



**TANDLIANWALA  
SUGAR MILLS LTD.**

**2020**



**ANNUAL  
REPORT**

# 32<sup>nd</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	<b>Conventional</b> 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 two Annual General Meeting of the Shareholders of the Company will be held on Saturday February 27, 2021 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 18, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2020 together with Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year 2020-2021 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: February 04, 2021.

By order of the Board

Ahmad Jehanzeb Khan  
Company Secretary

**NOTES:**

1. The Share Transfer Books of the Company will remain closed from 18-02-2021 to 27-02-2021 (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 17-02-2021 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. The Corporate shareholders shall nominate someone to represent them at the meeting. The nomination in order to be effective must be received by the Company not later than forty eight (48) hours before the meeting. Representative of corporate members should be bringing the usual documents required for such purpose.

4. Any individual beneficial owner of Central Depository Company (CDC) entitled to attend and vote at this meeting must bring his / her original National Identity card (CNIC) or Passport. Account and Participant ID number to prove him / her identity, and in case of proxy must enclose and attested copy of his / her CNIC or passport.
5. Members are advised to promptly notify change in their postal address, if any, to the Company's Share Registrar.

## نوٹس برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ درج ذیل اُمور کی انجام دہی کیلئے کمپنی کے شیئر ہولڈرز کا 32 واں سالانہ اجلاس عام بروز ہفتہ مورخہ 27 فروری، 2021 بوقت صبح 10:00 بجے چاندنی بینکویٹ ہالز N-43، گلبرگ-III، لاہور میں منعقد ہوگا:

- 1- مورخہ 18 فروری 2020 کو منعقد کیے گئے کمپنی کے سالانہ اجلاس عام کے مندرجات کی توثیق
- 2- مدت تختہ 30 ستمبر 2020 کیلئے کمپنی کے آڈٹ شدہ مالی گوشواروں مع ڈائریکٹرز اور آڈیٹرز رپورٹس کی وصولی، غور و خوض اور منظوری
- 3- سال 2020-2021 کیلئے آڈیٹرز کی منظوری اور اُنکے معاوضے کا تعین۔ موجودہ آڈیٹرز میسرز یو ایچ وائے حسن نعیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور انہوں نے اہل ہونے کے ناطے اپنی دوبارہ تعیناتی کی پیشکش کی ہے
- 4- چیئرمین کی اجازت سے کسی بھی دیگر عمومی کاروبار کی انجام دہی

لاہور: 04 فروری، 2021

بحکم بورڈ  
احمد جہانزیب خان  
کمپنی سیکرٹری

## نوٹس:

- 1- کمپنی کی شیئر ٹرانسفرنگس مورخہ 18-02-2021 تا 27-02-2021 (بشمول دونوں ایام) سالانہ اجلاس عام کے استحقاق، شمولیت اور وونگ کیلئے بند رہیں گی۔ مورخہ 17-02-2021 کو کاروبار کی بندش تک کمپنی کے شیئر رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگ آر کیڈ، 1-K کمرشل ایریا ماڈل ٹاؤن، لاہور میں وصول ہونے والے لفزیکل ٹرانسفر/سی ڈی ایس ٹرانزیکشنز آئی ڈی ایس اجلاس میں شامل تصور کی جائیں گی۔
- 2- اجلاس میں شمولیت اور وونگ کا استحقاق رکھنے والا ممبر اپنی جگہ شمولیت اور وونگ کیلئے کسی دیگر ممبر کو بطور پراکسی متعین کر سکتا ہے۔ مستند۔ پراکسی فارم جو ہر لحاظ سے مکمل ہوں، کمپنی کے رجسٹرار آفس بمقام L-66، گلبرگ-II، لاہور میں اجلاس سے کم از کم 48 گھنٹے پہلے پہنچ جانے چاہئیں۔
- 3- کارپوریٹ شیئر ہولڈرز کو اجلاس میں حاضری کیلئے کوئی نمائندہ نامزد کر سکتے ہیں۔ نمائندگی کے مؤثر ہونے کیلئے یہ کاغذات نامزدگی اجلاس سے 48 گھنٹے قبل کمپنی کے پاس پہنچ جانی چاہیے۔ کارپوریٹ ممبران کے نمائندہ کو اس مقصد کیلئے درکار عمومی دستاویزات ساتھ لانا ہوں گے۔
- 4- سنٹرل ڈیپازٹری کمپنی (سی ڈی سی) کا کوئی انفرادی مالی مالک اجلاس ہذا میں شمولیت اور وونگ کیلئے اپنا قومی شناختی کارڈ یا پاسپورٹ ہمراہ لائے۔ اس کے علاوہ اُسے اپنی شناخت کیلئے اکاؤنٹ اور شمولیتی آئی ڈی نمبر بھی فراہم کرنا ہوگا اور پراکسی کی صورت میں اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل ارسال کرنا ہوگی۔
- 5- ممبران اپنے ڈاک پتہ میں کسی بھی تبدیلی کی اطلاع فوری کمپنی کے شیئر رجسٹرار کو دیں۔



## REVIEW REPORT BY THE CHAIRMAN

I am pleased to present this annual report and audited financial statements of Tandlianwala Sugar Mills ("the Company") for the year ended September 30, 2020 to our valued shareholder. 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 ("the Regulations") with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under the Regulations, an annual evaluation of the Board of the Directors ("the Board") of the Company is carried out.

This year set out to be a challenging years in both financial and operational aspects. The management of the Company is optimistic about the future prospects and expects to continue the satisfactory performance through collective efforts and strategic changes under the guidance of the Board.

Each year, the Board measures its effectiveness as per the already established polices which are in accordance with core values of the Company. Comprehensive criteria have been developed for the purposes of Board evaluation. The Board has set out high standards of corporate governance, which reflects in the Company's overall performance. The Board has recently completed its annual self-evaluation for the year ended September 30, 2020; the overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

The Board has duly formulated a vision and mission statement, is actively involved in formulation of appropriate policies and procedures and ensures the due compliances with all the regulatory requirements. The Board closely monitors the performance of its sub committees and is committed to uphold and stable operations. The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.

I believe that the strategic direction of the organization for the long term is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of organization's objectives are commendable which are truly reflected by the current financial results and performance of the organization.

I would like to take this opportunity to thank the Members of the Board of the Company, shareholders, bankers, financial institutions, our valued customers and supplier for their support & assistance and the Workforce for their hard work, enthusiasm and contributions made to the Company in this challenging year of change. We look forward to the executives and other employees of the Company for their continued support and dedication to getting the same operations in future.

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**Ghazi Khan**  
Chairman

**February 04, 2021**



چیئرمین جائزہ رپورٹ:

مجھے 30 ستمبر 2020 کو اختتام پذیر ہونے والے سال کیلئے تانڈلیانوالہ شوگر ملز (کمپنی) کی یہ سالانہ رپورٹ اور آڈٹ شدہ مالی گوشوارے معزز شیئرز ہولڈرز کے سامنے پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ کمپنی بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی ساخت، طریقہ کار اور اجلاس کے حوالے سے کمپنیز ایکٹ 2017 (ایکٹ) اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (ریگولیشنز) میں متذکرہ ضروریات کی تعمیل کرتی ہے۔ ریگولیشنز کے تحت درکار، کمپنی کے بورڈ آف ڈائریکٹرز (بورڈ) کی سالانہ تشخیص سرانجام دی گئی ہے۔

یہ سال مالی اور عملی دونوں پہلوؤں سے ایک چیلنجنگ سال رہا۔ کمپنی کی انتظامیہ مستقبل کے امکانات کے بارے میں انتہائی پُر امید ہے اور بورڈ کی راہنمائی میں مشترکہ کوششوں اور سٹریٹجک تبدیلیوں کے ذریعے اطمینان بخش کارکردگی جاری رکھنے کی توقع کرتی ہے۔

ہر سال بورڈ کمپنی کے ضابطہ اخلاق کے عین مطابق پہلے سے قائم شدہ پالیسیوں کے تحت اپنی افادیت کی جانچ کرتا ہے۔ بورڈ کی تشخیص کیلئے ایک جامع معیار مرتب کیا گیا ہے۔ بورڈ نے کارپوریٹ گورننس کے اعلیٰ معیارات کا مظاہرہ کیا ہے جو کہ کمپنی کی مجموعی کارکردگی کو واضح کرتے ہیں۔ حالیہ دنوں میں بورڈ نے سال ختم 30 ستمبر 2020 کیلئے اپنی سالانہ خود تشخیصی کا عمل مکمل کیا ہے؛ زیر جائزہ سال کے دوران بورڈ منظور شدہ معیار کے مطابق بورڈ کی مجموعی کارکردگی قابل تسلی رہی۔

بورڈ نے نظریے اور مقصد کیلئے ایک مکمل جامع بیانیہ مرتب کرنے کے ساتھ ساتھ موزوں پالیسیوں و طریقہ کار کی تیاری میں مستعدی کا مظاہرہ کیا ہے اور ضابطہ کی تمام ضروریات کے مطابق زیر التواء پر عملدرآمد یقینی بنایا ہے۔ یہ اپنی ذیلی کمیٹیوں کی کارکردگی کا باریک بینی سے جائزہ لیتا ہے اور امور کی برقراری اور استحکام کیلئے پرعزم ہے۔ بورڈ انتظامیہ، اندرونی و بیرونی آڈیٹرز اور دیگر خود مختار مشورہ کاروں سے باقاعدگی سے پریزنٹیشن کے ذریعے کمپنی کے مقاصد، اہداف، حکمت عملیوں اور مالی کارکردگی کے حوالے سے لمحہ بہ لمحہ آگاہ رہا ہے۔ بورڈ نے وقتاً فوقتاً مناسب ہدایات اور نگرانی فراہم کی۔

مجھے یقین ہے کہ ادارہ کی سٹریٹجک حکمت عملی طویل مدت کیلئے واضح اور موزوں ہے۔ مزید برآں، مجموعی کارپوریٹ سٹریٹجی کی تیاری اور جائزہ کیلئے اختیار کیے گئے طریقہ کار اور کمپنی کے مقاصد میں کامیابی قابل تعریف ہیں اور کمپنی کے موجودہ مالی نتائج اور ادارہ کی ترقی اس بات کی گواہی دے رہی ہے۔

میں آپ سب کا مشکور ہوں اور اس موقع سے فائدہ اٹھاتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز، شیئرز ہولڈرز، بینکرز، مالیاتی اداروں، تمام معزز کسٹمرز اور سپلائرز کا اُنکے تعاون اور معاونت پر شکریہ ادا کرتا ہوں۔ اس کے ساتھ ساتھ میں اپنی محنتی اور متحرک افرادی قوت کو بھی انڈسٹری کیلئے اُنکے بے مثال کردار پر خراج تحسین پیش کرتا ہوں۔ ہم اپنے افسران اور دیگر ملازمین سے توقع کرتے ہیں کہ اُنکے تعاون اور سرشاری مستقبل میں جاری و ساری رہے گی۔

غازی خان

چیئرمین

04 فروری 2021

## Directors' Report

Dear Shareholders,

The Board of Directors of the TSML Group is pleased to present the Company's 32<sup>nd</sup> Annual Report together with the Audited Financial Statements for the year ended 30<sup>th</sup> September 2020.

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

This year the company faced exceptional circumstances from the beginning of the crushing season. The crushing season started after the mid of November 2019. The revised sugarcane support price provincially notified for this 2019-2020 crushing season was Rs 190 per 40 kg, but due to diminutive sugarcane crop & cane purchase war amongst sugar mills, the company was forced to purchase the sugarcane at much higher prices. This stance was necessitated in order to maintain reasonable production figures of sugar & molasses. The Company has put in extra effort to maximize the crushing of sugarcane. These efforts were achieved as our cane department & mills management since decades enjoy very cordial & trust worthy relationship with our growers.

It is worth mentioning that even under most adverse & challenging situations, coupled with an increase in sales tax rates by the Federal Government, the Company was able to have good financial results and managed to earn a gross profit of Rs 1.841 Billion and an operational profit figure of Rs 1.093 Billion.

However despite these massive increase in the sugarcane prices & sales tax rates, the sugar selling prices did not increase in commensurate thereof, during the first three quarters of the year under review. In the last quarter, the prices began to increase and provided a saving grace for the sugar division of the company.

Most of the operating profit of the Company, however, got flattened by the high Finance Cost, which is a major component in the financials. Though decrease in interest rates along with low rate loan schemes that were introduced by the State Bank of Pakistan, for the payment of salaries etc, which to an extent eased our cash flows but the long due receivables from the Government against inland & export subsidies on sugar export since last many years remain unpaid.

### **ALLIED DIVISION:**

Over the past couple of years, both our distilleries (Ethanol Division) have proven to be the most profitable division in the Company due to huge exports in the well acclaimed international circuit of buyers. This year, however, firstly the pandemic situation forced many of our long term buyers to request us to postpone the contracts to next year due to force majeure situations at many international ports of the world, which in turn forced us to curtail our production of ethanol to less than half of our rated capacities. Secondly, since there were bureaucratic hiccups to obtain permissions / quotas for ISO exports from Punjab, hence we could not avail opportunity to export huge quantities for sanitizer buyers in the world, who urgently required our ethanol in small packs (ISO) instead of in bulk. The Company, therefore, opted not to buy molasses from outside sources, which were being traded at exorbitantly high prices.

The CO<sub>2</sub> division is an ancillary to our ethanol division and it also suffered inevitably due to non-operational state of ethanol division for many months, coupled with less demand of beverage companies & other buyers of the CO<sub>2</sub> gas.



The material variance in the net revenues of our company in comparison to the previous year is majorly because of the plunge in both ethanol and CO2 sales due to factors mentioned above.

## **Future Outlook:**

The current financial year 2020-2021 also seems to be very challenging. As for the sugarcane prices, the things are not favorable, where growers are not willing to supply sugarcane at prices less than Rs 300 per 40 kg, as against Governments notified support price of Rs 200 per 40 kg.

The management of the company is very hopeful that with the improved sugar prices and by further procurement of outside molasses to maximize the operational period of the ethanol division, the company would regain its production & revenue targets and will perform much better than the year under review.

Due to the low yield per acre and reduction in sucrose recoveries, the sugar production this year (2020-21) will either be the same as of the under review year (2019-20) or slightly more, which will increase the prices of sugar naturally, due to demand & supply gap. The country may again face shortfall and the Government will have to import refined sugar.

## **Corporate and Financial Reporting Framework:**

Tandlianwala Sugar Mills Ltd is committed to maintain high standards of Corporate Governance without any exception. The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP) and formed as part of stock exchange listing regulations "PSX".

Following is the Statement of Compliance with Code of Corporate Governance and Financial Reporting Framework;

The Board of Directors is here by confirming that:

- The financial statements presents fairly its state of affairs, the results of its operations, cash flows and changes in equity, as prepared by the management of the Company;
- Proper books of accounts of the Company have been maintained;
- Appropriate 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 significant 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;
- Information about taxes and levies is properly given in the relevant notes to the financial statements;

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

A statement regarding key financial data for the last six years is annexed on page # 17 as "Six years review at a Glance" to this report.

### **Pattern of Shareholdings**

The pattern of shareholdings as on September 30, 2020 which is required to be disclosed under the reporting framework is annexed on page # 18 as FORM 34, herewith in this report.

Trading in shares of the Company by the Directors, CEO, CFO and Company Secretary, their spouses and minor children, during the year, is enclosed on page # 20 to this report.

### **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 of Corporate Governance, the terms of reference of the Committee have always been presented and approved by the Board of Directors, accordingly. 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.

### **Board Meetings**

There have been 11 meetings in total as held during the year and the minutes of the meetings were appropriately recorded and circulated. These meetings were attended by the directors as under:

Name of Directors	No of Meetings	
	<i>Held</i>	<i>Attended</i>
Mr. Ghazi Khan	11	11
Mr. Akbar Khan	11	11
Mr. Humayun Akhtar Khan	11	11
Mr. Haroon Khan	11	10
Mrs. Rasheeda Begum	11	5
Mr. Tahir Farooq Malik	11	11
Mrs. Mobina Akbar Khan	11	4

### **Outstanding Statutory Dues**

Details of outstanding dues towards minimum tax and those relating to other statutory obligations are set out in note 15 and 31 respectively.



## **Dividend**

No dividend is being recommended by the Board of Directors for the year ended September 30, 2020.

## **Auditors**

The retiring Auditors, Messrs. UHY Hassan Naeem & Co, Chartered Accountants have completed their assignment for the year 2020 and being eligible, offer themselves for re-appointment for the year ending September 30, 2021, at the conclusion of the 32<sup>nd</sup> Annual General Meeting. The Board also recommend their re appointment.

## **Appreciation**

The Directors would like to express their appreciation for the dedication, hard work of the workers, staff and members of the management team for achieving better financial results in the current year.

We would like to thank our shareholders for their continued support and confidence in 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)  
February 04, 2021

معزز شیئر ہولڈرز،

تانڈلیانوالہ گروپ کا بورڈ آف ڈائریکٹرز 20 ستمبر 2020 کو اختتام پذیر ہونے والے سال کیلئے کمپنی کی بتیسویں (32) سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے انتہائی خوشی محسوس کر رہا ہے۔

عملی اور مالی جھلکیاں:

اس سال کرشنگ سیزن کے آغاز سے ہی کمپنی کو غیر معمولی حالات کا سامنا رہا۔ کرشنگ سیزن کا آغاز وسط نومبر 2019 کے بعد ہوا۔ سال 2019-20 کیلئے صوبائی سطح پر جاری کردہ گنے کی نظر ثانی شدہ امدادی قیمت 190 روپے فی 40 کلوگرام تھی، لیکن گنے کی فصل میں کمی اور شوگر ملوں کے مابین خریداری کیلئے سخت مقابلہ کی وجہ سے کمپنی زیادہ قیمت پر گنا خریدنے پر مجبور ہوئی۔ چینی اور گڑ کی مناسب پیداوار برقرار رکھنے کیلئے یہ قدم اٹھانا لازمی تھا۔ کمپنی کی جانب سے گنے کی کرشنگ میں ہر ممکن حد تک بڑھوتری کیلئے اضافی کاوشیں عمل میں لائی گئیں۔ ان کوششوں کی کامیابی ہمارے کین ڈیپارٹمنٹ اور ملز انتظامیہ کے کاشتکاروں کے ساتھ دہائیوں پر مبنی خوشگوار اور قابل اعتماد تعلقات کے مہون منت ممکن ہوئی۔

یہ بات قابل ذکر ہے کہ انتہائی نامساعد اور مشکل حالات، وفاقی حکومت کی جانب سے سیلز ٹیکس میں اضافہ کے باوجود کمپنی بہترین مالی نتائج حاصل کرنے میں کامیاب رہی اور کمپنی نے 1.841 بلین روپے مجموعی منافع اور 1.093 بلین روپے آپریشنل منافع کمایا۔

تاہم زیر جائزہ سال کی پہلی تین سہ ماہی کے دوران گنے کی قیمت اور سیلز ٹیکس میں اضافہ کے باوجود چینی کی قیمت فروخت میں اس حساب سے اضافہ نہیں ہوا۔ آخری سہ ماہی میں قیمتوں میں اضافہ شروع ہوا اور کمپنی کے شوگر ڈویژن کی ساکھ بحالی کا باعث بنا۔

تاہم کمپنی کا زیادہ تر آپریشنل منافع اضافی مالی لاگت کی مدد میں گیا جو کہ مالیاتی گوشواروں کا ایک اہم جزو ہے۔ اگرچہ سٹیٹ بینک آف پاکستان کی جانب سے کم شرح سود اور تنخواہوں کی ادائیگی کیلئے کم شرح کے ساتھ متعارف کروائی گئی قرضہ سیکم کی بدولت ہمارا کیش فلو کچھ حد تک آسانی سے ممکن ہوا لیکن گزشتہ کئی سالوں سے چینی کی برآمد پر ان لینڈ اور ایکسپورٹ سبسڈیز کی مدد میں حکومت کی جانب لمبے عرصہ سے زیر التواء وصولیاں تاحال واجب الادا ہیں۔

اتحادی ڈویژن:

گزشتہ کئی سالوں سے ہماری دونوں ڈسٹریبیٹرز (ایسٹھانول ڈویژن) صف اول کے خریداروں کو اچھی برآمدات کی وجہ سے کمپنی میں سب سے زیادہ منافع بخش ثابت ہوئیں۔ مگر اس سال بنیادی طور پر وبائی حالات کے دوران ہمارے کئی پرانے خرید کنندگان کی جانب سے معاہدوں میں التواء کی درخواست کرتے ہوئے انہیں اگلے سال منتقل کرنے کا کہا گیا اور اس کی بنیادی وجہ دنیا کی کئی بین الاقوامی بندرگاہوں پر معاہدوں کی منسوختی تھی، یوں ہم اپنی اسٹھانول کی مکمل استعداد کی بجائے نصف سے بھی کم پیداوار پر مجبور ہوئے۔ دوسری جانب پنجاب سے اجازت ناموں / آئی ایس او برآمدات کیلئے کوٹہ کے حصول میں بیورو کریٹک رکاوٹوں کی وجہ سے ہم دنیا میں سینفا نزر خرید کنندگان کو بڑی مقدار میں برآمد کے موقع سے فائدہ اٹھانے میں قاصر رہے کیونکہ ان خرید کنندگان کو بڑی مقدار (Bulk) کی بجائے چھوٹے ٹیکس (ISO) میں ہمارے اسٹھانول کی سخت ضرورت تھی۔ اس لئے کمپنی نے بیرونی ذرائع سے Molasses نہ خریدنے کا فیصلہ کیا جو کہ بحد زیادہ قیمت پر تجارت

کیا جا رہا تھا۔

CO2 ڈویژن ہمارے انتھانول ڈویژن کا ذیلی شعبہ ہے اور انتھانول ڈویژن کے کئی مہینوں تک نان آپریشنل ہونے کی وجہ سے یہ بھی متاثر ہوا۔ اس کے علاوہ مشروبات تیار کرنے والی کمپنیوں اور CO2 کے دیگر خرید کنندگان کی جانب سے بھی طلب میں کمی واقع ہوئی۔ کمپنی کی مجموعی آمدنی میں گزشتہ سال کی نسبت مادی تبدیلی بنیادی طور پر مذکورہ بالا عوامل کی وجہ سے انتھانول اور CO2 کی فروخت میں کمی کی وجہ سے دیکھنے میں آئی۔

مستقبل کا نقطہ نظر:

فی الحال موجودہ مالی سال 2020-21 بھی کٹھن معلوم ہو رہا ہے۔ اگر گنے کی قیمت پر نظر دوڑائی جائے تو وہ سازگار نہیں ہے کیونکہ کاشتکار 300 روپے فی 40 کلوگرام سے کم قیمت پر گنا سپلائی کرنے پر آمادہ نہیں ہیں جبکہ حکومت کی جانب سے جاری کردہ امدادی قیمت 200 روپے فی 40 کلوگرام ہے۔

کمپنی پر امید ہے کہ چینی کی قیمت میں بہتری اور بیرونی ذرائع سے Molasses کے مزید حصول سے انتھانول ڈویژن کے آپریشنل دورانیہ میں ہر حد تک اضافہ کے ساتھ کمپنی اپنی پیداوار اور آمدنی کے اہداف دوبارہ حاصل کر لے گی اور زیر جائزہ مدت کی نسبتاً کئی گنا بہتر کارکردگی کا مظاہرہ کرے گی۔

فی ایکڑ پیداوار اور شکر کی وصولیوں میں کمی کی وجہ سے رواں سال چینی کی پیداوار یا تو زیر جائزہ سال (2019-20) کے برابر رہے گی یا پھر اس میں انتہائی معمولی اضافہ دیکھنے میں آئے گا۔ رسد اور طلب کے اس فرق کی وجہ سے چینی کی قیمت میں قدرتی طور پر اضافہ ہوگا۔ ملک میں ایک بار پھر چینی کی قلت کا سامنا ہو سکتا ہے اور حکومت کو ریفرنڈم شوگر درآمد کرنا پڑے گی۔

ادارہ جاتی اور مالیاتی رپورٹنگ فریم ورک:

تانڈلیانوالہ شوگر ملز لمیٹڈ کسی تفریق کے بغیر کارپوریٹ گورننس کے اعلیٰ معیارات پر عملدرآمد کیلئے پرعزم ہے۔ بورڈ آف ڈائریکٹرز کی جانب سے انتہائی خوشی سے یہ بیان کیا جاتا ہے کہ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور سٹاک ایکسچینج لسٹنگ ریگولیشنز "پی ایس ایکس" کا حصہ بنائے گئے مطلوبہ کوڈ آف کارپوریٹ گورننس پر مکمل عمل پیرا ہے۔

ذیل میں کوڈ آف کارپوریٹ گورننس اور فنانشل رپورٹنگ فریم ورک پر عملدرآمد کی کا بیان دیا گیا ہے؛

بورڈ آف ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ:

☆ کمپنی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات شفاف انداز میں کاروباری امور و معاملات، اس کے آپریشن کے نتائج، کیش

فلوز اور ایکویٹی میں تبدیلیوں کو ظاہر کرتے ہیں۔

☆ کمپنی کے کھاتوں کی باقاعدہ کتب مرتب کی گئی ہیں۔

☆ مالیاتی حسابات کی تیاری میں تسلسل سے درست اکاؤنٹنگ پالیسیاں لاگو کی گئی ہیں اور اکاؤنٹنگ کے تخمینہ جات موزوں اور محتاط

فیصلے پر منحصر ہیں۔



☆ مالیاتی حسابات کمپنیز ایکٹ 2017 اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز جیسا کہ پاکستان میں نافذ العمل ہیں، کے مطابق تیار کئے گئے ہیں۔

☆ اندرونی کنٹرول کا نظام ڈیزائن کے حساب سے مستحکم ہے اور یہ موثر انداز میں نافذ العمل اور زیر نگرانی رہتا ہے۔

☆ کاروبار کو آگے بڑھانے کے بارے میں کمپنی کی صلاحیت پر کسی قسم کے شکوک و شبہات نہیں ہیں۔

☆ کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی ظاہری روگردانی نہیں کی جاتی جیسا کہ لسٹنگ ریگولیشنز میں تفصیلی درج ہے۔

☆ ٹیکسز اور لیویز کے بارے میں معلومات مالیاتی گوشواروں کے متعلقہ بیانیہ میں مناسب انداز میں دی گئی ہیں۔

چھ سال کا جائزہ ایک نظر میں:

گزشتہ چھ سال کیلئے بنیادی مالی ڈیٹا کا بیانیہ اس رپورٹ کے صفحہ نمبر 17 "Six years review at a Glance" کے حصہ میں درج کیا گیا ہے۔

شیئر ہولڈنگ کا پیٹرن:

30 ستمبر 2020 تک شیئر ہولڈنگ کا پیٹرن جو کہ رپورٹنگ فریم ورک کے تحت واضح کرنا لازمی ہے، فارم 34 کے طور پر اس رپورٹ کے صفحہ نمبر 18 میں منسلک کیا گیا ہے۔

سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز، ای او، ایف او اور کمپنی سیکرٹری، اُنکے شریک حیات اور چھوٹے بچوں کے شیئر ہولڈنگ کی تفصیل اس رپورٹ کے صفحہ نمبر 20 میں درج ہے۔

آڈٹ کمیٹی:

بورڈ نے تین ممبران بشمول چیئرمین آف کمیٹی پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے۔ کارپوریٹ گورننس کے ضابطہ کے مطابق کمیٹی باقاعدگی سے میٹنگ کرتی ہے۔ اور کمیٹی کے شرائط و ضوابط ہمیشہ بورڈ آف ڈائریکٹرز کی جانب سے پیش اور پاس کئے جاتے ہیں۔ کمپنی انٹرنل آڈٹ مینوکل اور انٹرنل آڈٹ سسٹم کے جائزہ کیلئے بورڈ کی معاونت کرتی ہے۔

ہیومن ریسورس کمیٹی:

بورڈ نے کوڈ آف کارپوریٹ گورننس کے تحت ایک ہیومن ریسورس اور ریمونڈیشن کمیٹی قائم کی ہے۔ ہیومن ریسورس کمیٹی بورڈ آف ڈائریکٹرز کی جانب سے وضع کردہ طریقہ کار اور شرائط و ضوابط کے مطابق اپنی ذمہ داریاں سرانجام دیتی ہے۔

نامینیشن کمیٹی:

بورڈ نے کوڈ آف کارپوریٹ گورننس پر عمل پیرا رہتے ہوئے ایک نامینیشن کمیٹی تشکیل دی ہے۔

رسک مینجمنٹ کمیٹی:

بورڈ نے کوڈ آف کارپوریٹ گورننس پر عمل کرتے ہوئے ایک رسک مینجمنٹ کمیٹی قائم کی ہے۔



بورڈ کے اجلاس:

سال کے دوران 11 اجلاس منعقد ہوئے اور ان کے مندرجات مناسب انداز میں درج اور ارسال کیے گئے۔ ان اجلاسوں میں ڈائریکٹرز کی حاضری حسب ذیل رہی:

شمولیت	تعداد اجلاس منعقدہ	نام ڈائریکٹرز
11	11	محترم غازی خان
11	11	محترم اکبر خان
11	11	محترم ہمایوں اختر خان
10	11	محترم ہارون خان
5	11	محترمہ رشیدہ بیگم
11	11	محترم طاہر فاروق ملک
4	11	محترمہ مبینہ اکبر خان

قابل ادائیگی قانونی واجبات:

کم سے کم ٹیکس کی مدد اور دیگر قانونی ادائیگیوں کے زیر التوا واجبات کی تفصیلات بالترتیب نوٹ 15 اور 31 میں دی گئی ہیں۔  
ڈیویڈنڈ:

سال ختم 30 ستمبر 2020 کیلئے بورڈ آف ڈائریکٹرز کی جانب سے کسی ڈیویڈنڈ کی سفارش نہیں کی گئی۔  
آڈیٹرز:

سال 2020 کیلئے ریٹائر ہونے والے آڈیٹرز میسرز یو ایچ وائے حسن نعیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اپنی ذمہ داری پوری کر لی ہے اور اہل ہونے کے ناطے وہ سال ختم 30 ستمبر 2021 کیلئے 32 ویں سالانہ اجلاس عام میں اپنی دوبارہ تعیناتی کیلئے خود کو پیش کر رہے ہیں۔ بورڈ نے بھی اُنکی دوبارہ تعیناتی کی سفارش کی ہے۔

خراج تحسین:

ڈائریکٹرز پر جائزہ سال میں بہتر مالی نتائج حاصل کرنے پر رکرڈز، عملہ اور انتظامی ٹیم کے ممبران کو اُنکی لگن و انتھک محنت کیلئے خراج تحسین پیش کرتے ہیں۔

ہم مسلسل تعاون اور اعتماد پر اپنے شیئر ہولڈرز کے بھی شکر گزار ہیں۔ ہم اپنے کاشتکاروں کے کلیدی کردار کو بھی سراہتے ہیں کیونکہ وہ اس انڈسٹری کا اہم جزو ہیں اور ہم بے لوث تعاون پر اُنکے مشکور ہیں۔

بجگم بورڈ آف ڈائریکٹرز

اکبر خان

(چیف ایگزیکٹو آفیسر) 04 فروری، 2021

# TANGLIANWALA SUGAR MILLS LTD.

## SIX YEARS REVIEW AT A GLANCE

Figures in '000

	2020 (Rupees)	2019 (Rupees)	2018 (Rupees)	2017 (Rupees)	2016 (Rupees)	2015 (Rupees)
<b>FINANCIAL RESULTS</b>						
Sales (Net)	21,271,885	27,295,875	17,522,464	13,903,985	18,675,054	16,520,294
Cost of Sales	19,430,945	23,142,769	14,665,516	11,769,616	16,258,134	14,301,181
<b>Gross profit</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>	<b>2,219,113</b>
Operating, financial and other expenses	1,927,728	2,437,413	2,031,870	1,680,412	1,542,640	1,674,897
	<b>(86,788)</b>	<b>1,715,693</b>	<b>825,078</b>	<b>453,957</b>	<b>874,280</b>	<b>544,216</b>
Other income	97,730	65,485	79,729	36,246	108,495	70,303
Net profit before wppf	<b>10,942</b>	<b>1,781,178</b>	<b>904,807</b>	<b>490,203</b>	<b>982,775</b>	<b>614,519</b>
Workers' profit participation fund	0.547	100,979	55,596	29,077	49,139	30,726
<b>Net profit before Taxation</b>	<b>10,941</b>	<b>1,680,199</b>	<b>849,211</b>	<b>461,126</b>	<b>933,636</b>	<b>583,793</b>
Provision for taxation	(292,666)	(234,276)	(41,566)	9,634	(35,669)	7,833
<b>Net (Loss) / profit after taxation</b>	<b>(281,725)</b>	<b>1,445,923</b>	<b>807,645</b>	<b>470,760</b>	<b>897,967</b>	<b>591,626</b>
<b>Cash dividend</b>	-	-	-	-	-	-
<b>(Loss) / Earning per share (Rs.)</b>	<b>(2.39)</b>	<b>12.28</b>	<b>6.86</b>	<b>4.00</b>	<b>7.63</b>	<b>5.03</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>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>10,941,621</b>

### OPERATING RESULTS

Sugar production - Unit - 1	M. Tons	77,182	69,115	57,826	64,441	50,392	45,488
Sugar production - Unit - 2	M. Tons	68,811	105,529	93,139	102,417	76,474	95,011
Sugar production - Unit - 3	M. Tons	119,427	80,731	94,617	136,284	120,512	124,611

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 **30-09-2020**

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
129	1	100	3,266
409	101	500	193,461
58	501	1,000	48,984
56	1,001	5,000	122,932
7	5,001	10,000	47,017
6	10,001	15,000	78,261
3	15,001	20,000	53,607
1	20,001	25,000	21,500
2	25,001	30,000	56,720
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	21,560,001	21,565,000	21,562,457
1	21,730,001	21,735,000	21,734,118
687			<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	89,376,885	75.9321%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	---	---



# TANGLIANWALA SUGAR MILLS LTD.

2.3.3 Banks Development Financial Institutions, Non Banking Financial Institutions.	183,689	0.1560%
2.3.4 Shareholders holding 10% or more	89,374,863	75.9304%
2.3.5 General Public a. Local	28,145,726	23.9118%
2.3.6 Others (to be specified)	---	---

# TANGLIANWALA SUGAR MILLS LTD.

## TANGLIANWALA SUGAR MILLS LIMITED

Categories of Shareholding required under Code of Corporate Governance (CCG)

As on September 30, 2020

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	22,971,200	19.5157%
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

177,640 0.1509%

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	22,971,200	19.5157%
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. HAROON KHAN (CDC)	-	22,000
2	MR. GHAZI KHAN (CDC)	-	6,000

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

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

Year Ended: **30 September 2020**

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:

<b>a)</b>	Male:	05
<b>b)</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 :

<b>Name</b>	<b>Designation</b>
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:

<b>Name</b>	<b>Designation</b>
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: 05 meetings held during the year ended on September 30, 2020; and

- b) HR and Remuneration Committee: 01 meeting held during the year ended on September 30, 2020.
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 2020 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) & (2) 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: February 04, 2021

**GHAZI KHAN**  
CHAIRMAN



**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Tandlianwala Sugar Mills Limited**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Tandlianwala Sugar Mills Limited** ("the Company") for the year ended 30 September 2020 to comply 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.

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 30 September 2020.

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:



<b>Paragraph reference</b>	<b>Description</b>
<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**  
**Date: February 04, 2021**

**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, 2020, 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, 2020 and of the profit or loss and other comprehensive income or loss, 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</b></p> <p>Refer to the statement of profit or loss and note 4.12 and 24 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 and testing</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>the design, implementation and operating effectiveness of key internal controls over recording of revenue;</p> <ul style="list-style-type: none"> <li>• assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li> <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 sale tax paid thereto with the amounts reported in sale tax returns; and</li> <li>• assessed the adequacy of disclosure in financial statements with respect to the revenue.</li> </ul>
2	<p><b>Borrowings and finance cost</b></p> <p>Refer notes 4.16, 8, 9, 11, and 29 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</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• assessed the design and operating effectiveness of the Company's 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, 2020 directly from the</li> </ul>



Sr. No.	Key audit matters	How the matter was addressed in our audit
	arrangements.	<p>financial institutions;</p> <ul style="list-style-type: none"> <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 within twelve months were classified as current liabilities; and</li> <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>Valuation of stock-in-trade</b></p> <p>Refer notes 4.7 and 20 to the financial statements.</p> <p>The stock-in-trade balances constitutes 10.19% 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</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 the design, implementation and operating effectiveness;</li> <li>• performed substantive procedure 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 cost of stock-in-</li> </ul>

Sr. No.	Key audit matters	How the matter was addressed in our audit
	consider this to be a key audit matter.	trade with their respective net realizable value (NRV); <ul style="list-style-type: none"> <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 to the Financial Statements.</p> <p>A deferred tax asset shall be recognized on 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 2020, 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, 2021.</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 correspondence and underlying accounting records;</li> <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, 2020, 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:** February 04, 2021

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

## Statement of Financial Position

EQUITY AND LIABILITIES	Note	2020 Rupees	2019 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
120,000,000 (September 2019: 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		4,743,215,795	4,988,223,577
Loan from sponsors - <i>unsecured</i>	7	<u>3,635,214,057</u>	<u>3,541,050,170</u>
<b>TOTAL EQUITY</b>		<b>9,846,234,492</b>	<b>9,997,078,387</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - <i>secured</i>	8	<u>1,981,759,137</u>	<u>1,926,794,717</u>
Lease liability	9	435,691,325	385,913,905
Deferred liabilities	10	<u>564,706,862</u>	<u>508,436,982</u>
		2,982,157,324	2,821,145,604
<b>CURRENT LIABILITIES</b>			
Short term borrowings - <i>secured</i>	11	<u>6,160,656,056</u>	<u>5,513,273,317</u>
Current portion of non-current liabilities	12	985,679,431	1,366,249,595
Trade and other payables	13	2,708,079,894	3,374,669,386
Mark-up accrued	14	138,423,497	246,377,102
Provision for taxation	15	<u>576,625,525</u>	<u>273,819,231</u>
		10,569,464,403	10,774,388,631
<b>CONTINGENCIES AND COMMITMENTS</b>	16		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>23,397,856,219</u></u>	<u><u>23,592,612,622</u></u>

The annexed notes 1 to 43 form an integral part of these financial statements

Lahore  
February 04, 2021

Chief Financial Officer

## As at September 30, 2020

ASSETS	<i>Note</i>	2020 Rupees	2019 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	17	16,168,944,779	16,155,428,659
Long term deposits	18	224,370,919	82,429,286
		16,393,315,698	16,237,857,945
 <b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	19	1,099,256,719	1,042,085,028
Stock-in-trade	20	2,384,437,294	3,022,242,477
Trade debts - considered good	21	5,808,788	314,759,460
Advances, deposits, prepayments and other receivables	22	2,371,757,797	2,016,746,177
Tax refunds due from Government		859,595,298	782,707,494
Cash and bank balances	23	283,684,625	176,214,041
		7,004,540,521	7,354,754,677
 <b>TOTAL ASSETS</b>		23,397,856,219	23,592,612,622

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

\_\_\_\_\_  
Director



## Statement of Profit or Loss

For the year ended September 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales - net	24	21,271,884,733	27,295,874,630
Cost of sales	25	(19,430,945,446)	(23,142,769,339)
<b>Gross profit</b>		<b>1,840,939,287</b>	<b>4,153,105,291</b>
Administrative expenses	26	(532,383,857)	(531,118,199)
Distribution expenses	27	(313,627,765)	(406,648,748)
Other income	28	97,729,521	65,485,087
<b>Profit from operations</b>		<b>1,092,657,186</b>	<b>3,280,823,431</b>
Finance cost	29	(1,064,327,349)	(1,499,645,736)
Other expenses	30	(17,388,612)	(100,979,053)
<b>Profit before taxation</b>		<b>10,941,225</b>	<b>1,680,198,642</b>
Taxation	31	(292,666,471)	(234,275,988)
<b>(Loss) / profit after taxation</b>		<b>(281,725,246)</b>	<b>1,445,922,654</b>
<b>Earnings per share - basic and diluted</b>	32	<b>(2.39)</b>	<b>12.28</b>

The annexed notes 1 to 43 form an integral part of these financial statements

Lahore  
February 04, 2021

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

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

\_\_\_\_\_  
Director

**Statement of Other Comprehensive Income**

*For the year ended September 30, 2020*

	<i>Note</i>	2020 Rupees	2019 Rupees
<b>(Loss) / profit after taxation</b>		<b>(281,725,246)</b>	1,445,922,654
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Gain / (loss) on remeasurement of defined benefit liability	10.1.2	46,857,287	(10,136,138)
Related tax impact		(10,139,823)	2,037,354
		36,717,464	(8,098,784)
<b>Total comprehensive (loss) / income for the year</b>		<b>(245,007,782)</b>	1,437,823,870

The annexed notes 1 to 43 form an integral part of these financial statements

Lahore  
February 04, 2021

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

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Chief Executive

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Director

## Statement of Cash Flows For the year ended September 30, 2020

	Note	2020 Rupees	2019 Rupees
<b><i>Cash flows from operating activities</i></b>			
Profit before taxation		10,941,225	1,680,198,642
<i>Adjustments for non-cash and other items:</i>			
Depreciation on property, plant and equipment	17.1.1	823,247,949	818,615,913
Loss/ (gain) on disposal of property, plant and equipment	17.1.2	906,498	(928,173)
Finance cost	29	1,064,327,349	1,499,645,736
Provision for staff retirement benefits	10.1.3	107,553,669	85,659,287
Return on bank deposits	28	(62,164,784)	(16,999,663)
Workers' Profit Participation Fund	13.2	546,800	88,431,507
		1,934,417,481	2,474,424,607
<b>Operating profit before working capital changes</b>		<b>1,945,358,706</b>	<b>4,154,623,249</b>
<i>(Increase) / decrease in current assets:</i>			
Stores, spare parts and loose tools		(57,171,691)	57,976,888
Stock-in-trade		637,805,183	6,640,422,234
Advances, deposits, prepayments and other receivables		(355,011,620)	(248,494,612)
Trade debts - <i>considered good</i>		308,950,672	(289,430,997)
		534,572,544	6,160,473,513
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		(578,704,785)	(5,150,404,111)
<b>Cash generated from operations</b>		<b>1,901,226,465</b>	<b>5,164,692,651</b>
Finance cost paid		(1,172,280,957)	(1,522,219,488)
Staff retirement benefits paid	10.1.1	(4,426,502)	(2,052,324)
Taxes paid		(76,887,804)	(91,578,529)
Workers' Profit Participation Fund paid	13.2	(88,431,507)	(45,461,299)
		(1,342,026,770)	(1,661,311,640)
<b>Net cash generated from operating activities</b>		<b>559,199,695</b>	<b>3,503,381,011</b>
<b><i>Cash flows from investing activities</i></b>			
Capital expenditure		(583,190,353)	(1,255,826,451)
Proceeds from disposal of property, plant and equipment	17.1.2	62,788	1,210,000
Long term deposits		(141,941,633)	99,968,419
Income received from bank deposits		62,164,784	16,999,663
<b>Net cash used in investing activities</b>		<b>(662,904,414)</b>	<b>(1,137,648,369)</b>
<b><i>Cash flows from financing activities</i></b>			
Long term finances repaid		(792,932,098)	(614,629,728)
Long term finances obtained		541,137,523	88,447,993
Loan from sponsors		94,163,887	1,606,000,000
Lease liabilities - <i>net</i>		(278,576,748)	(342,288,535)
Short term borrowings-net		647,382,739	(3,009,619,647)
<b>Net cash generated from / (used in) financing activities</b>		<b>211,175,303</b>	<b>(2,272,089,917)</b>
<b>Net increase in cash and cash equivalents</b>		<b>107,470,584</b>	<b>93,642,705</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>76,711,886</b>	<b>(16,930,819)</b>
<b>Cash and cash equivalents at the end of the year</b>	33	<b>184,182,470</b>	<b>76,711,886</b>

The annexed notes 1 to 43 form an integral part of these financial statements

Lahore  
February 04, 2021

Chief Financial Officer

Chief Executive

Director



**Statement of Changes in Equity**  
*For the year ended September 30, 2020*

	Reserves				Loan from Sponsors	Total
	Share capital	Capital Share premium	Revenue Un-appropriated profits	Total reserves		
	-----Rupees-----					
<b>Balance as at October 01, 2018</b>	1,177,063,000	290,741,640	3,550,399,707	3,841,141,347	1,935,050,170	6,953,254,517
<b>Transactions with owners of the Company</b>						
Loan received during the period	-	-	-	-	1,606,000,000	1,606,000,000
<b>Total comprehensive income / (loss) for the year:</b>						
Profit for the year ended September 30, 2019	-	-	1,445,922,654	1,445,922,654	-	1,445,922,654
Other comprehensive loss for the year ended September 30, 2019 - net of tax	-	-	(8,098,784)	(8,098,784)	-	(8,098,784)
<b>Balance as at September 30, 2019</b>	<b>1,177,063,000</b>	<b>290,741,640</b>	<b>4,988,223,577</b>	<b>5,278,965,217</b>	<b>3,541,050,170</b>	<b>9,997,078,387</b>
<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>

The annexed notes 1 to 43 form an integral part of these financial statements

**Lahore**  
**February 04, 2021**

Chief Financial Officer

Chief Executive

Director

## Notes to the Financial Statements

*For the year ended September 30, 2020*

### 1 Corporate and general information

#### 1.1 Reporting entity

Tandlianwala Sugar Mills Limited ("the Company") was incorporated in Pakistan on 01 November 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. On March 23, 2020, the Government of Pakistan announced a temporary lock down 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. The potential impacts from COVID-19 remain uncertain including among other things on economic conditions businesses and consumers, the impact varies from industry to industry in different jurisdictions. Based on management assessment, COVID-19 has not significantly impacted the business of sugar due to seasonal (November to March) nature of the business activities of this sector. However, pursuant to relaxation announced by the State Bank of Pakistan in view of this pandemic, the Company has availed deferments of principal amount of certain long term financing and new financing facilities for payment of Wages & Salaries, which is fully explained in note 8 to these financial statements.

Moreover Government of Pakistan announced ban on commercial flights due to COVID-19 which affected company's Ethanol business, whereby the Company's Ethanol exports decreased by 46%.

### 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 provision 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 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 have an effect on 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

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, 2019 except for the adoption of new standards effective as of October 01, 2019 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. 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
IFRS-3 - Business Combination- (Amendments)	January 1, 2020
IFRS-4 - Interest rate benchmark reforms - (Amendments)	January 1, 2020
IFRS-16 - COVID-19- related rent concession -(Amendments)	June 1, 2020
IFRS-9 - Presentation of financial statements- (Amendments)	January 1, 2020
IFRS-15 - Definition of business - (Amendments)	January 1, 2020
IFRS-16 - Definition of material - (Amendments)	January 1, 2020

### 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 then 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**

### ***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 17.1.

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 amount. Where carrying values exceed the respective recoverable amount, 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 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 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 investment 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 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 as 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 as 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.

#### 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 ruling 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 "Accounting Directors' 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 remeasured"*.

#### 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, distillery and top gas.



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	2020 Rupees	2019 Rupees
<b>5 Share capital</b>		
<b>5.1 Authorized share capital</b>		
120,000,000 (September 2019: 120,000,000) ordinary shares of Rs. 10 each	<b>1,200,000,000</b>	1,200,000,000
<b>5.2 Issued, subscribed and paid-up share capital</b>		
117,706,300 (2019: 117,706,300) voting ordinary shares of Rs. 10 each fully paid in cash	<b>1,177,063,000</b>	1,177,063,000
<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 loans amounting to Rs. 3,635 million (2019: Rs. 3,541 million) obtained from the sponsors of the Company and is repayable at the discretion of the Company.		

	<i>Note</i>	2020 Rupees	2019 Rupees
<b>8 Long term finances - secured</b>			
<b><u>Mark-up bearing finances from conventional bank:</u></b>			
MCB Bank Limited - <i>Led Syndicated loan</i>	8.1	-	272,760,754
National Bank of Pakistan - <i>Syndicated term finance</i>	8.2	<b>1,925,624,997</b>	2,221,875,000
Allied Bank Limited	8.3	<b>321,137,523</b>	-
The Bank of Punjab - <i>Term finance</i>	8.4	-	13,750,000
Pak Oman Investment Company Limited - <i>Term finance</i>	8.5	<b>295,000,006</b>	175,000,000
Samba Bank Limited - <i>Term finance</i>	8.6	<b>142,850,290</b>	214,275,430
		<b>2,684,612,816</b>	2,897,661,184
<b><u>Islamic mode of financing:</u></b>			
Al Baraka Bank Limited - <i>Diminishing Modaraba</i>	8.7	<b>22,466,545</b>	41,754,304
Sindh Modaraba - <i>Diminishing Modaraba</i>	8.8	<b>57,491,200</b>	75,180,796
First Punjab Modaraba - <i>Diminishing Modaraba</i>	8.9	-	1,768,852
		<b>79,957,745</b>	118,703,952
		<b>2,764,570,561</b>	3,016,365,136
<b><u>Less: Current portion of non-current liabilities</u></b>			
Conventional banks		<b>(742,655,283)</b>	(1,050,435,898)
Islamic banks		<b>(40,156,141)</b>	(39,134,521)
		<b>1,981,759,137</b>	1,926,794,717

Sanctioned Limit	Tenure and basis of principal repayment	Mark-up as per Agreement	Security
8.1 1,250,000,000	18 equal instalments payable at the end of each quarter beginning from 31 March 2016	3MK plus 275 bps	This loan is secured by way of pari passu hypothecation charge over all the present and future fixed assets of sugar Unit - I located at Kanjwani and exclusive charge of distillery at Unit - II located at Muzaffargarh respectively; with the sum of Rs. 1,667 million in favour of security agent. This loan is also secured by way of lien and over the collection account in favour of security agent in terms of collection arrangement entered into between the Company and security agent and personal guarantees of all the Directors of the Company.
8.2 2,400,000,000	16 equal Instalments payable at the end of each quarter beginning from 27 September 2019. Installments were deferred from 01	3MK 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.

Sanctioned Limit	Tenure and basis of principal repayment	Mark-up as per Agreement	Security	
	January 2020 to 31 December 2020.		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	400,000,000	8 equal quarterly instalments payable at the start of each quarter beginning from 11 February 2021	3.00%	The Company has obtained borrowing under Refinance Scheme for payment of Wages & Salaries by the State Bank of Pakistan (SBP) at subsidized rate in five tranches on various dates. 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.
8.4	110,000,000	16 equal instalments payable at the end of each quarter beginning from 31 March 2016	3MK plus 350 bps	This loan is secured by way of token registered Mortgage of Rs. 0.1 million along with equitable mortgage of marked-up amount over Head Office land and building measuring 2 Canals 16 Marlas 111 Sqft situated at 66-L, Gulberg II, Lahore and personal guarantees of all Directors of the Company.
8.5	This presents following loans obtained from Pak Oman Investment Company Limited.			
8.5.1	300,000,000	12 equal instalments payable at the end of each quarter beginning from 27 July 2018	6MK plus 250 bps	This 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.
8.5.2	220,000,000	14 equal instalments payable at the end of each quarter beginning on 08 April 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.
8.6	250,000,000	14 equal instalments payable at the end of each quarter beginning on 11 April 2019	1MK plus 250 bps	This loan is secured by way of pari passu charge over fixed assets located at Unit-III in Muzaffargarh amounting to Rs. 400 million, and personal guarantees of all Directors of the Company.
8.7	63,995,140	12 equal instalments payable at the end of each quarter beginning from December 2018	6MK plus 350 bps	This loan is secured by way of registered first pari-passu charge for Rs. 100 million over all fixed assets including land, building & machinery of Unit - III located in Muzaffargarh. Exclusive charge for Rs. 86.67 million over imported machinery through LC's at Unit-I, Kanjwani, Faisalabad with Bank's share at Rs. 65 million. This loan is also secured by personal guarantee of all Directors of the Company.
8.8	88,447,993	60 equal instalments payable at the end of each month beginning from 01 January 2019	6MK plus 350 bps	Title documents of the assets are exclusively in the name of Sindh Modaraba for the entire tenor of the facility.
8.9	17,688,500	36 equal instalments payable at the end of each month beginning from January 2015	6MK plus 400 bps	Asset is registered in the name of First Punjab Modaraba as security. This is also secured by personal guarantee of all the Directors of the Company.

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		2020	2019
	<i>Note</i>	Rupees	Rupees
<b>9 Lease liability</b>			
Lease liability	9.1	638,559,332	662,593,081
Less: Current portion		<u>(202,868,007)</u>	<u>(276,679,176)</u>
Closing balance		<u>435,691,325</u>	<u>385,913,905</u>
<b>9.1</b>			
Opening balance		662,593,081	1,004,881,616
Add: Assets acquired during the year		<u>254,543,009</u>	-
		917,136,090	1,004,881,616
Less: Payments / adjustments		<u>(278,576,758)</u>	<u>(342,288,535)</u>
		638,559,332	662,593,081
Less: Current portion		<u>(202,868,007)</u>	<u>(276,679,176)</u>
Closing balance		<u>435,691,325</u>	<u>385,913,905</u>

**9.1.1** The principal payment due under the lease agreements aggregate to Rs. 638.5 million (2019: Rs. 662.6 million) and are payable in monthly instalments under various agreements, latest by August 2023. The present values of minimum lease payments have been discounted at interest rate implicit in the lease, which ranges from 9.49 % to 18.40 % per annum (2019: 9.29% to 17.59% per annum). The liability is partly secured by a deposit of Rs. 156.34 million (2019: Rs. 141.62 million). The estimated residual value of assets acquired on lease rental is Rs.156.34 million (2019: Rs. 141.62 million). 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.

	2020			2019		
	Amount in Rupees			Amount in Rupees		
	Minimum lease payments	Present value of minimum lease payments	Financial charges	Minimum lease payments	Present value of minimum lease payments	Financial charges
Due within one year	245,979,770	202,868,007	43,111,763	346,720,443	276,679,176	70,041,267
Due after one year but not later than five years	466,252,096	435,691,325	30,560,771	453,651,924	385,913,905	67,738,019
Due after five years	-	-	-	-	-	-
	<u>712,231,866</u>	<u>638,559,332</u>	<u>73,672,534</u>	<u>800,372,367</u>	<u>662,593,081</u>	<u>137,779,286</u>

		2020	2019
	<i>Note</i>	Rupees	Rupees
<b>10 Deferred liabilities</b>			
Staff retirement benefits - <i>Gratuity</i>	10.1	564,706,862	508,436,982
Deferred taxation	10.2	-	-
		<u>564,706,862</u>	<u>508,436,982</u>

### 10.1 Staff retirement benefits - *Gratuity*

The latest actuarial valuation of the Company's defined benefit plan was conducted at September 30, 2020 using Projected Unit Credit Method. Detail of obligation for defined benefit plan is as follows:

		2020	2019
	<i>Note</i>	Rupees	Rupees
Present value of defined benefit obligation	10.1.1	<u>564,706,862</u>	<u>508,436,982</u>
<b>Liability as at 30 September</b>		<u>564,706,862</u>	<u>508,436,982</u>

		2020	2019
	<i>Note</i>	Rupees	Rupees
<b>10.1.1 Movement in defined benefit obligation</b>			
Present value of defined benefit obligation as at 01 October		508,436,982	414,693,881
Current service cost for the year	10.1.3	55,150,654	50,938,892
Interest cost for the year	10.1.3	52,403,015	34,720,395
Benefits paid during the year		<u>(4,426,502)</u>	<u>(2,052,324)</u>
Actuarial (gain) / loss on present value of defined benefit obligation	10.1.2	<u>(46,857,287)</u>	10,136,138
<b>Present value of defined benefit obligation as at 30 September</b>		<u>564,706,862</u>	<u>508,436,982</u>



10.1.2 Changes in actuarial gains	Note	2020 Rupees	2019 Rupees
Opening actuarial gain		-	-
Actuarial gain / (loss) during the year		46,857,287	(10,136,138)
Charge to other comprehensive income	10.1.3	(46,857,287)	10,136,138
<b>Unrecognized actuarial gains</b>		<b>-</b>	<b>-</b>
<b>10.1.3 Charge for the year</b>			
<b><u>Statement of Profit or Loss</u></b>			
Current service cost		55,150,654	50,938,892
Interest cost for the year		52,403,015	34,720,395
Net amount chargeable to profit and loss account		107,553,669	85,659,287
<b><u>Statement of Other Comprehensive Income</u></b>			
Actuarial (gain) / loss on defined benefit obligation		(46,857,287)	10,136,138
		<b>60,696,382</b>	<b>95,795,425</b>

	2020 Rupees	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees
<b><u>Historical Information</u></b>					
Present value of defined benefit obligations	564,706,862	508,436,982	414,693,881	310,560,559	245,194,213
Experience adjustment arising on plan liability (gain) / loss	(46,857,287)	10,136,138	42,824,778	26,243,582	9,711,211

10.1.4 Assumptions used for valuation of defined benefit schemes	2020	2019
Discount rate used for interest cost	12.50%	10.00%
Discount rate used for year end obligation	9.75%	12.50%
Expected rates of salary increase in future	8.75%	N/A
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 the year ending 30 September 2021 is estimated at Rs. 95.2 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 6 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 2020 would have been as follows:

	Gratuity	
	Increase 100 bps	Decrease 100 bps
	----- Rupees -----	
Discount rate movement	447,720,581	503,233,129
Salary growth rate	503,711,554	446,847,821

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	Note	2020 Rupees	2019 Rupees
Deferred tax liability as at September 30, 2020 on taxable temporary differences arising in respect of:			
- Accelerated tax depreciation on operating fixed assets		1,858,191,557	1,670,044,129
- Leased assets - net		169,453,176	115,530,786
Deferred tax asset as at September 2020 on deductible temporary differences arising in respect of:			
- Unused tax losses and tax credits	10.2.2	(1,915,464,795)	(1,665,604,945)
- Staff retirement benefits		(112,061,612)	(102,195,325)
- Provision for Worker's Profit Participation Fund		(118,326)	(17,774,645)
		-	-
<b>10.2.1 Movement in deferred tax balances is as follows:</b>			
As at 01 October		-	41,580,597
Recognized in statement of profit and loss:			
- Accelerated tax depreciation on operating fixed assets		188,147,428	145,150,631
- Leased assets - net		53,922,390	54,252,952
- Unused tax losses and tax credits		(249,859,850)	(211,583,333)
- Staff retirement benefits		(20,006,110)	(18,536,677)
- Provision for Worker's Profit Participation Fund		17,656,319	(8,826,816)
		(10,139,823)	(39,543,243)
Recognized in Statement of other comprehensive income:			
- Staff retirement benefits		10,139,823	(2,037,354)
		-	-

**10.2.2** As at 30 September 2020 deferred tax asset amounting to Rs. 483.82 million (2019: Rs. 457.94 million) on unused tax losses 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 2021. Tax losses amounting to Rs. 588.88 million will expire in tax year 2022 respectively.

## 11 Short term borrowings - secured

	Interest rate %	2020 Rupees	2019 Rupees
<b>Banking &amp; Financial Institutions</b>			
<i>Mark-up based borrowings from conventional banks-secured</i>			
Cash finance	9.28 - 17.85	1,538,953,899	2,149,412,162
Running finance	10.56 - 17.06	99,502,155	99,502,155
Export-refinance	3.00	4,522,200,002	3,204,359,000
		6,160,656,056	5,453,273,317
<i>Islamic mode of financing: Secured</i>			
Bai-Salam	16.34-16.50	-	60,000,000
		6,160,656,056	5,513,273,317

- 11.1 The Company has availed short term borrowing facilities from various commercial banks under mark-up arrangements having aggregate sanctioned limits of Rs. 11,400 million (2019: Rs. 11,200 million). These facilities are secured against different securities including 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 pledge based outstanding borrowings out of the above outstanding borrowings are secured against pledge of stock-in-trade amounting to Rs. 1,675 million (2019: Rs 2,536 million). Higher rate were charged due to upward movement in KIBOR before March 2020.

	Note	2020 Rupees	2019 Rupees
<b>12 Current portion of non-current liabilities</b>			
Long term finances - <i>Conventional loan</i>	8	742,655,283	1,050,435,898
Long term finances - <i>Islamic loan</i>	8	40,156,141	39,134,521
Lease liability	9	202,868,007	276,679,176
		<u>985,679,431</u>	<u>1,366,249,595</u>

	Note	2020 Rupees	2019 Rupees
<b>13 Trade and other payables</b>			
Trade and other creditors		632,315,546	854,154,215
Creditors for capital expenditure		1,443,909,533	1,258,066,173
Advances from customers - Local	13.1	221,320,387	707,274,683
Retention money payable		10,596,676	24,445,297
Federal Excise Duty and Sales Tax payable		282,148	63,186,938
Income Tax deducted at source		68,606,613	26,285,963
Withholding Sales Tax payable		5,978,179	6,014,864
Workers' Profit Participation Fund	13.2	546,800	88,431,507
Accrued liabilities		67,753,039	69,046,413
Other liabilities		256,770,973	277,763,333
		<u>2,708,079,894</u>	<u>3,374,669,386</u>

- 13.1 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.

	2020 Rupees	2019 Rupees
<b>13.2 Workers' Profit Participation Fund</b>		
Balance as at 01 October	88,431,507	45,461,299
Provision for the year	546,800	88,431,507
Payments made during the year	(88,431,507)	(45,461,299)
	<u>546,800</u>	<u>88,431,507</u>

	2020 Rupees	2019 Rupees
<b>14 Mark-up accrued</b>		
<i>Mark-up on borrowings from conventional banks:</i>		
Long term loans - <i>secured</i>	51,778,337	111,665,285
Short term borrowings - <i>secured</i>	86,645,160	130,085,896
	138,423,497	241,751,181
<i>Rental on Islamic mode of financing:</i>		
Short term borrowings - <i>secured</i>	-	4,625,921
	<u>138,423,497</u>	<u>246,377,102</u>



	Note	2020 Rupees	2019 Rupees
<b>15 Provision for taxation</b>			
Balance at beginning of the year		273,819,231	-
Add: Provision for the year	31	302,806,294	273,819,231
		576,625,525	273,819,231
Less: Adjustments		-	-
Balance at end of the year		576,625,525	273,819,231

## 16 Contingencies and commitments

### 16.1 Contingencies

**16.1.1** 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 note 22 to 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.

**16.1.2** The Deputy Commission Inland Revenue has passed an order under section 161/205 of the Income Tax Ordinance, 2001 dated 30-06-2019 creating tax demand amounting to Rs. 584,898,382/-. The Company, being aggrieved, filed an appeal before Commissioner Inland Revenue (Appeals) which was heard on 20/11/2019 & 4/12/2019. The matter has been decided in the favor of the Company vide order no 07 dated 23/01/2020.

**16.1.3** The additional Commissioner Inland revenue, Zone-III, LTU has passed amended assessment order on 15/07/2020 and has made addition on account of export rebates and disallowed a tax credit u/s 65B. The Company being aggrieved filed an appeal before CIR (A) which was heard on 22.12.2020. The CIR (A) vide its order no. 10-A/V dated 05.01.2021 deleted both the additions.

### 16.2 Commitments

**16.2.1** Commitments in respect of imports contracted but not incurred at year end amounted to approximately Rs. Nil (2019: Rs.3.5 million).

**16.2.2** The Company has given a bank guarantee with 100% cash margin of Rs. 2 million (2019: Rs. 2 million) to the Excise and Taxation Department for the export of Ethanol in relation to contingency as discussed in note 16.1.1.

**16.2.3** 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:

	2020 Rupees	2019 Rupees
Not later than one year	31,309,188	36,845,725
Later than one year and not later than five years	43,630,203	100,351,393
	74,939,391	137,197,118

## 17 Property, plant and equipment

Operating fixed assets  
Capital work in progress

	2020	2019
	Rupees	Rupees
17.1	16,114,373,406	16,100,857,286
17.2	54,571,373	54,571,373
	<u>16,168,944,779</u>	<u>16,155,428,659</u>

### 17.1 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 2020
	As at 01 October 2019	Additions / (disposals) during the year	Transfer	As at 30 September 2020	Rate	As at 01 October 2019	Expense / (disposal) for the year	Transfer	As at 30 September 2020		
					%					Rupees	
<b>Owned</b>											
Land	277,638,444	484,999	-	278,123,443	-	-	-	-	-	278,123,443	
Building and roads on land	3,148,707,327	26,355,284	-	3,175,062,611	5	887,863,743	113,717,382	-	1,001,581,125	2,173,481,486	
Plant and machinery	16,078,404,970	515,500,501	-	16,593,905,471	5	4,016,866,854	609,453,514	-	4,626,320,368	11,967,585,103	
Furniture and fittings	22,105,460	379,500	-	22,484,960	10	11,956,231	1,026,713	-	12,982,944	9,502,016	
Telephone installations	6,695,325	312,913	-	7,008,238	10	3,634,706	330,978	-	3,965,684	3,042,554	
Vehicles	214,952,246	1,361,523	6,513,500	219,532,859	20	173,017,103	8,417,175	3,765,986	182,875,140	36,657,719	
		(3,294,410)	-	(3,294,410)		-	(2,325,124)	-	(2,325,124)	(969,286)	
Office equipment	91,543,676	1,116,776	-	92,660,452	10	48,721,452	4,299,228	-	53,020,680	39,639,772	
Electrical equipment	209,459,694	37,594,056	-	247,053,750	10	86,640,939	14,180,505	-	100,821,444	146,232,306	
Workshop and agricultural implements	45,266,175	-	-	45,266,175	10	28,163,568	1,710,261	-	29,873,829	15,392,346	
Tube wells	14,022,468	70,000	-	14,092,468	10	8,846,102	522,887	-	9,368,989	4,723,479	
Arms and ammunitions	2,183,939	-	-	2,183,939	10	1,221,285	96,265	-	1,317,550	866,389	
Laboratory equipment	35,362,187	14,801	-	35,376,988	10	15,928,615	1,943,481	-	17,872,096	17,504,892	
	20,146,341,911	583,190,353	6,513,500	20,729,456,944		5,282,860,598	755,698,389	3,765,986	6,037,674,725	14,692,751,505	
		(3,294,410)	-			-	(2,325,124)	-			
<b>Right-of-use Assets</b>											
Vehicles	65,827,461	9,543,000	(6,513,500)	68,856,961	20	35,821,611	6,160,220	(3,765,986)	38,215,845	30,641,117	
Plant and machinery	1,459,261,487	245,000,000	-	1,704,261,487	5	251,891,364	61,389,339	-	313,280,703	1,390,980,784	
	1,525,088,948	254,543,000	(6,513,500)	1,773,118,448		287,712,975	67,549,559	(3,765,986)	351,496,548	1,421,621,901	
	21,671,430,859	837,733,353	-	22,502,575,392		5,570,573,573	823,247,948	-	6,389,171,273	16,114,373,406	
		(3,294,410)	-			-	(2,325,124)	-			

17.1 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 2019
	As at 01 October 2018	Additions / (disposals) during the year	Transfer	As at 30 September 2019	Rate %	As at 01 October 2018	Expense / (disposal) for the year	Transfer	As at 30 September 2019		
	Rupees					Rupees					
<i>Owned</i>											
Land	277,638,444	-	-	277,638,444	-	-	-	-	-	277,638,444	
Building and roads on land	2,901,621,144	247,086,183	-	3,148,707,327	5	773,672,886	114,190,857	-	887,863,743	2,260,843,584	
Plant and machinery	15,104,813,784	973,591,186	-	16,078,404,970	5	3,417,418,791	599,448,063	-	4,016,866,854	12,061,538,116	
Furniture and fittings	21,589,355	516,105	-	22,105,460	10	10,860,759	1,095,472	-	11,956,231	10,149,229	
Telephone installations	6,676,675	18,650	-	6,695,325	10	3,296,170	338,536	-	3,634,706	3,060,619	
Vehicles	214,841,873	167,378	1,524,000	214,952,246	20	162,509,939	10,554,007	1,252,335	173,017,103	41,935,143	
Office equipment	89,502,334	(1,581,005)	-	(1,581,005)	-	-	(1,299,178)	-	(1,299,178)	(281,827)	
Electrical equipment	196,984,751	2,041,342	-	91,543,676	10	44,066,473	4,654,979	-	48,721,452	42,822,224	
Workshop and agricultural implements	45,266,175	12,474,943	-	209,459,694	10	74,066,280	12,574,659	-	86,640,939	122,818,755	
Tube wells	14,003,468	-	-	45,266,175	10	26,263,278	1,900,290	-	28,163,568	17,102,607	
Arms and ammunitions	2,183,939	19,000	-	14,022,468	10	8,271,830	574,272	-	8,846,102	5,176,366	
Laboratory equipment	34,674,812	687,375	-	2,183,939	10	1,114,323	106,962	-	1,221,285	962,654	
	18,909,796,754	1,236,602,162	1,524,000	20,146,341,911		4,535,380,069	747,527,372	1,252,335	5,282,860,598	14,863,481,313	
	-	(1,581,005)	-	-		-	(1,299,178)	-	-	-	
<i>Rights-of-use Assets</i>											
Vehicles	67,351,461	-	(1,524,000)	65,827,461	20	29,531,201	7,542,745	(1,252,335)	35,821,611	30,005,850	
Plant and machinery	1,459,261,487	-	-	1,459,261,487	5	188,345,568	63,545,796	-	251,891,364	1,207,370,123	
	1,526,612,948	-	(1,524,000)	1,525,088,948		217,876,769	71,088,541	(1,252,335)	287,712,975	1,237,375,973	
	20,436,409,702	1,236,602,162	-	21,671,430,859		4,753,256,838	818,615,913	-	5,570,573,573	16,100,857,286	
	-	(1,581,005)	-	-		-	(1,299,178)	-	-	-	

17.1.1 The depreciation charge for the year has been allocated as follows:

	2020	2019
	Rupees	Rupees
Cost of sales	803,013,634	794,430,174
Administrative expenses	20,234,315	24,185,739
	<b>823,247,949</b>	<b>818,615,913</b>



## 17.1.2 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain/(loss)	Mode of disposal	Particulars of the buyer
----- Rupees -----							
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 Buksh
Fiat Tractor	487,850	456,456	31,394	31,394	-	Transferred to Third party	Allah Buksh
<b>2020</b>	<b>3,294,410</b>	<b>2,325,124</b>	<b>969,286</b>	<b>62,788</b>	<b>(906,498)</b>		
Toyota Corolla	1,581,005	1,299,178	281,827	1,210,000	928,173	Auction	Aman ul Haq
<b>2019</b>	<b>1,581,005</b>	<b>1,299,178</b>	<b>281,827</b>	<b>1,210,000</b>	<b>928,173</b>		

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	2020 Rupees	2019 Rupees
<b>17.2 Capital work in progress</b>		
<i>Owned</i>		
Civil works	49,681,649	49,681,649
Plant and machinery	3,106,740	3,106,740
Others	1,782,984	1,782,984
	<b>54,571,373</b>	<b>54,571,373</b>
<b>17.2.1 Movement in the accounts is as follows:</b>		
Opening balance as at 01 October	54,571,373	34,580,836
<i>Additions made during the year:</i>		
Civil works	-	225,759,790
Plant and machinery	-	40,122,857
Electric equipment	-	254,507
Others	-	3,282,984
	-	269,420,138
<i>Capitalized during the year:</i>		
Advances	-	-
Civil works	-	(207,552,237)
Plant and machinery	-	(40,122,857)
Electric equipment	-	(254,507)
Others	-	(1,500,000)
	-	(249,429,601)
Closing balance as at 30 September	<b>54,571,373</b>	<b>54,571,373</b>
<b>18 Long term deposits</b>	<i>Note</i>	
	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Deposits against leased assets	156,341,511	63,456,111
Others	68,029,408	18,973,175
	<b>224,370,919</b>	<b>82,429,286</b>
<b>18.1</b> These mainly comprise of security margins of Rs. 50 million (2019: Nil) deposited against new long term financing facilities.		
<b>19 Stores, spare parts and loose tools</b>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Stores and spare parts	1,067,736,527	1,014,859,426
Oil and lubricants	31,520,192	27,225,602
	<b>1,099,256,719</b>	<b>1,042,085,028</b>
<b>20 Stock-in-trade</b>	<i>Note</i>	
	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Raw materials	1,108,733,144	425,236,201
Finished goods	1,275,704,150	2,597,006,276
	<b>2,384,437,294</b>	<b>3,022,242,477</b>
<b>20.1</b> This includes stock in transit amounting to Rs. Nil (2019: 107.61 million).		
<b>21 Trade debts - considered good</b>	<i>Note</i>	
	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Foreign - secured	21.1	299,109,756
Local - unsecured	21.2	15,649,704
	<b>5,808,788</b>	<b>314,759,460</b>
<b>21.1</b> This represent amounting receivable against the sale of Ethanol secured through letter of credit.		
<b>21.2</b> These include amount due from Lotte Akhtar Beverages (Pvt.) Limited, an associated company, against the sale of Top Gas amounting to Rs. 3.01 million (2019: Rs. 2.11 million) in the normal course of business and is over due by less than 180 days.		

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	Note	2020 Rupees	2019 Rupees
<b>22 Advances, deposits, prepayments and other receivables</b>			
Advances to sugar cane growers - <i>unsecured, considered good</i>		426,848,267	6,418,144
Advances to suppliers and contractors - <i>unsecured, considered good</i>	22.1	877,783,418	852,272,979
Advances to staff - <i>unsecured, considered good</i>			
- against expenses		3,120,533	2,744,916
- against salaries	22.2	1,557,392	5,369,813
Lease and other deposits		32,702,441	110,842,216
Advances against Letter of Credits - <i>secured</i>		666,777	294,737
Prepayments		11,174,526	12,842,351
Inland export subsidy	22.3	133,187,750	133,187,750
Export support on sugar	22.4	586,491,010	586,491,010
Deposits with the Deputy Registrar (Judicial), Lahore High Court		290,948,084	290,016,686
Other receivables		7,277,599	16,265,575
		<b>2,371,757,797</b>	<b>2,016,746,177</b>

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

22.2 This includes amount receivable from executives of the Company, amounting to Rs. 0.61 million (2019: Rs. 1.01 million) respectively.

22.3 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 30 September 2013.

22.4 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 03 October 2017.

	Note	2020 Rupees	2019 Rupees
<b>23 Cash and bank balances</b>			
Cash in hand		2,313,882	3,523,088
Cash at bank			
- <i>current accounts</i>		173,582,294	135,530,222
- <i>saving accounts</i>	23.1	107,788,449	37,160,731
		<b>281,370,743</b>	<b>172,690,953</b>
		<b>283,684,625</b>	<b>176,214,041</b>

23.1 The balances in saving accounts carry mark-up ranging from 5.50% to 12.00% per annum (2019: 7.06% to 12.23% per annum).



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	Note	2020 Rupees	2019 Rupees
<b>24 Sales - net</b>			
<i>Local:</i>			
Sugar		20,906,467,341	23,947,114,185
Ethanol		182,225,785	142,835,037
Top Gas	24.1	63,058,330	141,536,062
		<b>21,151,751,456</b>	24,231,485,284
<i>Export:</i>			
Sugar	24.2	175,726,106	-
Ethanol		3,078,669,208	5,648,959,858
		<b>3,254,395,314</b>	5,648,959,858
		<b>24,406,146,770</b>	29,880,445,142
<i>Less:</i>			
Sales tax		(3,134,262,037)	(2,584,570,512)
		<b>21,271,884,733</b>	27,295,874,630

24.1 These include sale to Lotte Akhtar Beverages (Pvt.) Limited, an associated company, of Top Gas amounting to Rs. 15.83 million (2019: Rs. 35.41 millions).

24.2 During the year sugar was exported as per the quota allocated by SBP.

	Note	2020 Rupees	2019 Rupees
<b>25 Cost of sales</b>			
Raw material consumed		16,438,533,526	13,892,919,741
Salaries, wages and other benefits	25.1	589,821,244	587,330,175
Depreciation	17.1.1	803,013,634	794,430,174
Stores and spare parts consumed		395,530,769	448,240,535
Fuel and power		169,479,710	150,229,123
Repair and maintenance		273,723,233	493,298,790
Vehicle running expenses		20,228,977	19,120,981
Insurance		36,437,230	41,352,604
Ijarah rentals		51,061,383	53,945,966
Other expenses		15,310,557	21,479,016
		<b>18,793,140,263</b>	16,502,347,105
<i>Add: Opening stock</i>			
- Raw material		425,236,201	546,092,806
- Finished goods		2,597,006,276	9,116,571,905
		<b>21,815,382,740</b>	26,165,011,816
<i>Less: Closing stock</i>			
- Raw material	20	(1,108,733,144)	(425,236,201)
- Finished goods	20	(1,275,704,150)	(2,597,006,276)
		<b>19,430,945,446</b>	23,142,769,339

25.1 Salaries, wages and other benefits include Rs. 67.37 million (2019: Rs. 53.1 million) in respect of staff retirement benefits.

	Note	2020 Rupees	2019 Rupees
<b>26 Administrative expenses</b>			
Salaries, wages and other benefits	26.1	330,910,697	317,997,384
Rent, rates and taxes		8,629,085	4,209,539
Depreciation	17.1.1	20,234,315	24,185,739
Utilities expenses		2,617,371	1,865,644
Printing and stationery		9,778,788	10,689,048
Insurance		2,299,850	2,306,656
Postage, telephone and telegrams		8,934,253	8,641,342
Repair and maintenance		6,677,608	6,300,160
Travelling and conveyance		75,169,625	93,308,359
Subscription, books and periodicals		9,612,839	6,249,298

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	<i>Note</i>	2020 Rupees	2019 Rupees
Legal and professional charges		12,171,315	6,871,655
Auditors' remuneration	26.2	4,086,200	3,316,175
Entertainment		12,696,920	13,294,283
Other expenses		28,564,991	31,882,917
		532,383,857	531,118,199
<b>26.1 Salaries, wages and other benefits include Rs. 40.1 million (2019: Rs. 32.5 million) in respect of staff retirement benefits.</b>			
		2020 Rupees	2019 Rupees
<b>26.2 Auditors' remuneration</b>			
Audit fee		2,691,000	2,340,000
Half yearly review		1,395,200	976,175
		4,086,200	3,316,175
	<i>Note</i>	2020 Rupees	2019 Rupees
<b>27 Distribution expenses</b>			
Handling and distribution		108,250,907	110,792,513
Transportation		167,027,236	248,740,457
Sugar stacking charges		30,111,877	39,278,008
Others	27.1	8,237,745	7,837,770
		313,627,765	406,648,748
<b>27.1 This includes salaries paid to Excise Department staff present at the Company's premises to monitor the distribution of Ethanol.</b>			
	<i>Note</i>	2020 Rupees	2019 Rupees
<b>28 Other income</b>			
<b><u>Income from financial assets</u></b>			
Profit on saving accounts		62,164,784	16,999,663
<b><u>Income from non-financial assets</u></b>			
Gain on disposal of property, plant and equipment	17.1.2	-	928,173
Foreign exchange gain		35,402,132	46,844,459
Miscellaneous income		162,605	712,792
		97,729,521	65,485,087
		2020 Rupees	2019 Rupees
<b>29 Finance cost</b>			
<b><u>Mark-up based loans from conventional banks</u></b>			
- Long term loans - secured		350,366,539	422,236,811
- Short term borrowings - secured		602,575,326	897,863,455
- Finance leases - secured		67,619,976	84,901,815
		1,020,561,841	1,405,002,081
<b><u>Islamic mode of financing</u></b>			
- Long term finances - secured		16,417,249	22,348,677
- Short term borrowings - secured		-	54,505,208
		16,417,249	76,853,885
Bank charges		2,347,140	3,256,071
Other charges		25,001,119	14,533,699
		27,348,259	17,789,770
		1,064,327,349	1,499,645,736

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	Note	2020 Rupees	2019 Rupees
<b>30 Other expenses</b>			
Donations	30.1	15,935,314	12,547,546
Loss on disposal of property, plant and equipment	17.1.2	906,498	-
Workers' Profit Participation Fund	13.2	546,800	88,431,507
		<b>17,388,612</b>	<b>100,979,053</b>

30.1 During the year, the Company has made donation to Institute of 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.

	Note	2020 Rupees	2019 Rupees
<b>31 Taxation</b>			
Income tax			
- Current tax	31.2 & 31.3	302,806,294	273,819,231
Deferred tax	10.2.1	(10,139,823)	(39,543,243)
		<b>292,666,471</b>	<b>234,275,988</b>

	2020 Percentage	2019 Percentage
<b>31.1 Tax Charge Reconciliation</b>		
Numerical reconciliation between tax expense and accounting profit		
Applicable tax rate as per Income Tax Ordinance, 2001	29%	29%
Effect of tax credits	0.00%	-11.39%
Effect of minimum tax	2285.18%	8.71%
Effect of final tax regime	453.39%	-15.02%
Effect of (taxable) / temporary differences	-92.68%	-2.35%
Effect of tax on undistributed reserves	0.00%	5.00%
	<b>2645.89%</b>	<b>-15.05%</b>
Average effective tax rate charged to profit and loss account	<b>2674.89%</b>	<b>13.95%</b>

31.2 In view of available tax losses, the provision for current tax amounting to Rs. 302.8 million includes tax under 'Final Tax Regime' (FTR) and Minimum Tax on turnover u/s 113, of the Income Tax Ordinance, 2001. Last year's tax charge was partially adjusted against the tax credit under section 65B of the Ordinance. 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. 32.5 million (2019: Rs. 56.48 million).

31.3 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.

## 32 Earnings per share

### 32.1 Earnings per share - basic and diluted

	2020	2019
(Loss) / profit after taxation	<b>Rupees (281,725,246)</b>	1,445,922,654
Weighted average number of ordinary shares	<b>No. of shares 117,706,300</b>	117,706,300
Basic earnings per share	<b>Rupees (2.39)</b>	12.28

32.2 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 2020.

	Note	2020 Rupees	2019 Rupees
<b>33 Cash and cash equivalents</b>			
Cash and bank balances	23	283,684,625	176,214,041
Running finance	11	(99,502,155)	(99,502,155)
		<b>184,182,470</b>	<b>76,711,886</b>



## 34 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.

### 34.1 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.

### 34.2 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:

	2020	2019
	Rupees	Rupees
Long term deposits	68,029,408	18,973,175
Trade debts - <i>considered good</i>	5,808,788	314,759,460
Advances, deposits and other receivable excluding deposit with Government Authorities	1,361,130,953	1,007,050,731
Bank balances	281,370,743	172,690,953
	<u>1,716,339,892</u>	<u>1,513,474,319</u>

#### Trade debts

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

	2020	2019
	Rupees	Rupees
Export - <i>secured</i>	-	299,109,756
Local - <i>unsecured, considered good</i>	5,808,788	15,649,704
	<u>5,808,788</u>	<u>314,759,460</u>

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

	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
	<u>3,010,318</u>	<u>2,798,470</u>	<u>5,808,788</u>

1 to 30 days  
31 to 90 days

Related Parties	Others	Total
2019 Rupees	2019 Rupees	2019 Rupees
1,614,694	2,676,306	4,291,000
497,486	10,861,218	11,358,704
<b>2,112,180</b>	<b>13,537,524</b>	<b>15,649,704</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	2020	2019
	Short term	Long term		Rupees	Rupees
Al-Baraka Bank	A1	A	PACRA	212,442	2,148,667
Allied Bank Limited	A1+	AAA	PACRA	6,739,146	4,418,809
Askari Bank Limited	A1+	AA+	PACRA	103,205	103,205
Bank Alfalah Limited	A1+	AA+	PACRA	(766,203)	1,919,277
Dubai Islamic Bank	A1+	AA	JCR-VIS	1,087,734	3,957,353
Faysal Bank Limited	A1+	AA	PACRA	22,146,569	831,932
Habib Bank Limited	A1+	AAA	JCR-VIS	(1,274,874)	8,490,132
KASB Bank Limited (Bank Islami)	A1	A+	PACRA	405,977	23
MCB Bank Limited	A1+	AAA	PACRA	55,813,711	47,857,511
Meezan Bank Limited	A-1+	AA+	JCR-VIS	38,569,551	11,197,787
National Bank of Pakistan	A1+	AAA	JCR-VIS	2,757,239	5,466,509
Samba Bank Limited	A-1	AA	JCR-VIS	475,028	427,457
Sindh Bank Limited	A-1	A+	JCR-VIS	63,877,202	30,921,037
Soneri Bank Limited	A1+	AA-	PACRA	11,169	4,872,756
Summit Bank Limited	Suspended		JCR-VIS	80	80
The bank Of Khyber	A1	A	JCR-VIS	1,389	783,300
The Bank of Punjab	A1+	AA	PACRA	2,268,370	6,861,398
United Bank Limited	A-1+	AAA	JCR-VIS	88,943,008	42,433,720
				<b>281,370,743</b>	<b>172,690,953</b>

### **34.3 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 year
<b>September 30, 2020</b>					
Long term finances - secured	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-secured	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>

	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five year
<b>September 30, 2019</b>					
Long term finances - <i>secured</i>	3,016,365,136	3,773,920,196	1,456,676,926	2,317,243,270	-
Lease Liabilities	662,593,081	800,372,367	346,720,443	453,651,924	-
Short term borrowings- <i>secured</i>	5,513,273,317	5,513,273,317	5,513,273,317	-	-
Trade and other payables	2,459,030,134	2,459,030,134	2,459,030,134	-	-
Mark-up accrued	246,377,102	246,377,102	246,377,102	-	-
	<u>11,897,638,770</u>	<u>12,792,973,116</u>	<u>10,022,077,922</u>	<u>2,770,895,194</u>	<u>-</u>

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, 2020. The rates of mark up have been disclosed in relevant notes to these financial statements.

### 34.4 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.

#### 34.4.1 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

The following figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the statement of financial position date:

	2020 USD	2019 USD
<b>Assets</b>		
Trade debts	-	1,914,916
<b>Off statement of financial position items</b>		
Outstanding letters of credit	-	(22,046)
<b>Net exposure</b>	<u>-</u>	<u>1,892,870</u>

##### Exchange rates applied during the year

The following exchange rates have been applied during the year on transactions involving foreign currency.

	2020		
	Spot rate Dollar		Average rate for the year
	Buying	Selling	
	----- USD to PKR -----		
Exchange rate during the year on transactions involving foreign currency	166.1	161.49	163.80
	-----		
	Spot rate Dollar		Average rate for the year
	Buying	Selling	
	----- USD to PKR -----		
Exchange rate during the year on transactions involving foreign currency	156.7	156.2	156.45

##### Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the US Dollar would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss by the amounts shown below at the statement of financial position date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.



	2020 USD	2019 USD
Effect on profit or loss account	-	189,287

### **Currency risk management**

Since the maximum amount exposed to currency risk is Nil (2019: 1.26%) of the Company's total assets, any adverse / favorable movement in the functional currency with respect to US dollar will not have any material impact on the operational results.

### **34.4.2 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:

	2020	2019	2020	2019
	Effective rate in		Carrying amount	
	----- Percentage -----		----- Rupees -----	
<b>- Financial assets</b>				
<b><u>Fixed rate instruments</u></b>				
Bank balances - <i>saving accounts</i>	5.50% to 12.00%	7.06% to 12.23%	107,788,449	37,160,731
	2020	2019	2020	2019
	Effective rate in		Carrying amount	
	----- Percentage -----		----- Rupees -----	
<b>- Financial liabilities</b>				
<b><u>Floating rate instrument</u></b>				
Long term finances - <i>secured</i>	3.00% to 17.35%	10.92% to 16.47%	2,764,570,561	3,016,365,136
Lease Liability	9.49 % to 18.40 %	9.29% to 17.59%	638,559,332	662,593,081
Short term borrowings - <i>secured</i>	9.28% to 17.85%	12.06% to 17.05%	1,638,456,054	2,248,914,317
<b><u>Fixed rate instruments</u></b>				
Export refinance facility - <i>secured</i>	3.00%	3.00%	4,522,200,002	3,204,359,000

### **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.

	2020 Rupees	2019 Rupees
Effect on profit - Increase	50,415,859	59,278,725
Effect on profit - Decrease	(50,415,859)	(59,278,725)

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.

### **34.4.3 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.

## 35 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 September are as follows:

	2020 Rupees	2019 Rupees
Debt	3,403,129,893	3,678,958,217
Equity	9,846,234,492	9,997,078,387
<b>Total</b>	<b>13,249,364,385</b>	<b>13,676,036,604</b>
Gearing ratio	26%	27%

The Company is not highly geared.

### 35.1 Accounting classification and fair values

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	-	-	-
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	-	-	-
Interest and mark-up accrued	-	-	138,423,497	138,423,497	-	-	-
	-	-	12,102,958,537	12,102,958,537	-	-	-
<b>September 30, 2019</b>							
	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	-	-	18,973,175	18,973,175	-	-	-
Trade debts - <i>considered good</i>	-	-	314,759,460	314,759,460	-	-	-
Advances, deposits, prepayments & other receivables	-	-	1,007,050,731	1,007,050,731	-	-	-
Bank balances	-	-	172,690,953	172,690,953	-	-	-
	-	-	1,513,474,319	1,513,474,319	-	-	-
<b>Financial liabilities</b>							
Long term finances - <i>secured</i>	-	-	3,016,365,136	3,016,365,136	-	-	-
Lease liabilities	-	-	662,593,081	662,593,081	-	-	-
Short term borrowings - <i>secured</i>	-	-	5,513,273,317	5,513,273,317	-	-	-
Trade and other payables	-	-	2,459,030,134	2,459,030,134	-	-	-
Interest and mark-up accrued	-	-	246,377,102	246,377,102	-	-	-
	-	-	11,897,638,770	11,897,638,770	-	-	-

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.

## 36 Business segments information

36.1 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
Distillery segment	Production of Ethanol from molasses
Top Gas segment	Production of Top Gas

### Operation of reportable segments

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		Distillery		Top Gas		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Sales - Net</b>								
- External	17,984,011,108	21,403,835,382	3,233,977,619	5,771,068,273	53,896,006	120,970,975	21,271,884,733	27,295,874,630
- Inter-segment	2,432,485,280	1,888,930,480	26,091,487	56,756,376	-	-	2,458,576,767	1,945,686,856
	20,416,496,388	23,292,765,862	3,260,069,106	5,827,824,649	53,896,006	120,970,975	23,730,461,500	29,241,561,486
<b>Cost of sales</b>								
- External	(18,974,548,060)	(21,015,001,898)	(414,435,118)	(2,068,377,365)	(41,962,268)	(59,390,076)	(19,430,945,446)	(23,142,769,339)
- Inter-segment	-	-	(2,432,485,280)	(1,888,930,480)	(26,091,487)	(56,756,376)	(2,458,576,767)	(1,945,686,856)
	(18,974,548,060)	(21,015,001,898)	(2,846,920,398)	(3,957,307,845)	(68,053,755)	(116,146,452)	(21,889,522,213)	(25,088,456,195)
<b>Gross Profit / (Loss)</b>	1,441,948,328	2,277,763,964	413,148,708	1,870,516,804	(14,157,749)	4,824,523	1,840,939,287	4,153,105,291
- Administrative expenses	(448,326,846)	(278,871,229)	(81,771,450)	(243,033,224)	(2,285,561)	(9,213,746)	(532,383,857)	(531,118,199)
- Distribution expenses	(39,588,889)	(46,463,494)	(259,245,999)	(344,761,178)	(14,792,877)	(15,424,076)	(313,627,765)	(406,648,748)
- Finance cost	(895,368,897)	(1,274,786,980)	(168,958,452)	(224,858,756)	-	-	(1,064,327,349)	(1,499,643,736)
	(1,383,284,632)	(1,600,121,703)	(509,975,901)	(812,653,158)	(17,078,438)	(24,637,822)	(1,910,338,971)	(2,437,412,683)
Segment results	58,663,696	677,642,261	(96,827,193)	1,057,863,646	(31,236,187)	(19,813,299)	(69,399,684)	1,715,692,608
<b>(Loss) / profit from operations</b>								
Other expenses							(69,399,684)	1,715,692,608
Other income							(17,388,612)	(100,979,053)
<b>Profit before taxation</b>							97,729,521	65,485,087
Taxation							10,941,225	1,680,198,642
<b>(Loss) / profit after taxation</b>							(292,666,471)	(234,275,988)
							(281,725,246)	1,445,922,654



### 36.2 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		Distillery		Top Gas		Total	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
36.3 Segment assets	11,780,230,880	11,602,878,275	11,464,335,051	11,833,336,230	153,290,288	156,398,117	23,397,856,219	23,592,612,622
36.4 Segment liabilities	7,650,365,813	7,340,874,078	5,884,855,085	6,247,432,569	16,400,829	7,227,588	13,551,621,727	13,595,534,235
36.5 Capital expenditure	336,948,118	1,207,352,572	246,242,235	16,752,932	-	12,496,658	583,190,353	1,236,602,162
36.6 Depreciation on property, plant and equipment	554,831,139	538,970,878	188,731,953	196,892,501	12,135,297	11,663,993	755,698,389	747,527,372

### 36.7 Secondary reporting format

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

	Sugar		Distillery		Top Gas		Total	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Export sales	175,726,106	-	3,078,669,208	5,648,959,858	-	-	3,254,395,314	5,648,959,858
Local sales	17,808,285,002	21,403,835,382	155,308,411	122,108,415	53,896,006	120,970,975	18,017,489,419	21,646,914,772
	17,984,011,108	21,403,835,382	3,233,977,619	5,771,068,273	53,896,006	120,970,975	21,271,884,733	27,295,874,630



### 38 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:

	2020			
	Directors			Executives
	Chief Executive	Executive	Non - executive	
	Rupees			
Managerial remuneration	-	24,000,000	800,000	70,423,557
Medical allowance	-	2,400,000	80,000	17,796,635
House rent allowance	-	9,600,000	320,000	26,760,952
Bonus	-	-	-	-
Staff retirement benefits	-	3,000,000	100,000	9,573,881
	-	39,000,000	1,300,000	124,555,025
Number of persons	1	1	5	37
	2019			
	Directors			Executives
	Chief Executive	Executive	Non - executive	
	Rupees			
Managerial remuneration	-	21,000,000	362,773	70,905,874
Medical allowance	-	2,100,000	36,572	17,918,521
House rent allowance	-	8,400,000	145,109	26,686,385
Bonus	-	-	-	1,144,695
Staff retirement benefits	-	3,000,000	45,421	5,772,667
	-	34,500,000	589,875	122,428,142
Number of persons	1	1	5	35

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

No meeting fee was paid to Directors during the year (2019: Nil).

### 39 Number of employees

The average and total number of employees are as follows:

Total employees	2020	2019
Average number of employees during the year	1869	1825
Total number of employees as at 30 September	1907	1830
<b>Factory employees</b>	<b>2020</b>	<b>2019</b>
Average number of employees during the year	1774	1733
Total number of employees as at 30 September	1811	1736

### 40 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 specially disclosed elsewhere in these financial statements are as follows:

Name of party	Relationship	Nature of Transactions	2020	2019
			Rupees	Rupees
Lotte Akhtar Beverages (Pvt.) Limited	Common directorship	Sale of Top Gas	15,823,325	35,407,918
		Receipts against sale of Top Gas	14,925,187	41,064,304
The Institute for Policy Reforms	Common directorship	Donation	13,412,914	12,547,546
Ms. Rasheeda Begum	Directors	Guest house rent expense	4,800,000	-



# TANGLIANWALA SUGAR MILLS LTD.

**41 Events after the statement of financial position date**

There are no subsequent events occurring after the statement of financial position date.

**42 Date of authorization for issue**

These financial statements were authorized for issue on February 04, 2021 by the Board of Directors of the Company.

**43 General**

43.1 Figures have been rounded off to the nearest Rupee.

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

Lahore  
February 04, 2021

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

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

\_\_\_\_\_  
Director

**Proxy Form**  
**Tandlianwala Sugar Mills Ltd.**  
32<sup>nd</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 32<sup>nd</sup> Annual General Meeting of the Company to be hold at Chandni  
Banquet Hall 43-N Gulberg-III, Lahore on Saturday, February 27, 2021 at 10:00 am and at any adjournment thereof  
or of any ballot to be taken in consequence thereof,

Signed this \_\_\_\_\_ day of February, 2021

**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

تانڈلیا نوالہ شوگر ملز لمیٹڈ کا 32 واں (بتیسواں) سالانہ اجلاس عام

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

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

\_\_\_\_\_ بھیتیت رکن تانڈلیا نوالہ شوگر ملز لمیٹڈ حامل \_\_\_\_\_ عام حصص مبلغ 10 روپے ہر ایک شیئر،

\_\_\_\_\_ مسمی / مسماة \_\_\_\_\_ ساکن \_\_\_\_\_ کمپنی رکن بروئے 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

32 ویں سالانہ اجلاس عام بتاریخ 27 فروری 2021ء بروز ہفتہ بوقت صبح 10:00 بجے بمقام چاندنی ٹینکونٹ ہال-N-43 گلبرگ III لاہور پر منعقد ہو رہا ہے اور

اس کے کسی ملتوی شدہ اجلاس میں حق رائے وہی استعمال کرے۔

آج مورخہ فروری \_\_\_\_\_ 2021 کو میرے دستخط سے جاری ہوا۔

پانچ روپے کی

ریویٹنٹ

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۔