



Tandlianwala
Sugar Mills Ltd.

Half Yearly
Report

March
31, 2019

TANDLIANWALA SUGAR MILLS LTD.

BRIEF REVIEW

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present to you the Financial Statements of your Company for the period ended March 31, 2019. The auditors have reviewed these financial statements, as required under the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

The crushing season 2018-19 started in the second Quarter of December 2018.

Salient features of the Financial Statements are as under:

In the period under review the Company successfully managed to earn a gross profit of Rs 2.516 Billion and a net profit, after operations amounting to Rs 2.080 Billion, as compared to last comparative period gross profit of Rs 639 Million and a net profit, after operations of Rs 356 Million, respectively. Sugar prices during these six month period were higher than the corresponding period due to lesser production, thus we also managed to sell our carry over stocks from previous years production, at much better rates, thus contributing to the increase in profitability .

The sugar production, during the season suffered, due to a reduction in sugarcane harvest, as a result of reduced cultivation, especially within Punjab, coupled with comparatively poor sugarcane yield per acre.

The Government, as always, was reluctant to encourage the sugar industry. The sugarcane procurement prices remained at Rs 180 per 40 Kg for the season 2018-19. The export subsidy also had no impact on cash flows of the industry towards ease of working capital management, as the entire rebate amount, pertaining to previous sugar export, remained receivable from the Government. The finance cost during these six months also increased owing to the carrying cost on the carry over stocks, coupled with an increase in the discount rates, but we still managed to make payments to the financial institutions and the sugar cane growers, satisfactorily.

Our Ethanol division continues to contribute towards the operational profitability of the Company. The management is hopeful for even better results in the remaining six months by achieving maximum levels of exports by the year end. The CO2 division also continues to perform, despite of a tough competition in the market.

The Board would like to record its appreciation for the hard work of the staff and members of the management team.

On behalf of Board of Directors

AKBAR KHAN
(Chief Executive)
November 29, 2019

معزز حصص داران

بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2019ء کو اختتام پذیر ہونے والی مدت کیلئے کمپنی کی فنانشل سٹیٹمنٹ پیش کرنا میرے لئے باعث اعزاز ہے۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ کوڈ آف کارپوریٹ گورننس کے مطابق آڈیٹرز نے فنانشل سٹیٹمنٹ پر نظر ثانی کی ہے۔

کرشن سیزن 19-2018 دسمبر 2018ء کی دوسری سہ ماہی سے شروع ہو گیا تھا۔

فنانشل سٹیٹمنٹ کے چیدہ چیدہ نکات حسب ذیل ہیں:

زیر غور دورانیہ میں کمپنی کا مجموعی منافع مبلغ 2.516 ملین اور آپریشنز کے بعد نیٹ منافع مبلغ 2.080 ملین رہا جبکہ گزشتہ اسی دورانیہ میں مجموعی منافع مبلغ 639 ملین اور آپریشنز کے بعد نیٹ منافع 356 ملین تھا۔ ان چھ ماہ کے دوران کم پیداوار کی وجہ سے گنے کی قیمت نسبتاً زیادہ رہنے کے باوجود گزشتہ سالوں کے پیداواری ذخیرہ کو بہتر نرخوں میں فروخت کیا گیا جس کی وجہ سے منافع میں خاطر خواہ اضافہ ہوا۔

گنے کی کاشت میں کمی کی وجہ سے سیزن کے دوران شوگر کی پیداوار متاثر ہوئی اور بالخصوص پنجاب کے اندر کاشت کی کمی کے نتیجہ میں گنے کی فی ایکڑ پیداوار میں کمی دیکھنے میں آئی۔

حکومت نے ہمیشہ شوگر کی صنعت کو پس پشت ڈالنے کی کوشش کی ہے۔ گنے کی 2018-19ء کے سیزن کے دوران فی 40 کلوگرام قیمت مبلغ 180 روپے ہی بحال رکھی گئی۔ ورکنگ کیپٹل مینجمنٹ میں آسانی کیلئے ایکسپورٹ سبسڈی نے بھی صنعت کے کیش فلو پر کوئی اثرات مرتب نہیں کئے اور سابقہ شوگر ایکسپورٹ کے حوالہ سے تمام رعایتی رقم حکومت کی جانب سے قابل وصول رہی۔ ان چھ ماہ کے دوران مالیت کی لاگت میں کیری اوور شک کو اٹھانے کی لاگت کی وجہ سے اضافہ ہوا۔ اس کے علاوہ ڈسکاؤنٹ کی شرح میں بھی اضافہ ہوا۔ لیکن کمپنی اس کے باوجود مالی اداروں اور گنے کے کاشتکاروں کو قابل اطمینان ادائیگیاں کرنے میں کامیاب رہی ہے۔

ہمارا انتھول ڈویژن کمپنی کے آپریشنل منافع میں مسلسل اپنا کردار ادا کر رہا ہے۔ انتظامیہ آئندہ چھ ماہ کے دوران ایکسپورٹ لیول کو بڑھا کر بہتر نتائج حاصل کرنے کے حوالے سے مکمل پُر امید ہے۔ مارکیٹ میں سخت مقابلہ کے باوجود سی او-2 ڈویژن اپنی کارکردگی جاری رکھے ہوئے ہے۔

بورڈ سٹاف کی انتھک محنت اور مینجمنٹ ٹیم کے ممبران کی شبانہ روز کادشوں کی تہ دل سے حوصلہ افزائی کرتی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

اکبر خان

(چیف ایکزیکٹو)

29 نومبر 2019ء

TANDLIANWALA SUGAR MILLS LTD.

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Tandlianwala Sugar Mills Limited** ("the Company") as at March 31, 2019 and the related condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the interim financial information) for the half year ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for financial interim reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagement 2410.

"Review of interim Financial Information Performed by the Independent Auditors of the entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended March 31, 2019 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended March 31, 2019 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Mr. Ibn-e-Hassan.

Lahore
November 29, 2019

UHY Hassan Naeem & Co.
Chartered Accountants

TANDLIANWALA SUGAR MILLS LTD.

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

		(Un-audited) 31 March 2019 Rupees	(Audited) 30 September 2018 Rupees
EQUITY AND LIABILITIES	Note		
Authorized capital			
120,000,000 (2018: 120,000,000) shares of Rs. 10 each		1,200,000,000	1,200,000,000
Share capital and reserves			
Issued, subscribed and paid-up capital		1,177,063,000	1,177,063,000
Capital Reserves		290,741,640	290,741,640
Revenue Reserves		4,837,457,888	3,550,399,707
Loan from Sponsors- unsecured		3,541,050,170	1,935,050,170
		9,846,312,698	6,953,254,517
Non current liabilities			
Long term finances - secured	5	2,165,299,462	2,698,134,997
Liabilities against assets subject to finance lease - secured	6	584,838,101	661,213,299
Deferred liabilities			
- Staff retirement benefits		453,866,104	414,693,881
- Deferred taxation	7	-	41,580,597
		3,204,003,667	3,815,622,774
Current liabilities			
Short term borrowings - secured	8	10,691,561,945	8,523,389,945
Current portion of non-current liabilities	9	1,566,808,199	1,188,080,201
Trade and other payables	10	7,845,520,649	8,481,337,041
Interest and mark-up accrued		275,657,800	268,950,864
Provision for taxation		36,304,474	-
		20,415,853,067	18,461,758,051
Contingencies and commitments	11	33,466,169,432	29,230,635,342

The annexed notes from 1 to 27 form an integral part of this condensed interim financial statement.

Lahore
November 29, 2019

Chief Financial Officer

Chief Executive

TANDLIANWALA SUGAR MILLS LTD.

AS AT 31 MARCH 2019

		(Un-audited) 31 March 2019 Rupees	(Audited) 30 September 2018 Rupees
ASSETS	Note		
<u>Non - current assets</u>			
Property, plant and equipment	12	15,773,883,910	15,717,733,700
Long term deposits		152,342,030	182,397,705
		15,926,225,940	15,900,131,405
<u>Current assets</u>			
Stores, spare parts and loose tools		1,628,865,686	1,100,061,916
Stock-in-trade	13	12,787,964,103	9,662,664,711
Trade debts - considered good	14	17,367,723	25,328,463
Advances, deposits, prepayments and other receivables	15	2,186,925,877	1,768,251,565
Tax refunds due from Government - net		740,590,165	691,128,965
Cash and bank balances	16	178,229,938	83,068,317
		17,539,943,492	13,330,503,937
		33,466,169,432	29,230,635,342

Director

TANDLIANWALA SUGAR MILLS LTD.

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the half year and quarter ended 31 March 2019

	Note	Six months ended		Three months ended	
		31 March	31 March	31 March	31 March
		2019	2018	2019	2018
		Rupees	Rupees	Rupees	Rupees
Net sales	17	13,875,590,029	5,429,792,259	8,381,357,741	2,995,223,913
Cost of sales	18	(11,359,416,145)	(4,790,641,794)	(7,179,931,052)	(3,022,375,233)
Gross profit / (loss)		2,516,173,884	639,150,465	1,201,426,689	(27,151,320)
Administrative expenses		(260,046,008)	(241,235,026)	(138,036,815)	(84,675,497)
Distribution expenses		(197,626,839)	(232,468,703)	(144,165,060)	(201,645,982)
Other income	19	21,936,795	191,069,135	18,594,485	185,209,918
		(435,736,052)	(282,634,594)	(263,607,390)	(101,111,561)
Profit / (loss) from operations		2,080,437,832	356,515,871	937,819,299	(128,262,881)
Finance cost		(725,687,096)	(490,512,731)	(430,982,846)	(228,887,215)
Other expenses		(72,968,678)	-	(72,968,678)	11,157,662
		(798,655,774)	(490,512,731)	(503,951,524)	(217,729,553)
Profit / (loss) before taxation		1,281,782,058	(133,996,860)	433,867,775	(345,992,434)
Taxation	21	5,276,123	-	-	-
Profit / (loss) after taxation		1,287,058,181	(133,996,860)	433,867,775	(345,992,434)
Earnings per share-basic and diluted		10.93	(1.14)	3.69	(2.94)

The annexed notes from 1 to 27 form an integral part of this condensed interim financial statement.

Lahore

November 29, 2019

Chief Financial Officer

Chief Executive

Director

TANDLIANWALA SUGAR MILLS LTD.

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)

For the half year and quarter ended 31 March 2019

	Six months ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees
Profit / (loss) before taxation	1,287,058,181	(133,996,860)	433,867,775	(345,992,434)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)				
for the period	<u>1,287,058,181</u>	<u>(133,996,860)</u>	<u>433,867,775</u>	<u>(345,992,434)</u>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial statement.

Lahore

November 29, 2019

Chief Financial Officer

Chief Executive

Director

TANDLIANWALA SUGAR MILLS LTD.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the half year ended 31 March 2019

	Note	31 March 2019 Rupees	31 March 2018 Rupees
Cash flow from operating activities			
Profit / (loss) before taxation		1,287,058,181	(133,996,860)
Adjustments			
Finance cost		725,687,096	490,512,731
Depreciation on property, plant and equipment	12.1	404,356,747	347,675,592
Provision for Worker's Profit Participation Fund		67,028,853	-
Provision for staff retirement benefits		40,469,334	-
Return on bank deposits	19	(7,712,295)	(10,089,948)
		1,229,829,735	828,098,375
Operating profit before working capital changes		2,516,887,916	694,101,515
(Increase) / decrease in current assets:			
Stores, spares parts and loose tools		(528,803,770)	(60,699,172)
Stock-in-trade		(3,125,299,392)	(7,530,838,918)
Trade debts - considered good		7,960,740	(2,333,134)
Advances, deposits, prepayments and other receivables		(418,674,312)	(413,989,874)
		(4,064,816,734)	(8,007,861,098)
Increase / (decrease) in current liabilities:			
Trade and other payables		(699,475,753)	6,917,985,019
Cash generated / (used) in operations		(2,247,404,571)	(395,774,564)
Staff retirement benefits paid		(1,297,111)	(704,769)
Finance cost paid		(718,980,160)	(521,321,658)
Taxes paid		(58,106,815)	(55,803,925)
Advances from customers - net		-	(54,948,131)
Long term deposits - net		30,055,675	11,429,153
		(748,328,411)	(621,349,330)
Net cash generated / (used) in operations		(2,995,732,982)	(1,017,123,894)
Cash flow from investing activities			
Capital expenditure		(460,506,957)	(1,096,081,841)
Income received from bank deposits		7,712,295	10,089,948
Net cash generated / (used) in investing activities		(452,794,662)	(1,085,991,893)
Cash flow from financing activities			
Finance lease liabilities - net	6	(114,609,238)	(51,448,509)
Finance lease obtained		88,447,993	-
Short term borrowings - net		2,168,172,000	1,573,819,357
Long term finances obtained	5	-	342,000,000
Loan from sponsors		1,606,000,000	-
Long term finances repaid	5	(204,321,490)	(279,436,963)
Net cash generated / (used) in financing activities		3,543,689,265	1,584,933,885
Net decrease / increase in cash and cash equivalents		95,161,621	(518,181,902)
Cash and cash equivalents at beginning of the period		(16,930,819)	527,767,108
Cash and cash equivalents at end of the period		78,230,802	9,585,206
Cash and cash equivalents comprise of the following:			
- Cash and bank balances	16	178,229,938	109,584,342
- Running finances		(99,999,136)	(99,999,136)
		78,230,802	9,585,206

The annexed notes from 1 to 27 form an integral part of this condensed interim financial statement.

Lahore

November 29, 2019

Chief Financial Officer

Chief Executive

Director

For the half year ended 31 March 2019

The annexed notes from 1 to 27 form an integral part of this condensed interim financial statement.

Director

TANDLIANWALA SUGAR MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the half year ended 31 March 2019

1. **Reporting entity**
Tandlianwala Sugar Mills Limited ("the Company") was incorporated in Pakistan on 01 November 1988 as a public limited company under the Companies Ordinance, 1984. The shares of the Company are quoted on Pakistan Stock Exchange ("PSX"). The principal activity of the Company is production and sale of white crystalline sugar, ethanol and other related allied by-products. The manufacturing facilities of the Company are located at Kanjwani (Unit I), Dera Ismail Khan (Unit II) and Muzafar Garh (Unit III). The registered office of the Company is situated at 66-L, Gulberg II, Lahore.
2. **Basis of preparation**
 - 2.1 **Statement of compliance**
These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34 "Interim Financial Reporting" 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 provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
The disclosures made in these condensed interim financial statements of the Company have, however, been limited based on the requirements of the International Accounting Standard 34 - Interim Financial Reporting thus these do not include the statements reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended September 30, 2018. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and Listing Regulations of Stock Exchange of Pakistan.
The comparative statement of financial position presented in these condensed interim financial statements have been extracted from the audited financial statements of the Company for the year ended September 30, 2018, whereas the comparative figures of condensed interim statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity are stated from the unaudited condensed interim financial statements of the Company for the half year ended March 31, 2018.
 - 2.2 **Use of estimates and judgments**
The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
In preparing this condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual financial statements for the year ended 30 September 2018.
 - 2.3 **Functional and presentation currency**
These condensed interim financial statements are presented in Pak Rupees which is the functional and presentation currency of the Company.
3. **Accounting policies**
 - 3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended September 30, 2018, except for those disclosed in note 3.1.1.
 - 3.1.1 **Change in Significant Accounting Policies**
 - 3.1.1.1 **IFRS-15 Revenue from Contracts with Customers**
According to IFRS-15 revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.
Revenue is recognized when, or as, the customer obtain control of goods and services. IFRS-15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS-15 supersedes IAS-11, Construction Contracts and IAS-18, Revenue as well as related interpretations.
The Company has assessed that significant performance obligation in contracts with customers are closely related to the delivery of goods and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.
 - 3.1.1.2 **IFRS-9 Financial Instruments**
IFRS-9 'Financial Instruments' has replaced IAS-39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after July 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and impairment and hedge accounting.
The adoption of IFRS-9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking Expected Credit Loss (ECL) approach. ECL are based on the difference between the contractual cash flows 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 asset's original effective interest rate.
SECP has notified vide its S.R.O 299(I)/2019 that the effective date for the applicability will be for the reporting period/year ending on or after year ending June 30, 2019. Accordingly, the Company intends to apply IFRS-9 in preparation of financial statements for the year ending September 30, 2019.

TANDLIANWALA SUGAR MILLS LTD.

3.2 The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

Standard or interpretation		Effective date (accounting periods beginning on or after)
IFRIC-23 - Uncertainty over Income Tax Treatments		01 January 2019
Amendment to IFRS 9 - Financial Instruments		01 January 2019
IFRS-16 - Leases		01 January 2019
Amendment to IAS 28 - Investments in Associates and Joint Ventures- Long Term Interests in Associates and Joint Ventures		01 January 2019
Amendment of IAS-19 - Employee benefits - Plan amendment, Curtailment of Settlement		01 January 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle		01 January 2019
Amendment to IFRS 3 - Business Combinations - Definition of a Business		01 January 2020
Amendments to IAS 1 Presentation of Financial Statements and IAS-8-Accounting Policies, Changes in Accounting Estimates and Errors		01 January 2020
4. Seasonality of operations		
Due to seasonal nature of sugar segment, operating results are expected to fluctuate in the second half of the year. The sugarcane crushing season starts from November and lasts till March each year. Therefore, majority of the expenses are incurred and production activities are undertaken in first half of the Company's financial year thus increasing volume of inventories and current liabilities at the end of the six months.		
5. Long term finances – secured		
	(Un-audited)	(Audited)
	31-Mar-19	30-Sep-18
	Rupees	Rupees
Balance at beginning of the period / year	3,542,546,871	3,275,980,395
Loans received during the period / year	-	699,013,448
Repayments during the period / year	(204,321,490)	(432,446,972)
	<u>3,338,225,381</u>	<u>3,542,546,871</u>
Current portion presented under Current Liabilities	(1,172,925,919)	(844,411,874)
	<u>2,165,299,462</u>	<u>2,698,134,997</u>
5.1 Type of loans		
Interest / mark-up based loans	3,281,629,094	3,481,759,422
Islamic mode of financing	56,596,287	60,787,449
	<u>3,338,225,381</u>	<u>3,542,546,871</u>
5.2 Long term finances are secured against ranking / joint pari passu charge on land, all present and future fixed assets plant and machinery of the Company and personal guarantees of sponsors / directors of the Company.		
6. Liabilities against assets subject to finance lease - secured		
	Note	
	(Un-audited)	(Audited)
	31-Mar-19	30-Sep-18
	Rupees	Rupees
Present value of minimum lease payments	978,720,381	1,004,881,626
Less: Current portion of non-current liabilities	9 (393,882,280)	(343,668,327)
	<u>584,838,101</u>	<u>661,213,299</u>
7. Deferred Taxation		
As at 31 March 2019 deferred tax asset amounting to Rs. 1138.76 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 2019. Tax losses amounting to Rs. 815.74 million, Rs. 981.82 million and Rs. 588.88 million will expire in tax year 2020, 2021 and 2022 respectively.		
8. Short term borrowings - secured		
	(Un-audited)	(Audited)
	31-Mar-19	30-Sep-18
	Rupees	Rupees
Type of short term borrowings:		
Interest / mark-up based loans	10,341,561,945	8,418,389,945
Islamic mode of financing	350,000,000	105,000,000
	<u>10,691,561,945</u>	<u>8,523,389,945</u>
9. Current portion of non-current liabilities		
	Note	
	(Un-audited)	(Audited)
	31-Mar-19	30-Sep-18
	Rupees	Rupees
Long term finances - secured	5 1,172,925,919	844,411,874
Liabilities against assets subject to finance lease - secured	6 393,882,280	343,668,327
	<u>1,566,808,199</u>	<u>1,188,080,201</u>

TANDLIANWALA SUGAR MILLS LTD.

10. Trade and other payables

These mainly include advances from customers amounting to Rs. 1618.89 million (30 September 2018: Rs.5,997.06 million) and creditors for capital expenditure amounting to Rs. 1,683.37 million (30 September 2018: Rs. 1,128.02 million).

11. Contingencies and commitments

11.1 Contingencies

(i) There is no material change in contingencies from the audited financial statements of the Company for the year ended 30 September 2018 except for commitments and guarantees as disclosed below.

11.2 Commitments

- (i) The Company has commitments of Rs. 10.4 million (September 30, 2018: Rs. 7.5 million) on account of import of equipments for normal repair and maintenance at top gas segment.
- (ii) The Company has given a bank guarantee with 100% cash margin of Rs. 2 million (September 30, 2018: Rs. 2 million) to the Excise and Taxation Department for the export of ethanol.
- (iii) The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	(Un-audited) 31-Mar-19 Rupees	(Audited) 30-Sep-18 Rupees
Not later than one year	52,605,932	53,605,716
Later than one year and not later than five years	119,543,077	143,962,039
	<u>172,149,009</u>	<u>197,567,755</u>

The Company has entered into Ijarah lease agreements with Orix Modaraba Company for plant and machinery. Ijarah rentals are payable on monthly basis. The plant and machinery shall be returned to the lessor at the end of the Ijarah lease term. Taxes, repairs, replacements and insurance costs are borne by the lessee.

12. Property, plant and equipment

	Note	(Un-audited) 31-Mar-19 Rupees	(Audited) 30-Sep-18 Rupees
Operating fixed assets	12.1	15,715,358,732	15,683,152,864
Capital work-in-progress	12.2	58,525,178	34,580,836
12.1 Operating fixed assets - at net book value		<u>15,773,883,910</u>	<u>15,717,733,700</u>
Net book value at beginning of the period/year		15,683,152,864	13,082,041,183
Additions during the period / year		436,562,615	3,292,967,458
Disposals during the period/year - net book value		-	(1,188,083)
Depreciation charged during the period / year		(404,356,747)	(690,667,694)
Net book value at end of period / year		<u>15,715,358,732</u>	<u>15,683,152,864</u>
12.2 Capital Work in Progress			
Opening balance		34,580,836	713,792,836
Addition during the period/year		171,300,674	2,792,587,942
Transfer made during the period/year		(147,356,332)	(3,471,799,942)
Closing balance		<u>58,525,178</u>	<u>34,580,836</u>

13. Stock-in-trade

	(Un-audited) 31-Mar-19 Rupees	(Audited) 30-Sep-18 Rupees
Raw materials	1,282,519,765	546,092,806
Finished goods	11,505,444,338	9,116,571,905
	<u>12,787,964,103</u>	<u>9,662,664,711</u>

14. Trade debts - considered good

These include receivable from Lotte Akhtar Beverages (Private) Limited (previously: Riaz Bottlers (Private) Limited), an associated company amounting to Rs. 3.38 million (September 30, 2018: Rs. 7.76 million) against sale of top gas in the normal course of business and is over due by less than 180 days.

15. Advances, deposits, prepayments and other receivables

15.1 These mainly include advances given to suppliers and contractors of Rs. 979.29 million (September 30, 2018: Rs.656.51 million), inland export subsidy of Rs. 133.19 million (September 30, 2018: 133.19 million) and export support on sugar of Rs. 586.49 million (September 30, 2018: Rs. 602.54 million).

15.2 This includes an amount of Rs. 4.65 million (September 30, 2018: Rs. 5.7 million) receivable from executive of the Company.

16. Cash and bank balances

	Note	(Un-audited) 31-Mar-19 Rupees	(Audited) 30-Sep-18 Rupees
Cash at Bank			
- Current Accounts		164,562,391	60,681,361
- Saving Accounts		5,715,925	20,833,905
Cash in hand	16.1	170,278,316	81,515,266
		<u>7,951,622</u>	<u>1,553,051</u>
		<u>178,229,938</u>	<u>83,068,317</u>

16.1 The balances in the saving accounts carry mark-up ranging from 4.72% to 7.57% per annum (September 30, 2018: 4.5% to 7.15% per annum).

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17.	Net sales	(Un-audited) Six months ended		(Un-audited) Three months ended	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		Rupees	Rupees	Rupees	Rupees
Local:					
Sugar		12,306,552,707	3,075,070,190	6,941,627,719	1,920,722,190
Ethanol		65,547,611	77,521,520	42,900,405	34,808,218
Top Gas		46,603,321	67,976,399	25,806,489	41,944,272
		12,418,703,639	3,220,568,109	7,010,334,613	1,997,474,680
Export:					
Sugar		-	488,465,527	-	488,465,527
Ethanol		2,736,517,444	2,131,021,261	2,089,179,252	767,977,487
		2,736,517,444	2,619,486,788	2,089,179,252	1,256,443,014
		15,155,221,083	5,840,054,897	9,099,513,865	3,253,917,694
Less:					
Sales tax/Federal Excise Duty		(1,279,631,054)	(410,262,638)	(718,156,124)	(258,693,781)
		13,875,590,029	5,429,792,259	8,381,357,741	2,995,223,913
18.	Cost of sales			(Un-audited) 31-Mar-19 Rupees	(Un-audited) 31-Mar-18 Rupees
Raw material consumed				12,300,278,819	9,991,908,461
Direct wages				343,370,619	280,223,636
Factory overheads				1,104,639,140	911,323,759
Cost of goods manufactured				13,748,288,578	11,183,455,856
Finished goods					
- at the beginning of the period				9,116,571,905	8,438,769,273
- at the end of the period				(11,505,444,338)	(14,831,583,335)
Cost of goods sold				11,359,416,145	4,790,641,794
19.	Other income			(Un-audited) 31-Mar-19 Rupees	(Un-audited) 31-Mar-18 Rupees
Income from financial assets					
Profit on saving accounts under interest				7,712,295	10,089,948
Income from non financial assets					
Inland Export Subsidy				-	168,823,316
Foreign exchange gain				14,107,295	12,155,871
Miscellaneous income				117,205	-
				14,224,500	180,979,187
				21,936,795	191,069,135
20.	Transactions and balances with related parties				
The related parties comprise associated companies, Directors of the Company, key management personnel and other related parties. The Company in the normal course of business carries out transaction with various related parties. Amount due from and to related parties are shown under respective notes to this condensed interim financial statements. Other significant transactions and balances with related parties except those disclosed elsewhere are as follows:					
Relationship	Nature of transactions	(Un-audited) 31-Mar-19 Rupees	(Un-audited) 31-Mar-18 Rupees		
Associated Company					
Lotte Akhtar Beverages (Private) Limited	Sale of Top Gas	16,879,046	23,665,033		
Key Management Personnel					
Directors of the Company	Remuneration of Chief Executive and Directors of the Company	10,694,938	5,494,934		
Post employment benefit plans					
Staff Retirement benefits	Retirement benefits paid	1,297,111	704,769		
21	Taxation	Note	(Un-audited) 31-Mar-19 Rupees	(Un-audited) 31-Mar-18 Rupees	
Income tax					
- Current			(36,304,474)	-	
Deferred tax	7		41,580,597	-	
			5,276,123	-	

21.1 The provision for taxation for the half year ended 31 March 2019 has been made on an estimated basis.

21.2 There is no material change in status of tax cases from audited financial statements of the Company for the year ended 30 September 2018.

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22. Business segments information

22.1 Segment results	Sugar		Distillery		Top Gas		Inter segment reconciliation		Total	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Reportable segment revenue	12,497,023,672	4,391,345,811	2,838,270,126	2,195,512,740	39,831,892	58,099,470	(1,499,535,661)	(1,215,165,762)	13,875,590,029	5,429,792,259
Cost of sales	(11,478,636,264)	(4,476,587,120)	(1,284,796,744)	(1,508,457,974)	(95,518,798)	(20,762,461)	1,499,535,661	1,215,165,762	(11,359,416,145)	(4,790,641,794)
Segment gross profit	1,018,387,410	(85,241,309)	1,553,473,382	687,054,766	(55,686,906)	37,337,009	-	-	2,516,173,884	639,150,466
Administrative expenses	(171,400,310)	(189,086,658)	(84,790,541)	(48,795,382)	(3,855,157)	(3,352,987)	-	-	(240,046,008)	(241,235,026)
Distribution expenses	(47,009,343)	(50,063,361)	(150,617,496)	(175,761,237)	-	(6,644,105)	-	-	(197,626,839)	(232,468,703)
Other income	7,829,500	178,913,264	14,107,295	12,155,871	-	-	-	-	21,936,795	191,069,135
Finance cost	(634,620,580)	(410,340,493)	(91,066,516)	(80,169,802)	-	(2,436)	-	-	(725,687,096)	(490,512,731)

22.2 Reconciliation of reportable segments profit or loss

Operating profit of all segments	1,354,750,736	(133,996,859)
Unallocated corporate expenses	(72,968,678)	-
Profit before tax	1,281,782,058	(133,996,859)
Taxation	5,276,123	-
Profit after tax	1,287,058,181	(133,996,859)

22.3 Segments assets and liabilities

	Sugar		Distillery		Top Gas		Total	
	(Un-audited) 31-Mar-19	(Audited) 31-Mar-18	(Un-audited) 31-Mar-19	(Audited) 31-Mar-18	(Un-audited) 31-Mar-19	(Audited) 31-Mar-18	(Un-audited) 31-Mar-19	(Audited) 31-Mar-18
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	23,281,804,146	21,538,344,959	10,086,533,990	7,583,140,435	97,831,296	109,149,948	33,466,169,432	29,230,635,342
Segment liabilities	23,315,045,996	22,180,588,258	10,053,692,787	6,945,198,915	97,430,649	104,848,169	33,466,169,432	29,230,635,342

TANDLIANWALA SUGAR MILLS LTD.

23. Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date (Level 1).
- 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 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3).
- Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.
- The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy;

As at 31 March 2019 (un-audited)

Financial assets - not measured at fair value

Long term deposits

Trade debts - considered good

Advances, deposits, prepayments and

other receivables

Cash and bank balances

Financial liabilities - not measured at fair value

Long term finances - secured

Liabilities against assets subject to finance lease - secured

Short term borrowings - secured

Current portion of non-current liabilities

Trade and other payables

Interest and markup accrued

Provision for taxation

Loans and receivables	Carrying amount	
	Other financial liabilities at amortized cost	Total
----- Rupees -----		
152,342,030	-	152,342,030
17,367,723	-	17,367,723
2,186,925,877	-	2,186,925,877
178,229,938	-	178,229,938
2,534,865,568	-	2,534,865,568
-	2,165,299,462	2,165,299,462
-	584,838,101	584,838,101
-	10,691,561,945	10,691,561,945
-	1,566,808,199	1,566,808,199
-	7,845,520,649	7,845,520,649
-	275,657,800	275,657,800
-	36,304,474	36,304,474
-	23,165,990,630	23,165,990,630

As at 30 September 2018

Financial assets - measured at fair value

Long term deposits

Trade debts - considered good

Advances, deposits, prepayments and other receivables

Cash and bank balances

Financial liabilities - not measured at fair value

Long term finances - secured

Liabilities against assets subject to finance lease - secured

Short term borrowings - secured

Current portion of non-current liabilities

Trade and other payables

Interest and markup accrued

Loans and receivables at amortized cost	Carrying amount	
	Other financial liabilities at amortized cost	Total
----- Rupees -----		
18,973,175	-	18,973,175
25,328,463	-	25,328,463
17,253,882	-	17,253,882
83,068,317	-	83,068,317
144,623,837	-	144,623,837
-	2,698,134,997	2,698,134,997
-	661,213,299	661,213,299
-	8,523,389,945	8,523,389,945
-	1,188,080,201	1,188,080,201
-	2,303,984,889	2,303,984,889
-	268,950,864	268,950,864
-	15,643,754,195	15,643,754,195

23.1 Fair value versus carrying amounts

The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or re-priced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

24. Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 September 2018.

25. Date of authorization

This condensed interim financial statements for the six months period ended 31 March 2019 was authorized for issue by the Board of Directors in their meeting held on 29 November 2019.

26. General

Figures in this condensed interim financial statements have been rounded off to the nearest of rupee.

27. Events after the statement of Financial Position date

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

Lahore

November 29, 2019

Chief Financial Officer

Chief Executive

Director

TANDLIANWALA SUGAR MILLS LTD.

COMPANY INFORMATION

Board of Directors	Mr. Ghazi Khan Mr. Akbar Khan Mr. Humayun Akhtar Khan Mr. Haroon Khan Mrs. Rasheeda Begum Mrs. Mobina Akbar Khan Mr. Tahir Farooq Malik	(Chairman) (Chief Executive)
Company Secretary and Chief Financial Officer	Mr. Ahmad Jehanzeb Khan	
Bankers	National Bank of Pakistan Limited MCB Bank Limited United Bank Limited Allied Bank Limited Bank Alfalah Limited Habib Bank Limited The Bank of Punjab Soneri Bank Limited Sindh Bank Limited	
Legal Advisors	1. Bandial & Associates 35-A, Luqman Street, Zahoor Afridi Road, Lahore Cantt.	2. Ali Sibtain Fazli & Associates Mall Mansion 30 The Mall, Lahore
Audit Committee	Mr. Humayun Akhtar Khan Mr. Ghazi Khan Mr. Tahir Farooq Malik Mr. Khalid Siddique	(Chairman) (Member) (Member) (Secretary)
Auditors	UHY Hassan Naeem & Co. Chartered Accountants	
Share Registrar	Corplink (Private) Limited 1-K, Commercial Model Town, Lahore	
Sugar Mills:		
<i>Unit 1</i>	Kanjwani, Tehsil Tandlianwala, District, Faisalabad	
<i>Unit 2</i>	Taunsa Road, Indus Highway, Dera Ismail Khan	
<i>Unit 3</i>	Shah Jamal Road, Muzaffargarh	
Distillery:		
<i>Unit 1</i>	Kanjwani, Tehsil Tandlianwala, District, Faisalabad	
<i>Unit 2</i>	Shah Jamal Road, Muzaffargarh	
Top Gas:	Kanjwani, Tehsil Tandlianwala, District, Faisalabad	
Registered Office:	66-L, Gulberg-II, Lahore	

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