,642	5	1,001,581,125	109,673,931	-	1,111,255,056
Plant and machinery	16,593,905,471	453,238,779	-	17,047,144,250	5	4,626,320,368	608,108,601	-	5,234,428,969
Furniture and fittings	22,484,960	467,850	-	22,952,810	10	12,982,944	960,747	-	13,943,691
Telephone installations	7,008,238	648,790	-	7,657,028	10	3,965,684	335,705	-	4,301,389
Vehicles	216,238,449	43,100,352	55,326,499	314,665,300	20	180,550,016	10,733,783	38,598,360	229,882,159
Office equipment	92,660,452	(1,580,634)	-	(1,580,634)		-	(1,544,308)	-	(1,544,308)
Electrical equipment	247,053,750	6,559,187	-	99,219,639	10	53,020,680	4,115,025	-	57,135,705
Workshop and agricultural implements	45,266,175	-	-	292,063,057	10	100,821,444	16,232,935	-	117,054,379
Tube wells	14,092,468	610,650	-	45,266,175	10	29,873,829	1,539,235	-	31,413,064
Arms and ammunitions	2,183,939	-	-	14,703,118	10	9,368,989	507,969	-	9,876,958
Laboratory equipment	35,376,988	225,000	-	2,183,939	10	1,317,550	86,639	-	1,404,189
	20,729,456,944	595,176,312	55,326,499	21,379,959,755	10	17,872,096	1,752,364	-	19,624,460
						6,037,674,725	752,502,626	38,598,360	6,828,775,711
									13,853,111
									4,826,160
									779,750
									15,977,528
									14,551,184,044
<b>Right-of-use Assets</b>									
Vehicles	68,856,961	-	(55,326,499)	13,530,462	20	38,215,845	6,128,223	(38,598,360)	5,745,708
Plant and machinery	1,704,261,487	-	-	1,704,261,487	5	313,280,703	69,549,039	-	382,829,742
	1,773,118,448	-	(55,326,499)	1,717,791,949		351,496,548	75,677,262	(38,598,360)	388,575,450
	22,502,575,392	595,176,312	-	23,097,751,704		6,389,171,273	828,179,888	-	7,217,351,161
									15,880,400,544





## 18.1.2 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Net book value	Sales/ proceeds	Gain/(loss)	Mode of disposal	Particulars of the buyer
Suzuki Baleno	768,025	751,661	16,364	16,364	-	Transferred to employee	Ch. Ghulam Hussain
Yamaha Bike	53,739	52,569	1,170	4,000	2,830	Transferred to employee	Manzoor Hussain
Yamaha Bike	58,500	57,227	1,273	8,500	7,227	Transferred to employee	Muhammad Akram
Yamaha Bike	58,500	57,227	1,273	7,000	5,727	Transferred to employee	Haq Nawaz
Yamaha Bike	58,500	57,227	1,273	10,000	8,727	Transferred to employee	Liaqat Shah
Yamaha Bike	58,500	57,227	1,273	5,100	3,827	Transferred to employee	Muhammad Shoaib
Yamaha Bike	53,739	52,569	1,170	5,200	4,030	Transferred to employee	Muhammad Aslam
Yamaha Bike	53,739	52,569	1,170	4,000	2,830	Transferred to employee	Muhammad Asif
Yamaha Bike	52,174	50,754	1,420	5,100	3,680	Transferred to employee	Mushtaq Ahmad
Yamaha Bike	52,174	50,754	1,420	5,200	3,780	Transferred to employee	Tasawwar Hussain
Yamaha Bike	52,174	50,754	1,420	3,200	1,780	Transferred to employee	Muhammad Ismail
Yamaha Bike	52,174	50,754	1,420	7,260	5,840	Transferred to employee	Muhammad Jafar
Yamaha Bike	52,174	50,754	1,420	6,000	4,580	Transferred to employee	Kaleem Ullah
Yamaha Bike	52,174	50,754	1,420	5,600	4,180	Transferred to employee	Mushtaq Ahmad
Yamaha Bike	52,174	50,754	1,420	5,200	3,780	Transferred to employee	Mushtaq Ahmad
Yamaha Bike	52,174	50,754	1,420	5,000	3,580	Transferred to employee	Tasawwar Hussain
2021	1,580,634	1,544,308	36,326	102,724	66,398		
Toyota Corolla	2,318,710	1,412,212	906,498	-	(906,498)	Transferred to employee	Muhammad Sadiq
Fiat Tractor	487,850	456,456	31,394	31,394	-	Transferred to third party	Allah Boksh
Fiat Tractor	487,850	456,456	31,394	31,394	-	Transferred to third party	Allah Boksh
2020	3,294,410	2,325,124	969,286	62,788	(906,498)		

	2021	2020
	Rupees	Rupees
<b>18.2 Capital work in progress</b>		
<i>Owned</i>		
Civil works	50,605,822	49,681,649
Plant and machinery	3,106,740	3,106,740
Others	1,782,984	1,782,984
	<u>55,495,546</u>	<u>54,571,373</u>
<b>18.2.1 Movement in the accounts is as follows:</b>		
Opening balance as at 01 October	54,571,373	54,571,373
<i>Additions made during the year:</i>		
Civil works	-	-
Plant and machinery	-	-
Electric equipment	-	-
Others	924,173	-
	<u>924,173</u>	-
<i>Capitalized during the year:</i>		
Advances	-	-
Civil works	-	-
Plant and machinery	-	-
Electric equipment	-	-
Others	-	-
	<u>-</u>	<u>-</u>
Closing balance as at 30 September	<u>55,495,546</u>	<u>54,571,373</u>
	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>19 Long term deposits</b>		
Deposits against leased assets	94,985,201	156,341,511
Others	79,668,628	68,029,408
	<u>174,653,829</u>	<u>224,370,919</u>
<b>19.1</b> These mainly comprise of security margins of Rs. 50 million (2020: Rs. 50 million) deposited against new long term financing facilities.		
	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>20 Stores, spare parts and loose tools</b>		
Stores and spare parts	1,088,892,294	1,067,736,527
Oil and lubricants	35,759,890	31,520,192
	<u>1,124,652,184</u>	<u>1,099,256,719</u>
	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>21 Stock-in-trade</b>		
Raw materials	1,738,154,556	1,108,733,144
Finished goods	4,522,789,399	1,275,704,150
	<u>6,260,943,955</u>	<u>2,384,437,294</u>
<b>22 Trade debts-considered goods</b>		
These include amount due from Lotte Akhtar Beverages (Pvt.) Limited, an associated company, against the sale of Top Gas amounting to Rs. 3.30 million (2020: Rs. 3.01 million) in the normal course of business and is over due by less than 180 days. Maximum aggregate outstanding balance at any time during the year amounts to Rs. 6,057,279 (2020: Rs. 4,377,862).		

	Note	2021 Rupees	2020 Rupees
<b>23 Advances, deposits, prepayments and other receivables</b>			
Advances to sugar cane growers - <i>unsecured, considered good</i>		883,072,537	426,848,267
Advances to suppliers and contractors - <i>unsecured, considered good</i>	23.1	1,499,048,464	877,783,418
Advances to staff - <i>unsecured, considered good:</i>			
- against expenses		1,886,609	3,120,533
- against salaries	23.2	1,579,707	1,557,392
Lease and other deposits		41,919,211	32,702,441
Advances against Letter of Credits - <i>secured</i>		-	666,777
Prepayments		12,544,148	11,174,526
Inland export subsidy	23.3	133,187,750	133,187,750
Export support on sugar	23.4	586,491,010	586,491,010
Deposits with the Deputy Registrar (Judicial), Lahore High Court		291,220,809	290,948,084
Other receivables	23.5	37,497,705	7,277,599
		<b>3,488,447,950</b>	<b>2,371,757,797</b>

23.1 This represents unsecured interest free advances to contractors and suppliers for normal repair and maintenance.

23.2 This includes amount receivable from executives of the Company, amounting to Rs. 0.83 million (2020: Rs. 0.61 million), respectively.

23.3 This represents inland export subsidy provided to exporters of sugar in the year 2013 and 2014 at the rate of Rs. 1.75 and Rs. 1.00 per kg of sugar exported through SRO 7(2)/2012-E-III (Vol-IV) dated September 30, 2013.

23.4 This represents export support on sugar provided to exporters during the financial year 2017-18 with inland freight support amounting to Rs. 553 million at Rs. 10.7 per kg pursuant to Letter No. F. No. 7(2)/2012-Exp.III issued by the Ministry of Commerce under directions of Government of Pakistan dated October 03, 2017.

23.5 This includes amount receivable from Superior Textile Mills Limited, an associated company, amounting to Rs. 30 million (2020: Nil), respectively. The maximum aggregate amount outstanding at any time during the year amounts to Rs. 30 million (2020: Nil).

	Note	2021 Rupees	2020 Rupees
<b>24 Cash and bank balances</b>			
Cash in hand		1,644,415	2,313,882
Cash at bank			
- <i>current accounts</i>		75,903,601	173,582,294
- <i>saving accounts</i>	24.1	24,200,463	107,788,449
		<b>100,104,064</b>	<b>281,370,743</b>
		<b>101,748,479</b>	<b>283,684,625</b>

24.1 The balances in saving accounts carry mark-up ranging from 5.6% to 6.4% per annum (2020: 5.50% to 12.00% per annum).

	Note	2021 Rupees	2020 Rupees
<b>25 Sales - net</b>			
<i>Local:</i>			
Sugar		23,661,315,232	20,906,467,341
Ethanol		157,770,645	182,225,785
Top Gas & others	25.1	203,186,027	63,058,330
		<b>24,022,271,904</b>	<b>21,151,751,456</b>
<i>Export:</i>			
Sugar	25.2	-	175,726,106
Ethanol		6,621,189,064	3,078,669,208
		<b>6,621,189,064</b>	<b>3,254,395,314</b>
		<b>30,643,460,968</b>	<b>24,406,146,770</b>
<i>Less:</i>			
Sales tax		(3,529,056,760)	(3,134,262,037)
		<b>27,114,404,208</b>	<b>21,271,884,733</b>

25.1 These include sale to Lotte Akhtar Beverages (Pvt.) Limited, an associated company, of Top Gas amounting to Rs. 35.48 million (2020: Rs. 15.83 million).

25.2 There was no export of sugar in the current year.

25.3 The amount of Rs. 63.190 million included in contract liabilities at 30 September, 2020 has been recognised as revenue in 2021 (2020: Rs. 549.145 million).



	Note	2021 Rupees	2020 Rupees
<b>26 Cost of sales</b>			
Raw material consumed		25,361,802,600	16,438,533,526
Salaries, wages and other benefits	26.1	610,443,498	589,821,244
Depreciation	15.1.1	807,450,712	803,013,634
Stores and spare parts consumed		581,356,592	395,530,769
Fuel and power		181,504,689	169,479,710
Repair and maintenance		195,945,002	273,723,233
Vehicle running expenses		21,902,653	20,228,977
Insurance		43,380,955	36,437,230
Lease rentals		48,964,295	51,061,383
Other expenses		19,164,376	15,310,557
		<u>27,871,915,372</u>	<u>18,793,140,263</u>
<i>Add: Opening stock</i>			
- Raw material		1,108,733,144	425,236,201
- Finished goods		1,275,704,150	2,597,006,276
		<u>30,256,352,666</u>	<u>21,815,382,740</u>
<i>Less: Closing stock</i>			
- Raw material	21	(1,738,154,556)	(1,108,733,144)
- Finished goods	21	(4,522,789,399)	(1,275,704,150)
		<u>23,995,408,711</u>	<u>19,430,945,446</u>
<b>26.1</b> Salaries, wages and other benefits include Rs. 80.99 million (2020: Rs. 67.37 million) in respect of staff retirement benefits.			
<b>27 Administrative expenses</b>	Note	2021 Rupees	2020 Rupees
Salaries, wages and other benefits	27.1	318,043,903	330,910,697
Rent, rates and taxes		3,955,089	8,629,085
Depreciation	15.1.1	20,729,176	20,234,315
Utilities expenses		2,587,743	2,617,371
Printing and stationery		10,500,518	9,778,788
Insurance		3,066,298	2,299,850
Postage, telephone and telegrams		10,278,774	8,934,253
Repair and maintenance		5,659,022	6,677,608
Travelling and conveyance		81,811,670	75,169,625
Subscription, books and periodicals		14,615,885	9,612,839
Legal and professional charges		29,742,042	12,171,315
Auditor's remuneration	27.2	4,086,200	4,086,200
Entertainment		16,684,535	12,696,920
Other expenses		24,354,305	28,564,991
		<u>546,115,160</u>	<u>532,383,857</u>
<b>27.1</b> Salaries, wages and other benefits include Rs. 20.25 million (2020: Rs. 40.1 million) in respect of staff retirement benefits.			
<b>27.2 Auditor's remuneration</b>		2021 Rupees	2020 Rupees
Audit fee		2,691,000	2,691,000
Half yearly review		1,395,200	1,395,200
		<u>4,086,200</u>	<u>4,086,200</u>
<b>28 Distribution expenses</b>	Note	2021 Rupees	2020 Rupees
Handling and distribution		118,294,425	108,250,907
Transportation		156,002,128	167,027,236
Sugar stacking charges		35,906,826	30,111,877
Others	28.1	12,346,676	8,237,745
		<u>322,550,055</u>	<u>313,627,765</u>
<b>28.1</b> This includes salaries paid to Excise Department staff present at the Company's premises to monitor the distribution of Ethanol.			
<b>29 Other income</b>	Note	2021 Rupees	2020 Rupees
<b><i>Income from financial assets</i></b>			
Profit on saving accounts		9,571,517	62,164,784
<b><i>Income from non-financial assets</i></b>			
Gain on disposal of property, plant and equipment	15.1.2	66,398	-
Foreign exchange gain		45,493,114	35,402,132
Miscellaneous income		9,171,795	162,605
Amortization of deferred income		23,203,871	-
		<u>87,506,695</u>	<u>97,729,521</u>

		2021	2020
		Rupees	Rupees
<b>30 Finance cost</b>			
<i>Mark-up based loans from conventional banks</i>			
- Long term loans - secured		265,784,920	350,366,539
- Short term borrowings - secured		869,155,588	602,575,326
- Markup on lease liability		42,741,741	67,619,976
		<b>1,177,682,249</b>	<b>1,020,561,841</b>
<i>Islamic mode of financing</i>			
- Long term finances - secured		7,386,052	16,417,249
- Short term borrowings - secured		-	-
		<b>7,386,052</b>	<b>16,417,249</b>
Bank charges		2,623,521	2,347,140
Other charges		54,187,793	25,001,119
		<b>56,811,314</b>	<b>27,348,259</b>
		<b>1,241,879,615</b>	<b>1,064,327,349</b>
<b>31 Other expenses</b>	<i>Note</i>	<b>2021</b>	<b>2020</b>
		Rupees	Rupees
Donations	31.1	13,258,397	15,935,314
Loss on disposal of property, plant and equipment	18.1.2	-	906,498
Workers' Profit Participation Fund	14.2	49,403,898	546,800
Mark-up on Workers' Profit Participation Fund		56,211	-
		<b>62,718,506</b>	<b>17,388,612</b>
<b>31.1</b> During the year, the Company has paid donation to Institute For Policy Reforms situated at 4 - Shami Road Lahore Cantt, Pakistan in which Mr. Akbar Khan is a Director. None of other Directors of the Company or their spouses have any interest in, or are otherwise associated with the recipient of donation.			
<b>32 Taxation</b>	<i>Note</i>	<b>2021</b>	<b>2020</b>
		Rupees	Rupees
Income tax			
- Current tax	32.2 & 32.3	321,862,481	302,806,294
Deferred tax	10.2.1	(869,361)	(10,139,823)
		<b>320,993,120</b>	<b>292,666,471</b>
<b>32.1 Tax Charge Reconciliation</b>			
There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax and final tax respectively, therefore no numerical reconciliation has been presented.			
<b>32.2</b> In view of available tax losses, the provision for current tax amounting to Rs. 320.99 million includes tax under 'Final Tax Regime' (FTR) and Minimum Tax on turnover u/s 113, of the Income Tax Ordinance, 2001. Minimum tax is available for set off for five years against any normal tax liabilities arising in future years.			
Tax under 'Final Tax Regime' represents tax on export of Sugar and Ethanol which is treated as a full and final discharge of tax liability u/s 154 of Income Tax Ordinance, 2001. Current tax includes tax under FTR of Rs. 65.6 million (2020: Rs. 32.5 million).			
<b>32.3</b> Certain other tax cases not involving material amounts are pending against the Company against which the Company expects favorable outcomes and, hence, have not been provided for in these accounts.			
<b>33 Earnings per share</b>			
<b>33.1 Earnings per share - basic and diluted</b>		<b>2021</b>	<b>2020</b>
Profit / (loss) after taxation		<b>Rupees</b> 712,245,736	(281,725,246)
Weighted average number of ordinary shares		<b>No. of shares</b> 117,706,300	117,706,300
Basic earnings per share		<b>Rupees</b> 6.05	(2.39)
<b>33.2</b> There is no dilution effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 30 September 2021.			
<b>34 Cash and cash equivalents</b>	<i>Note</i>	<b>2021</b>	<b>2020</b>
		Rupees	Rupees
Cash and bank balances	24	101,748,479	283,684,625
Short term borrowings - running finance	12	(99,502,155)	(99,502,155)
		<b>2,246,324</b>	<b>184,182,470</b>

### 35 Financial risk management

The Company is exposed to the following risks from its use of financial instruments:

- 1 Credit risk
- 2 Liquidity risk
- 3 Market risk

This presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

#### 35.1 Risk management framework

The Board of Directors have overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the Audit Committee.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit Committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### 35.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

##### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2021	2020
	Rupees	Rupees
Long term deposits	79,668,628	68,029,408
Trade debts - <i>considered good</i>	14,243,716	5,808,788
Advances, deposits and other receivables excluding deposit with Government Authorities	1,041,119,675	1,361,130,953
Bank balances	100,104,064	281,370,743
	<u>1,235,136,083</u>	<u>1,716,339,892</u>

##### Trade debts

Trade debts at the balance sheet date are classified in Pak Rupees.

	2021	2020
	Rupees	Rupees
Export - <i>secured</i>	-	-
Local - <i>unsecured, considered good</i>	14,243,716	5,808,788
	<u>14,243,716</u>	<u>5,808,788</u>



The ageing of local trade receivables at the reporting date is:

	Related Parties	Others	Total
	2021	2021	2021
	Rupees	Rupees	Rupees
1 to 30 days	3,367,916	-	3,367,916
31 to 90 days	-	10,875,800	10,875,800
	<b>3,367,916</b>	<b>10,875,800</b>	<b>14,243,716</b>
	Related Parties	Others	Total
	2020	2020	2020
	Rupees	Rupees	Rupees
1 to 30 days	3,010,318	-	3,010,318
31 to 90 days	-	2,798,470	2,798,470
	<b>3,010,318</b>	<b>2,798,470</b>	<b>5,808,788</b>

Trade debts comprise solely of local customers, including Lotte Akhtar Beverages (Pvt.) Limited, an associated company. These include companies with very good credit history with the Company and are regular in their payments. The management continuously monitors the repayment capacity and intention of their debtors and extends the credit periods to their customers according to their credit history. Furthermore, the Company has recovered major portion of its trade debts subsequent to the year. Resultantly, no impairment allowance was necessary.

#### **Bank balances**

Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating		Rating Agency	2021	2020
	Short term	Long term		Rupees	Rupees
Al-Baraka Bank	A-1	A+	PACRA	735,042	212,442
Allied Bank Limited	A1+	AAA	PACRA	1,227,936	6,739,146
Askari Bank Limited	A1+	AA+	PACRA	103,205	103,205
Bank Alfalah Limited	A1+	AA+	PACRA	(4,625,671)	(766,203)
Dubai Islamic Bank	A1+	AA	JCR-VIS	1,867,413	1,087,734
Faysal Bank Limited	A1+	AA	PACRA	1,035,771	22,146,569
Habib Bank Limited	A1+	AAA	JCR-VIS	(5,837,486)	(1,274,874)
KASB Bank Limited (Bank Islami)	A1	A+	PACRA	-	405,977
MCB Bank Limited	A1+	AAA	PACRA	33,946,620	55,813,711
Meezan Bank Limited	A-1+	AAA	JCR-VIS	13,228,594	38,569,551
National Bank of Pakistan	A1+	AAA	JCR-VIS	4,897,366	2,757,239
Samba Bank Limited	A-1	AA	JCR-VIS	615,447	475,028
Sindh Bank Limited	A-1	A+	JCR-VIS	26,805,693	63,877,202
Soneri Bank Limited	A1+	AA-	PACRA	470,281	11,169
Summit Bank Limited	Suspended		JCR-VIS	80	80
The Bank Of Khyber	A1	A	JCR-VIS	471,855	1,389
The Bank of Punjab	A1+	AA+	PACRA	2,304,165	2,268,370
United Bank Limited	A-1+	AAA	JCR-VIS	22,857,753	88,943,008
				<b>100,104,064</b>	<b>281,370,743</b>

### 35.3 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. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further, liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

#### Exposure to liquidity risk

Following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
<b>September 30, 2021</b>					
Long term finances - <i>secured</i>	2,506,553,781	2,575,257,430	1,192,445,790	1,382,811,640	-
Lease liabilities	433,233,707	462,713,822	218,334,272	244,379,550	-
Short term borrowings- <i>secured</i>	8,758,069,179	8,758,069,179	8,758,069,179	-	-
Trade and other payables	2,998,268,749	2,998,268,749	2,998,268,749	-	-
Mark-up accrued	237,684,069	237,684,069	237,684,069	-	-
	<b>14,933,809,485</b>	<b>15,031,993,249</b>	<b>13,404,802,059</b>	<b>1,627,191,190</b>	<b>-</b>
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
<b>September 30, 2020</b>					
Long term finances - <i>secured</i>	2,764,570,561	3,149,131,822	968,633,929	2,180,497,893	-
Lease liabilities	638,559,332	712,231,866	245,979,770	466,252,096	-
Short term borrowings- <i>secured</i>	6,160,656,056	6,160,656,056	6,160,656,056	-	-
Trade and other payables	2,400,749,091	2,400,749,091	2,400,749,091	-	-
Mark-up accrued	138,423,497	138,423,497	138,423,497	-	-
	<b>12,102,958,537</b>	<b>12,561,192,332</b>	<b>9,914,442,343</b>	<b>2,646,749,989</b>	<b>-</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at September 30, 2021. The rates of mark-up have been disclosed in relevant notes to these financial statements.

### 35.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Market risk comprises of currency risk, interest rate risk and other price risk.

#### 35.4.1 Foreign currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currency in which these transactions are primarily denominated is US Dollars.

#### Exposure to currency risk

There were no financial assets or financial liabilities at year end in foreign currencies which are subject to currency risk exposure.

#### Currency risk management

Since the maximum amount exposed to currency risk is Nil (2020: Nil), any adverse / favorable movement in the functional currency with respect to US dollar will not have any material impact on the operational results.

### 35.4.2 Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at variable interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2021	2020	2021	2020
	Effective rate		Carrying amount	
	----- Percentage -----		----- Rupees -----	
<b>- Financial assets</b>				
<b><u>Fixed rate instruments</u></b>				
Bank balances - <i>saving accounts</i>	5.6% to 6.4%	5.50% to 12.00%	24,200,463	107,788,449
<b>- Financial liabilities</b>				
<b><u>Floating rate instrument</u></b>				
Long term finances - <i>secured</i>	5.00% to 11.45%	3.00% to 17.35%	2,506,553,781	2,764,570,561
Lease liability	9.49% to 17.06%	9.49% to 18.40%	433,233,707	638,559,332
Short term borrowings - <i>secured</i>	9.5% to 11.59%	9.28% to 17.85%	4,547,816,177	1,638,456,054
<b><u>Fixed rate instruments</u></b>				
Export refinance facility - <i>secured</i>	3.00% to 20.13%	3.00%	4,210,253,002	4,522,200,002

#### **Fair value sensitivity analysis for fixed rate instruments**

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 rates at the reporting date would not affect profit or loss account.

#### **Cash flow sensitivity analysis for floating rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2021	2020
	Rupees	Rupees
Effect on profit - Increase	74,876,037	50,415,859
Effect on profit - Decrease	(74,876,037)	(50,415,859)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

#### **Interest rate risk management**

The Company manages interest rate risk through risk management strategies where significant changes in gap position can be adjusted. The short term borrowings and loans & advances to the Company have variable rate pricing that is mostly dependent on KIBOR as indicated in respective notes.

### 35.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company believes that it is not exposed to other price risk.



## 36 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitor the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitor the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company manages its capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of long term debt to equity.

The debt-to-equity ratios as at 30<sup>th</sup> September are as follows:

	2021 Rupees	2020 Rupees
Debt	11,697,856,667	9,563,785,949
Equity	10,561,577,254	9,846,234,492
<b>Total</b>	<b>22,259,433,921</b>	<b>19,410,020,441</b>
Gearing ratio	53%	49%

The Company is highly geared.

## 36.1 Accounting classification and fair values

September 30, 2021	Carrying amount			Fair value			
	Fair value through Profit or Loss	Fair value through OCI	At Amortized cost	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>							
Long term deposits	-	-	79,668,628	79,668,628	-	-	-
Trade debts - <i>considered good</i>	-	-	14,243,716	14,243,716	-	-	-
Advances, deposits, prepayments & other receivables	-	-	1,041,119,675	1,041,119,675	-	-	-
Cash and bank balances	-	-	101,748,479	101,748,479	-	-	-
	-	-	1,236,780,498	1,236,780,498	-	-	-
<b>Financial liabilities</b>							
Long term finances - <i>secured</i>	-	-	2,506,553,781	2,506,553,781	-	-	-
Lease liabilities	-	-	433,233,707	433,233,707	-	-	-
Short term borrowings - <i>secured</i>	-	-	8,758,069,179	8,758,069,179	-	-	-
Trade and other payables	-	-	2,998,268,749	2,998,268,749	-	-	-
Mark-up accrued	-	-	237,684,069	237,684,069	-	-	-
	-	-	14,933,809,485	14,933,809,485	-	-	-

September 30, 2020	Carrying amount			Fair value			
	Fair value through Profit or Loss	Fair value through OCI	At Amortized cost	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>							
Long term deposits	-	-	68,029,408	68,029,408	-	-	-
Trade debts - <i>considered good</i>	-	-	5,808,788	5,808,788	-	-	-
Advances, deposits, prepayments & other receivables	-	-	1,361,130,953	1,361,130,953	-	-	-
Cash & bank balances	-	-	281,370,743	281,370,743	-	-	-
	-	-	1,716,339,892	1,716,339,892	-	-	-
<b>Financial liabilities</b>							
Long term finances - <i>secured</i>	-	-	2,764,570,561	2,764,570,561	-	-	-
Lease liabilities	-	-	638,559,332	638,559,332	-	-	-
Short term borrowings - <i>secured</i>	-	-	6,160,656,056	6,160,656,056	-	-	-
Trade and other payables	-	-	2,400,749,091	2,400,749,091	-	-	-
Mark-up accrued	-	-	138,423,497	138,423,497	-	-	-
	-	-	12,102,958,537	12,102,958,537	-	-	-

The above table presents assets and liabilities carried at fair value by valuation method. The different levels have been defined as follows:

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - Inputs other than quoted prices included within 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.

### 37 Business segments information

37.1 The Company has three reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. Information reported to the Company's Chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The following summary describes the operations in each of the Company's reportable segments:

#### Reportable Segments

Sugar segment

Production of White Sugar & Molasses from sugar cane

Ethanol segment

Production of Ethanol from molasses

Top Gas & others segment

Production of Top Gas

Information regarding the Company's reportable segments is presented below:

#### Segment revenue and results

Following is the information about reportable segments of the Company:

	Sugar		Ethanol		Top Gas & Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Sales - Net</b>								
- External	20,184,984,471	17,984,011,108	6,755,756,466	3,233,977,619	173,663,271	53,896,006	27,114,404,208	21,271,884,733
- Inter-segment	-	-	-	-	-	-	-	-
<b>Cost of sales</b>								
- External	(21,662,962,863)	(18,974,548,060)	(2,281,982,739)	(414,435,118)	(50,463,109)	(41,962,268)	(23,995,408,711)	(19,430,945,446)
- Inter-segment	3,805,734,240	2,432,485,280	(3,743,168,472)	(2,406,393,793)	(62,565,768)	(26,091,487)	-	-
<b>Gross profit / (loss)</b>	(17,857,228,623)	(16,542,062,780)	(6,025,151,211)	(2,820,828,911)	(113,028,877)	(68,053,755)	(23,995,408,711)	(19,430,945,446)
- Administrative expenses	2,327,755,848	1,441,948,328	730,605,255	413,148,708	60,634,394	(14,157,749)	3,118,995,497	1,840,939,287
- Distribution expenses	(457,970,847)	(448,326,846)	(85,231,483)	(81,771,450)	(2,912,830)	(2,285,561)	(546,115,160)	(532,383,857)
- Finance cost	(44,307,086)	(39,588,889)	(263,425,713)	(259,245,999)	(14,817,256)	(14,792,877)	(322,550,055)	(313,627,765)
	(885,582,339)	(895,368,897)	(356,297,276)	(168,958,452)	-	-	(1,241,879,615)	(1,064,327,349)
Segment results	(1,387,860,272)	(1,383,284,632)	(704,954,472)	(599,975,901)	(17,730,086)	(17,078,438)	(2,110,544,830)	(1,910,338,971)
Profit / (loss) before tax	939,895,576	58,663,696	25,650,783	(96,827,193)	42,904,308	(31,236,187)	1,008,450,667	(69,399,684)
Other expenses							1,008,450,667	(69,399,684)
Other income							(62,718,506)	(17,388,612)
Profit before taxation							87,506,695	97,729,521
Taxation							1,033,238,856	10,941,225
Profit / (loss) after taxation							(320,993,120)	(292,666,471)
							712,245,736	(281,725,246)



**37.2 Inter-segment sales and purchases and basis of pricing**

Inter-segment sales and purchases have been eliminated from total figure and all inter-segment transfers are made at market price.

	Sugar		Ethanol		Top Gas & Others		Total	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
<b>37.3 Segment assets</b>	<b>16,455,453,575</b>	<b>11,780,230,880</b>	<b>10,223,338,299</b>	<b>11,464,335,051</b>	<b>811,299,077</b>	<b>153,290,288</b>	<b>27,490,090,951</b>	<b>23,397,856,219</b>
<b>37.4 Segment liabilities</b>	<b>11,583,633,912</b>	<b>7,650,365,813</b>	<b>5,308,979,828</b>	<b>5,884,855,085</b>	<b>35,899,957</b>	<b>16,400,829</b>	<b>16,928,513,697</b>	<b>13,551,621,727</b>
<b>37.5 Capital expenditure</b>	<b>397,323,017</b>	<b>591,491,117</b>	<b>187,184,486</b>	<b>246,242,235</b>	<b>12,249,443</b>	<b>-</b>	<b>596,756,946</b>	<b>837,733,353</b>
<b>37.6 Depreciation on property, plant and equipment</b>	<b>592,964,917</b>	<b>614,238,696</b>	<b>211,809,255</b>	<b>196,873,955</b>	<b>23,405,716</b>	<b>12,135,297</b>	<b>828,179,888</b>	<b>823,247,948</b>

**37.7 Secondary reporting format**

Segment revenues from external customers by geographical areas are as follows:

	Sugar		Ethanol		Top Gas & Others		Total	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
Export sales / Asia	-	175,726,106	6,621,189,064	3,078,669,208	-	-	6,621,189,064	3,254,395,314
Local sales	20,184,984,471	17,808,285,002	134,567,402	155,308,411	173,663,271	53,896,006	20,493,215,144	18,017,489,419
	<b>20,184,984,471</b>	<b>17,984,011,108</b>	<b>6,755,756,466</b>	<b>3,233,977,619</b>	<b>173,663,271</b>	<b>53,896,006</b>	<b>27,114,404,208</b>	<b>21,271,884,733</b>

## 37.8 Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2021 Rupees	2020 Rupees
<b>37.8.1 Revenues</b>		
Total revenue for reportable segments	27,114,404,208	21,271,884,733
Elimination of inter-segment revenue	-	-
Consolidated revenue	<u>27,114,404,208</u>	<u>21,271,884,733</u>
<b>37.8.2 Profit or loss before tax and other expenses</b>		
Total profit/ (loss) for reportable segments	1,008,450,667	(69,399,684)
Un-allocated corporate expenses		
- Other expenses	(62,718,506)	(17,388,612)
- Other income	87,506,695	97,729,521
- Taxation	(320,993,120)	(292,666,471)
Consolidated profit/ (loss) after tax	<u>712,245,736</u>	<u>(281,725,246)</u>
<b>37.8.3 Assets</b>		
Total assets for reportable segments	27,490,090,951	23,397,856,219
Elimination of inter-segment assets	-	-
Consolidated assets	<u>27,490,090,951</u>	<u>23,397,856,219</u>
<b>37.8.4 Liabilities</b>		
Total liabilities for reportable segments	16,928,513,697	13,551,621,727
Elimination of inter-segment liabilities	-	-
Consolidated liabilities	<u>16,928,513,697</u>	<u>13,551,621,727</u>

## 38 Capacity and production

	2021			
	Unit I	Unit II	Unit III	Total
<b><i>Sugar plant</i></b>				
Crushing capacity (Metric tons) based on 125 days - (Season 2020-2021)	1,562,500	2,000,000	2,500,000	6,062,500
Sugar produced (Metric tons)	95,118	81,679	139,872	316,669
Recovery ratio	8.28%	9.29%	9.09%	8.89%
Under utilization of capacity is due to low production of sugar-cane.				
	2020			
	Unit I	Unit II	Unit III	Total
<b><i>Sugar plant</i></b>				
Crushing capacity (Metric tons) based on 125 days - (Season 2019-2020)	1,312,500	1,875,000	1,906,250	5,093,750
Sugar produced (Metric tons)	77,182	68,811	119,427	265,420
Recovery ratio	8.66%	9.78%	9.56%	9.33%
<b><i>Ethanol - Distillery plant I</i></b>				
Rated capacity (Liters)			41,250,000	41,250,000
Actual production (Liters)			35,111,250	12,392,500
<b><i>Ethanol - Distillery plant II</i></b>				
Rated capacity (Liters)			46,200,000	42,900,000
Actual production (Liters)			39,691,250	23,455,000
<b><i>Top Gas - Carbondioxide plant</i></b>				
Rated capacity (Metric tons)			14,400	14,400
Actual production (Metric tons)			6,617	3,749
Actual production (Metric tons)				

38.1 The crushing capacity is enhanced on account of BMIR carried out in past years. The revised capacity is based on the technical assessment carried out by the Company.

**39 Remuneration of Chief Executive, Directors and Executives**

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

	2021		
	Chief Executive	Directors	Executives
	Rupees		
Managerial remuneration	-	24,800,000	70,423,557
Medical allowance	-	2,480,000	17,918,521
House rent allowance	-	9,920,000	26,760,952
Staff retirement benefits	-	3,100,000	9,573,881
	-	40,300,000	124,676,911
Number of persons	1	2	37
	2020		
	Chief Executive	Directors	Executives
	Rupees		
Managerial remuneration	-	24,800,000	70,423,557
Medical allowance	-	2,480,000	17,918,521
House rent allowance	-	9,920,000	26,760,952
Staff retirement benefits	-	3,100,000	9,573,881
	-	40,300,000	124,676,911
Number of persons	1	2	37

39.1 The Chief Executive Officer, Directors and Executives are provided with free use of Company maintained cars.

39.2 No meeting fee was paid to Directors during the year (2020: Nil).

**40 Number of employees**

The average and total number of employees are as follows:

**Total employees**

Average number of employees during the year

Total number of employees as at 30 September

**Factory employees**

Average number of employees during the year

Total number of employees as at 30 September

	2021 Number	2020 Number
Average number of employees during the year	1,801	1,869
Total number of employees as at 30 September	1,694	1,907
Average number of employees during the year	1,704	1,774
Total number of employees as at 30 September	1,596	1,811

**41 Transactions with related parties**

The related parties comprise directors of the Company, key employees, associated undertakings and holding company. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Name of party	Relationship	Nature of Transactions	2021	2020
			Rupees	Rupees
Lotte Akhtar Beverages (Pvt.) Limited	Common directorship	Sale of Top Gas	35,476,202	15,823,325
		Receipts against sale of Top Gas	32,108,286	14,925,187
The Institute for Policy Reforms	Common directorship	Donation	13,258,397	15,935,314
Superior Textile Mills Ltd.	Common directorship	Advance	30,000,000	-
Ms. Rasheeda Begum	Director	Guest house rent expense	-	4,800,000

**42 Events after the date of SOFP.**

There are no subsequent events occurring after the statement of financial position date that will affect these financial statements.

**43 Date of authorization for issue**

These financial statements were authorized for issue on July 13, 2022 by the Board of Directors of the Company.

**44 General**

44.1 Figures have been rounded off to the nearest Rupee.

44.2 Corresponding figures have been re-arranged and descriptions are amended, wherever necessary for the purpose of comparison and better presentation.

Lahore  
July 13, 2022

Chief Financial Officer

Chief Executive

Director



**Proxy Form**  
**Tandlianwala Sugar Mills Ltd.**  
33<sup>rd</sup> Annual General Meeting

Folio No./CDC A/c No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ being a member/members of Tandlianwala Sugar Mills Ltd  
holding \_\_\_\_\_ shares of Rs.10 each, hereby appoint Mr./Ms. \_\_\_\_\_  
of \_\_\_\_\_ a member of the Company, vide Registered Folio/CDC A/c  
No. \_\_\_\_\_ or failing him / her, \_\_\_\_\_ as my/our proxy to vote  
for me/us and on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the Company to be hold at Chandni  
Banquet Hall 43-N Gulberg-III, Lahore on Friday, August 05, 2022 at 10:00 am and at any adjournment thereof or of  
any ballot to be taken in consequence thereof,

Signed this \_\_\_\_\_ day of August, 2022

Witnesses:

1. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

2. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Affix Revenue  
Stamp of Rupees  
Five  
Signature by Member(s)

Note:

All proxies, in order to be effective, must be received at the Company's Registered Office not less than forty eight (48) hours before the time fixed for holding the Annual General Meeting and must be duly stamped, signed and witnessed as required.

## پراکسی فارم

تاندلیا نوالہ شوگر ملز لمیٹڈ کا 33 واں (تیسواں) سالانہ اجلاس عام

فولیو اسی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_

\_\_\_\_\_ ساکن \_\_\_\_\_ میں / ہم \_\_\_\_\_

ضلع \_\_\_\_\_ بحیثیت رکن تاندلیا نوالہ شوگر ملز لمیٹڈ حامل \_\_\_\_\_ عام حصص مبلغ 10 روپے ہر ایک شیئر،

\_\_\_\_\_ ساکن \_\_\_\_\_ کمپنی رکن برائے رجسٹرڈ فولیو اسی ڈی سی اکاؤنٹ

نمبر \_\_\_\_\_ یا اس کی عدم موجودگی میں \_\_\_\_\_ کو بطور مختار (پراکسی) مقرر کرتا کرتے ہیں تاکہ وہ میری / ہماری طرف سے کمپنی کے

33 ویں سالانہ اجلاس عام بتاریخ 05 اگست 2022ء بروز جمعہ بوقت صبح 10:00 بجے بمقام چاندنی بینکونٹ ہال-N-43 گلبرگ III لاہور پر منعقد ہو رہا ہے اور

اس کے کسی ملتی شدہ اجلاس میں حق رائے دہی استعمال کرے۔

آج مورخہ اگست 2022 کو میرے دستخط سے جاری ہوا۔

پانچ روپے کی

ریونیونکٹ

چسپاں کریں

ممبر کے دستخط

گواہان:

\_\_\_\_\_ -1 \_\_\_\_\_ -2 \_\_\_\_\_

\_\_\_\_\_ نام \_\_\_\_\_ نام

\_\_\_\_\_ شناختی کارڈ نمبر: \_\_\_\_\_ شناختی کارڈ نمبر:

\_\_\_\_\_ پتہ: \_\_\_\_\_ پتہ:

نوٹ:

پراکسی فارم کے موثر ہونے کیلئے لازم ہے کہ ہر لحاظ سے مکمل فارم کمپنی کے رجسٹرڈ دفتر پر اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً جمع ہو جانا چاہیے۔