

**Tandlianwala Sugar Mills Ltd.**

# **Half Yearly Report**

**31, March**  
**2020**

**DIRECTORS' REVIEW**

**Dear Shareholders,**

The Board of Directors are pleased to present their report, together with Reviewed Condensed Interim Financial Statements of the Company, for the six months period ended March 31, 2020.

The delay in review and report is due to COVID 19 spread in Pakistan. Offices were closed by the Government due to lockdown and the Audit teams were not available at required dates. However, we were able to engage the Auditors and have it completed in the best possible time.

The crushing season under review of 2019-2020 started with a big challenge of a reduced crop, alongside the challenge that an increased purchase cost/support price of Rs 190/40Kg was notified by the government(s). Because of severe shortage of cane, sugar mills were forced to buy at more than Rs 230 per 40 KG. This high average purchase price of sugarcane, coupled with an increase in the Sales tax rate by the government, increased the cost of production, resulting in an increase in prices of Sugar.

Highlights and salient features of the operating results of the period under review, are as follows:

In order to attain the maximum production, the Company put in great effort, to maximize the crushing of sugarcane in the current year. This was due to the extra ordinary effort put-up by the cane procurement department, who enjoy very cordial relationship with our growers.

During the period under review, the Company successfully managed a profit from operations of Rs.395 Million, but ended up in net loss position during these six months.

**ETHANOL & CO2 DIVISION:**

The molasses prices, this season tremendously increased due to low crop of sugarcane, hence we could not secure the outside molasses in the manner we used to procure in previous years. Some sellers of molasses also backed out of their commitments or could not provide due to various reasons. This factor resulted in an early stoppage of our ethanol plants. Despite this alarming situation, the ethanol segment continues to play its part as a saviour of the company profitability.

The management is still hopeful for an improved outcome in the remaining six months of this financial year.

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)*

June 30, 2020

## محترم حصص داران

بورڈ آف ڈائریکٹرز مدت تختہ 31 مارچ 2020 کے چھ ماہ کیلئے اپنی رپورٹ بشمول کمپنی کی نظر ثانی شدہ مجموعی انٹیرم فنانشل سٹیٹمنٹس پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ جائزہ اور رپورٹ میں یہ تاخیر پاکستان میں کرونا وائرس (COVID-19) کے پھیلاؤ کی وجہ سے ہوئی۔ حکومت کی جانب سے لاک ڈاؤن کی بدولت دفاتر بند رہے اور آڈٹ ٹیمیں مقررہ تاریخ پر دستیاب نہ تھیں۔ تاہم، ہم آڈیٹرز کو مائل کرنے کے قابل رہے اور اسے ہر ممکن حد تک بہترین انداز میں مکمل کیا۔ 2019-2020 کی زیر جائزہ مدت کیلئے کرشنگ سیزن کم فصل کے ساتھ ساتھ حکومت کی جانب سے نوٹیفائی کردہ 190 روپے / 40 کلوگرام کی زیادہ خرید لاگت / جیسے ایک بڑے چیلنج سے شروع ہوا۔ گنے کی شدید کم پیداوار کی وجہ سے شوگر ملوں کو 230 روپے / 40 کلوگرام کے حساب سے خریداری کرنا پڑی۔ گنے کی اوسط قیمت خرید میں اس اضافہ اور حکومت کی جانب سے سیلنگس میں اضافہ کی بدولت پیداواری لاگت بڑھ گئی جو کمپنی کی قیمت میں اضافے پر منتج ہوئی۔

زیر جائزہ مدت کیلئے کاروباری نتائج کی جھلکیاں اور خصوصیات کچھ یوں رہیں:

رواں سال زیادہ پیداوار کے حصول کیلئے کمپنی نے گنے کی کرشنگ میں حد درجہ اضافہ کیلئے بھرپور کوششیں کیں۔ یہ ہمارے کین پروکیورمنٹ ڈیپارٹمنٹ کی بے مثال کاوشوں سے ممکن ہوا، جو کہ گنا کاشت کرنے والے کسان بھائیوں سے ایک بہترین بندھن میں جڑے ہیں۔

زیر جائزہ مدت کے دوران کمپنی آپریشنز سے 395 ملین روپے منافع کمانے میں کامیاب رہی، مگر ان چھ ماہ کے دوران مجموعی نقصان کی سطح پر اختتام ہوا۔

استھانول اور کاربن ڈائی آکسائیڈ ڈویژن:

گنے کی کم پیداوار کی وجہ سے اس سیزن میں مولیس کی قیمتوں میں بے حد اضافہ ہوا، اس لئے ماضی کے سالوں کی مانند ہم بیرونی مولیس کو محفوظ نہیں بنا سکے۔ مولیس کے چند فروخت کنندگان بھی اپنے وعدوں سے روگردانی کر گئے یا وہ مختلف وجوہات کی بنا پر فراہمی ممکن نہ بنا سکے۔ اس عمل کا نتیجہ ہمارے استھانول پلانٹس کی جلد بندش کی صورت میں نکلا۔ اس پریشان کن صورتحال کے باوجود، استھانول کا شعبہ کمپنی کے منافع میں کلیدی کردار ادا کرنے میں کامیاب رہا۔

انتظامیہ تاحال اس مالی سال کے باقی چھ ماہ میں بہتر نتائج کیلئے پُر امید ہے۔

بورڈ، سٹاف اور انتظامیہ کی ٹیم کے ممبران کی سخت محنت پر انہیں خراج تحسین پیش کرتا ہے۔

بحکم بورڈ آف ڈائریکٹرز

اکبر خان (چیف ایگزیکٹو)

30 جون 2020

## **TANDLIANWALA SUGAR MILLS LTD.**

### **INDEPENDENT AUDITOR'S REVIEW REPORT**

#### ***To the members of Tandlianwala Sugar Mills Limited Report on Review of Condensed Interim Financial Statements***

##### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Tandlianwala Sugar Mills Limited** ("the Company") as at March 31, 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements 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 Auditor of the Entity". A review of Interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an 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 interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting 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, 2020, 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 review report is Mr. Ibne Hassan.

Lahore  
June 30, 2020

UHY Hassan Naeem & Co.  
Chartered Accountants

# TANDLIANWALA SUGAR MILLS LTD.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

<b>EQUITY AND LIABILITIES</b>	<i>Note</i>	<b>(Un-audited) 31 March 2020 Rupees</b>	<b>(Audited) 30 September 2019 Rupees</b>
Authorized capital			
120,000,000 (2019: 120,000,000) ordinary shares of Rs. 10 each		<b>1,200,000,000</b>	<b>1,200,000,000</b>
<b>Share Capital and Reserves</b>			
Issued, subscribed and paid-up share capital		<b>1,177,063,000</b>	<b>1,177,063,000</b>
Reserves		<b>290,741,640</b>	<b>290,741,640</b>
Un-appropriated profit		<b>4,538,055,478</b>	<b>4,988,223,577</b>
Loan from Sponsors - <i>unsecured</i>		<b>3,695,127,312</b>	<b>3,541,050,170</b>
		<b>9,700,987,430</b>	<b>9,997,078,387</b>
<b>Non- Current Liabilities</b>			
Long term finances - <i>secured</i>	6	<b>1,525,677,042</b>	<b>1,926,794,717</b>
Liabilities against assets subject to finance lease - <i>secured</i>	7	<b>318,479,007</b>	<b>385,913,905</b>
Deferred liabilities			
- <i>Staff retirement benefits</i>		<b>556,372,850</b>	<b>508,436,982</b>
- <i>Deferred taxation</i>	8	<b>-</b>	<b>-</b>
		<b>2,400,528,899</b>	<b>2,821,145,604</b>
<b>Current Liabilities</b>			
Short term borrowings - <i>secured</i>	9	<b>10,088,510,444</b>	<b>5,513,273,317</b>
Current portion of non-current liabilities	10	<b>1,184,531,757</b>	<b>1,366,249,595</b>
Trade and other payables	11	<b>6,184,051,601</b>	<b>3,374,669,386</b>
Interest and mark-up accrued		<b>296,379,074</b>	<b>246,377,102</b>
Provision for taxation		<b>177,428,528</b>	<b>273,819,231</b>
		<b>17,930,901,404</b>	<b>10,774,388,631</b>
<b>Contingencies and commitments</b>	12		
		<b>30,032,417,733</b>	<b>23,592,612,622</b>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

Lahore  
June 30, 2020

Chief Financial Officer

Chief Executive Officer

# TANDLIANWALA SUGAR MILLS LTD.

## AS AT MARCH 31, 2020

ASSETS	Note	(Un-audited) 31 March 2020 Rupees	(Audited) 30 September 2019 Rupees
<i>Non - Current Assets</i>			
Property, plant and equipment	13	16,092,262,408	16,155,428,659
Long term deposits		82,640,614	82,429,286
		16,174,903,022	16,237,857,945
<i>Current Assets</i>			
Stores, spare parts and loose tools		1,102,305,707	1,042,085,028
Stock-in-trade	14	9,244,007,082	3,022,242,477
Trade debts - <i>considered good</i>	15	14,790,240	314,759,460
Advances, deposits, prepayments and other receivables	16	1,908,468,899	2,016,746,177
Tax refunds due from Government		538,669,276	782,707,494
Cash and bank balances	17	1,049,273,507	176,214,041
		13,857,514,711	7,354,754,677
		30,032,417,733	23,592,612,622
			Director

## TANDLIANWALA SUGAR MILLS LTD.

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)

For the half year and quarter ended March 31, 2020

	Note	Six months ended		Three months ended	
		31 March 2020 Rupees	31 March 2019 Rupees	31 March 2020 Rupees	31 March 2019 Rupees
Net sales	18	12,395,565,857	13,875,590,029	7,492,546,084	8,381,357,741
Cost of sales	19	(11,608,482,528)	(11,359,416,145)	(7,321,837,520)	(7,179,931,052)
<b>Gross profit</b>		<b>787,083,329</b>	2,516,173,884	<b>170,708,564</b>	1,201,426,689
Administrative expenses		(285,370,476)	(260,046,008)	(146,105,117)	(138,036,815)
Distribution expenses		(184,992,354)	(197,626,839)	(131,027,723)	(144,165,060)
Other income	20	78,383,050	21,936,795	71,921,443	18,594,485
		(391,979,780)	(435,736,052)	(205,211,397)	(263,607,390)
<b>(Loss) / Profit from operations</b>		<b>395,103,549</b>	2,080,437,832	<b>(34,502,833)</b>	937,819,299
Finance cost		(660,688,312)	(725,687,096)	(385,649,270)	(430,982,846)
Other expenses		(7,154,808)	(72,968,678)	(53,812)	(72,968,678)
		(667,843,120)	(798,655,774)	(385,703,082)	(503,951,524)
<b>(Loss) / Profit before taxation</b>		<b>(272,739,571)</b>	1,281,782,058	<b>(420,205,915)</b>	433,867,775
Taxation	21	(177,428,528)	5,276,123	(177,428,528)	-
<b>(Loss) / Profit after taxation</b>		<b>(450,168,099)</b>	1,287,058,181	<b>(597,634,443)</b>	433,867,775
<b>Earnings per share -</b>					
<b>Basic and Diluted</b>		<b>(3.82)</b>	10.93	<b>(5.08)</b>	3.69

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

Lahore  
June 30, 2020

Chief Financial Officer

Chief Executive Officer

Director

## TANDLIANWALA SUGAR MILLS LTD.

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

*For the half year and quarter ended March 31, 2020*

	Six months ended		Three months ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
(Loss) / Profit after taxation for the period	(450,168,099)	1,287,058,181	(597,634,443)	433,867,775
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(450,168,099)</u>	<u>1,287,058,181</u>	<u>(597,634,443)</u>	<u>433,867,775</u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

Lahore  
June 30, 2020

Chief Financial Officer

Chief Executive Officer

Director



## TANDLIANWALA SUGAR MILLS LTD.

### CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the half year ended March 31, 2020

	Note	31 March 2020 Rupees	31 March 2019 Rupees
<b>Cash flow from operating activities</b>			
(Loss) / Profit before taxation		(272,739,571)	1,281,782,058
<b>Adjustments:</b>			
Finance cost		660,688,312	725,687,096
Depreciation on property, plant and equipment		412,246,153	404,356,747
Provision for Worker's Profit Participation Fund		-	67,028,853
Provision for staff retirement benefits		49,546,080	40,469,334
Return on bank deposits	20	(17,693,317)	(7,712,295)
		<b>1,104,787,228</b>	<b>1,229,829,735</b>
<b>Operating profit before working capital changes</b>		<b>832,047,657</b>	<b>2,511,611,793</b>
<b>(Increase) / decrease in current assets:</b>			
Stores, spares parts and loose tools		(60,220,679)	(528,803,770)
Stock-in-trade		(6,221,764,605)	(3,125,299,392)
Trade debts - considered good		299,969,220	7,960,740
Advances, deposits, prepayments and other receivables		108,277,278	(418,674,312)
		<b>(5,873,738,786)</b>	<b>(4,064,816,734)</b>
<b>Increase / (decrease) in current liabilities:</b>			
Trade and other payables		2,809,382,215	(699,475,753)
		<b>(2,232,308,914)</b>	<b>(2,252,680,694)</b>
<b>Cash used in operations</b>		<b>(1,610,212)</b>	<b>(1,297,111)</b>
Staff retirement benefits paid		(610,686,340)	(718,980,160)
Finance cost paid		(29,781,013)	(52,830,692)
Taxes paid		(211,328)	30,055,675
Long term deposits - net		<b>(642,288,893)</b>	<b>(743,052,288)</b>
		<b>(2,874,597,807)</b>	<b>(2,995,732,982)</b>
<b>Net cash generated used in operations</b>			
<b>Cash flow from investing activities</b>			
Capital expenditure		(349,079,902)	(460,506,957)
Income received from bank deposits		17,693,317	7,712,295
<b>Net cash used in investing activities</b>		<b>(331,386,585)</b>	<b>(452,794,662)</b>
<b>Cash flow from financing activities</b>			
Finance lease liabilities - net		(104,837,430)	(26,161,245)
Short term borrowings - net		4,575,237,127	2,168,172,000
Loan from directors		154,077,142	1,606,000,000
Long term finances repaid		(545,432,981)	(204,321,490)
<b>Net cash generated from financing activities</b>		<b>4,079,043,858</b>	<b>3,543,689,265</b>
<b>Net increase in cash and cash equivalents</b>		<b>873,059,466</b>	<b>95,161,621</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>76,711,886</b>	<b>(16,930,819)</b>
<b>Cash and cash equivalents at end of the period</b>		<b>949,771,352</b>	<b>78,230,802</b>
<b>Cash and cash equivalents comprise of the following:</b>			
- Cash and bank balances		1,049,273,507	178,229,938
- Short term borrowings -Running Finance		(99,502,155)	(99,999,136)
		<b>949,771,352</b>	<b>78,230,802</b>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

Lahore

June 30, 2020

Chief Financial Officer

Chief Executive Officer

Director

# TANDLIANWALA SUGAR MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the half year ended March 31, 2020

	Share capital	Capital Share Premium	Revenue Un- appropriated profit	Total reserves	Loan from Sponsors	Total
<b>Balance as at October 01, 2018</b>	1,177,063,000	290,741,640	3,550,399,707	5,018,204,347	1,935,050,170	6,953,254,517
<i>Transactions with owners of the Company</i>						
Amount received during the period	-	-	-	-	1,606,000,000	1,606,000,000
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-
Profit for the period ended March 31, 2019	-	-	1,287,058,181	1,287,058,181	-	1,287,058,181
Other comprehensive income for the period ended March 31, 2019	-	-	-	-	-	-
<b>Balance as at March 31, 2019</b>	1,177,063,000	290,741,640	1,287,058,181	1,287,058,181	-	1,287,058,181
<b>Balance as at October 01, 2019</b>	1,177,063,000	290,741,640	4,837,457,888	5,128,199,528	3,541,050,170	9,846,312,698
<i>Transactions with owners of the Company</i>						
Amount received during the period	-	-	-	-	154,077,142	154,077,142
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-
Loss for the period ended March 31, 2020	-	-	(450,168,099)	(450,168,099)	-	(450,168,099)
Other comprehensive income for the period ended March, 31 2020	-	-	-	-	-	-
<b>Balance as at March, 31 2020</b>	1,177,063,000	290,741,640	4,538,055,478	4,828,797,118	3,695,127,312	9,700,987,430

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

Lahore  
June 30, 2020

Chief Financial Officer

Chief Executive Officer

Director

## TANDLIANWALA SUGAR MILLS LTD.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

#### For the half year ended March 31, 2020

**1. Reporting entity**

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

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

- Head office and registered office : 66-I, 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

**2. Summary of significant events in current reporting period**

Covid-19 Outbreak: On March 11, 2020, the World Health Organization declared the 2019 Novel Coronavirus (the "Covid- 19") outbreak a pandemic. In response to the outbreak, many countries and organizations have implemented measures to combat the outbreak. Measures taken to contain the spread of the virus including travel bans, quarantines, social distancing, and closure of non - essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The potential impacts from COVID -19 remain uncertain, including among other things on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions. Based on management's assessment, the COVID - 19 is not likely to significantly impact the business of the Company due to demand from its customer and measures taken by the Government to support the industry in which the Company operates.

**3. Basis of preparation**

**3.1 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, 2019. These condensed interim financial statements are unaudited 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, 2019, whereas the comparative figures of condensed interim statement of profit or loss, statement of other comprehensive income, statement of cash flows and statement of changes in equity are stated from the un-audited condensed interim financial statements of the Company for the half year ended March 31, 2019.

**3.2 Use of estimates and judgments**

The preparation of the condensed interim financial statements 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 these 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 September 30, 2019.

**3.3 Functional and presentation currency**

These condensed interim financial statements are presented in Pak Rupees which is the functional and presentation currency of the Company.

**4. Accounting policies**

**4.1** 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, 2019, except for those disclosed in note 4.1.1.

**4.1.1 Change in Significant Accounting Policies**

**IFRS-16 Leases**

IFRS 16 replaces the previous lease standard IAS 17 Leases. It resulted in almost all leases being recognized in the condensed interim 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.

The company has adopted IFRS 16 and it has no material impact on the Company's financial position as the only lease appearing is finance lease.

## TANDLIANWALA SUGAR MILLS LTD.

### 5. 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 which leads to an increased volume of inventories and current liabilities at the end of the six months.

### 6. Long term finances – secured

	Note	(Un-audited) 31-Mar-20 Rupees	(Audited) 30-Sep-19 Rupees
Balance at beginning of the period / year		3,016,365,136	3,542,546,865
Loans received during the period / year		-	88,447,993
Repayments during the period / year		(545,432,981)	(614,629,722)
		<u>2,470,932,155</u>	<u>3,016,365,136</u>
Current portion presented under current liabilities	10	(945,255,113)	(1,089,570,419)
		<u>1,525,677,042</u>	<u>1,926,794,717</u>

#### 6.1 Type of loans

Interest / mark-up based loans	2,365,568,310	2,897,661,183
Islamic mode of financing	105,363,845	118,703,953
	<u>2,470,932,155</u>	<u>3,016,365,136</u>

6.2 Long term finances are secured against ranking / joint pari passu charge on land, all present and future fixed assets of the Company and personal guarantees of sponsor directors of the Company.

### 7. Liabilities against assets subject to finance lease—secured

	Note	(Un-audited) 31-Mar-20 Rupees	(Audited) 30-Sep-19 Rupees
Present value of minimum lease payments		557,755,651	662,593,081
Less: Current portion of non-current liabilities		(239,276,644)	(276,679,176)
		<u>318,479,007</u>	<u>385,913,905</u>

### 8. Deferred taxation

As at March 30, 2020 deferred tax asset amounting to Rs. 125 million on unused capital allowances and Rs. 455 million on unused business 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 September 30, 2020. Tax losses amounting to Rs. 981.82 million and Rs. 588.88 million will expire in tax year 2021 and 2022 respectively.

### 9. Short term borrowings – secured

	Note	(Un-audited) 31-Mar-20 Rupees	(Audited) 30-Sep-19 Rupees
Type of short term borrowings:			
Interest / mark-up based loans		10,088,510,444	5,453,273,317
Islamic mode of financing		-	60,000,000
		<u>10,088,510,444</u>	<u>5,513,273,317</u>

### 10. Current portion of non-current liabilities

	Note	(Un-audited) 31-Mar-20 Rupees	(Audited) 30-Sep-19 Rupees
Long term finances – secured	6	945,255,113	1,089,570,419
Liabilities against assets subject to finance lease - secured	7	239,276,644	276,679,176
		<u>1,184,531,757</u>	<u>1,366,249,595</u>

### 11. Trade and other payables

These mainly include advances from customers amounting to Rs. 3,091 million (September 30, 2019:Rs. 854 million) and creditors for capital expenditure amounting to Rs. 1,460 million (September 30, 2019: Rs. 1,258 million).

### 12. Contingencies and commitments

#### 12.1 Contingencies

There is no material change in contingencies from the audited financial statements of the Company for the period ended March 31, 2020 except for commitments and guarantees as disclosed below.

#### 12.2 Commitments

- The Company has commitments of Rs. 196 million (September 30, 2019: Rs. 3.5 million) on account of import of equipment for improvement of machinery.
- The Company has given a bank guarantee with 100% cash margin of Rs. 2 million (September 30, 2019: Rs. 2 million) to the Excise and Taxation Department for the export of ethanol.

## TANDLIANWALA SUGAR MILLS LTD.

(iii) The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:		
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>31-Mar-20</b>	<b>30-Sep-19</b>
	<b>Rupees</b>	<b>Rupees</b>
Not later than one year	44,949,548	36,845,725
Later than one year and not later than five years	60,414,297	100,351,393
	<u>105,363,845</u>	<u>137,197,118</u>
<b>13. Property, plant and equipment</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>31-Mar-20</b>	<b>30-Sep-19</b>
	<b>Rupees</b>	<b>Rupees</b>
Operating fixed assets	13.1 16,037,691,035	16,100,857,286
Capital work-in-progress	13.2 54,571,373	54,571,373
	<u>16,092,262,408</u>	<u>16,155,428,659</u>
<b>13.1 Operating fixed assets - at net book value</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>31-Mar-20</b>	<b>30-Sep-19</b>
	<b>Rupees</b>	<b>Rupees</b>
Net book value at beginning of the period/year	16,100,857,286	15,683,152,864
Additions during the period / year	349,079,902	1,236,602,162
Disposals during the period / year - net book value	-	(281,827)
Depreciation charged during the period / year	(412,246,153)	(818,615,913)
Net book value at end of period / year	<u>16,037,691,035</u>	<u>16,100,857,286</u>
<b>13.2 Capital Work-in-Progress</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>31-Mar-20</b>	<b>30-Sep-19</b>
	<b>Rupees</b>	<b>Rupees</b>
Opening balance	54,571,373	34,580,836
Addition during the period/year	-	269,420,138
Transfer made during the period/year	-	(249,429,601)
Closing balance	<u>54,571,373</u>	<u>54,571,373</u>
<b>14. Stock-in-trade</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>31-Mar-20</b>	<b>30-Sep-19</b>
	<b>Rupees</b>	<b>Rupees</b>
Raw materials	959,846,596	425,236,201
Finished goods	8,284,160,486	2,597,006,276
	<u>9,244,007,082</u>	<u>3,022,242,477</u>
<b>15. Trade debts - considered good</b>		
These include receivable from Pakistan Oxygen Limited amounting to Rs. 6.1 million (September 30, 2019: Rs. 6.5 million), Punjab Bottlers amounting to Rs. 3.39 million (September 30, 2019: Rs. 3.48 million) and Mitsubishi amounting to Rs. Nil (September 30, 2019: Rs. 6.5 million) against sale of top gas in the normal course of business and is over due by less than 180 days.		
<b>16. Advances, deposits, prepayments and other receivables</b>		
<b>16.1</b> These mainly include advances given to suppliers and contractors of Rs. 665 million (September 30, 2019: Rs.852 million), inland export subsidy of Rs. 133 million (September 30, 2019:Rs.133 million) and export support on sugar of Rs. 586 million (September 30, 2019: Rs. 586 million).		
<b>16.2</b> This includes an amount of Rs. 8.9 million (September 30, 2019: Rs. 8.1 million) receivable from executive of the Company.		
<b>17. Cash and bank balances</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>31-Mar-20</b>	<b>30-Sep-19</b>
	<b>Rupees</b>	<b>Rupees</b>
Cash at Bank		
- Current Accounts	1,033,651,592	135,530,222
- Saving Accounts	-	37,160,731
	<u>1,033,651,592</u>	<u>172,690,953</u>
Cash in hand	15,621,915	3,523,088
	<u>1,049,273,507</u>	<u>176,214,041</u>
<b>17.1</b> The balances in the saving accounts carry mark-up ranging from 8.90% to 13.28% per annum (September 30, 2019: 7.60% to 12.23% per annum).		

## TANDLIANWALA SUGAR MILLS LTD.

18. Net Sales		(Un-audited) Six months ended		(Un-audited) Three months ended	
		31-Mar-20 Rupees	31-Mar-19 Rupees	31-Mar-20 Rupees	31-Mar-19 Rupees
<i>Local:</i>	Sugar	12,470,305,907	12,306,552,707	7,201,590,586	6,941,627,719
	Ethanol	106,031,376	65,547,611	71,389,728	42,900,405
	Top Gas	31,807,119	46,603,321	23,625,269	25,806,489
		12,608,144,402	12,418,703,639	7,296,605,583	7,010,334,613
<i>Export:</i>	Sugar	175,726,106	-	-	-
	Ethanol	1,525,265,949	2,736,517,444	1,277,296,005	2,089,179,252
		1,700,992,055	2,736,517,444	1,277,296,005	2,089,179,252
		14,309,136,457	15,155,221,083	8,573,901,588	9,099,513,865
<i>Less:</i>	Sales tax / Federal				
	Excise Duty	(1,913,570,600)	(1,279,631,054)	(1,081,355,504)	(718,156,124)
		12,395,565,857	13,875,590,029	7,492,546,084	8,381,357,741
19. Cost of sales				(Un-audited) 31-Mar-20 Rupees	(Un-audited) 31-Mar-19 Rupees
Raw material consumed				16,416,146,218	12,300,278,819
Direct wages				344,055,357	343,370,619
Factory overheads				1,070,045,559	1,104,639,140
Cost of goods manufactured				17,830,247,134	13,748,288,578
Finished goods					
- at the beginning of the period				3,022,242,476	9,116,571,905
- at the end of the period				(9,244,007,082)	(11,505,444,338)
Cost of goods sold				11,608,482,528	11,359,416,145
20. Other income				(Un-audited) 31-Mar-20 Rupees	(Un-audited) 31-Mar-19 Rupees
<u>Income from financial assets</u>					
Profit on saving accounts under interest				17,693,317	7,712,295
<u>Income from non-financial assets</u>					
Foreign exchange gain				60,614,138	14,107,295
Miscellaneous income				75,595	117,205
				60,689,733	14,224,500
				78,383,050	21,936,795
21. Taxation				(Un-audited) 31-Mar-20 Rupees	(Un-audited) 31-Mar-19 Rupees
Income tax					
- current				177,428,528	36,304,474
Deferred tax				-	(41,580,597)
				177,428,528	(5,276,123)
21.1 The provision for taxation for the half year ended March 31, 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 September 30, 2019.					
22. 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-20 Rupees	(Un-audited) 31-Mar-19 Rupees	
<u>Associated Company</u>					
Lotte Akhtar Beverages (Private) Limited		Sale of Top Gas	2,712,808	16,879,046	
<u>Post employment benefit plans</u>					
Staff retirement benefits		Retirement benefits paid	1,610,212	1,297,111	

## TANDLIANWALA SUGAR MILLS LTD.

### 23. Business segments information

23.1 Segment results	Sugar		Distillery		Top Gas		Inter segment reconciliation		Total	
	31-Mar-20 Rupees	31-Mar-19 Rupees	31-Mar-20 Rupees	31-Mar-19 Rupees	31-Mar-20 Rupees	31-Mar-19 Rupees	31-Mar-20 Rupees	31-Mar-19 Rupees	31-Mar-20 Rupees	31-Mar-19 Rupees
Reportable segment revenue	13,151,322,455	12,497,023,672	1,620,798,137	2,838,270,126	27,185,610	39,831,892	2,403,740,345	(1,499,535,661)	12,395,505,857	13,875,590,029
Cost of sales	(12,137,997,436)	(11,478,656,264)	(1,844,383,540)	(1,284,796,744)	(29,641,897)	(95,518,798)	2,403,740,345	1,499,535,661	(11,608,482,528)	(11,359,416,145)
<b>Segment gross profit</b>	<b>1,013,325,019</b>	<b>1,018,367,408</b>	<b>(223,785,403)</b>	<b>1,553,473,382</b>	<b>(2,456,287)</b>	<b>(55,686,906)</b>	<b>-</b>	<b>-</b>	<b>787,083,329</b>	<b>2,516,173,884</b>
Administrative expenses	(240,301,959)	(171,400,310)	(43,807,706)	(84,790,541)	(1,260,811)	(3,855,157)	-	-	(285,370,476)	(260,046,008)
Distribution expenses	(33,223,150)	(47,009,343)	(146,116,281)	(150,617,496)	(5,652,923)	-	-	-	(184,992,354)	(197,626,839)
Other income	17,768,912	7,829,500	60,614,138	14,107,295	-	-	-	-	78,383,050	21,936,795
Finance cost	(487,463,449)	(634,620,380)	(173,024,863)	(91,066,516)	-	-	-	-	(660,688,312)	(725,687,096)
<b>Reconciliation of reportable segments profit or loss</b>										
Operating profit of all segments									(265,584,763)	1,354,750,736
Unallocated corporate expenses									(7,154,808)	(72,968,678)
(Loss) / Profit before tax									(272,739,571)	1,281,782,058
Taxation									(177,428,528)	5,276,123
(Loss) / Profit after tax									(450,168,099)	1,287,058,181

### 23.3 Segments assets and liabilities

	Sugar		Distillery		Top Gas		Total	
	(Un-audited) 31-Mar-20 Rupees	(Audited) 30-Sep-19 Rupees	(Un-audited) 31-Mar-20 Rupees	(Audited) 30-Sep-19 Rupees	(Un-audited) 31-Mar-20 Rupees	(Audited) 30-Sep-19 Rupees	(Un-audited) 31-Mar-20 Rupees	(Audited) 30-Sep-19 Rupees
Segment assets	14,558,606,219	11,602,878,275	15,399,327,063	11,833,336,230	164,484,451	156,398,117	30,032,417,733	23,592,612,622
Segment liabilities	13,015,930,189	7,340,874,078	7,303,447,378	6,247,432,569	12,452,736	7,227,588	20,331,430,303	13,595,534,235

## TANDLIANWALA SUGAR MILLS LTD.

### 24. 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 2020 (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

Carrying amount		
Loans and receivables at amortized cost	Other financial liabilities at amortized cost	Total
----- Rupees -----		
82,640,614	-	82,640,614
14,790,240	-	14,790,240
1,908,468,899	-	1,908,468,899
1,033,651,592	-	1,033,651,592
3,039,551,345	-	3,039,551,345
-	1,525,677,042	1,525,677,042
-	318,479,007	318,479,007
-	10,088,510,444	10,088,510,444
-	1,184,531,757	1,184,531,757
-	6,184,051,601	6,184,051,601
-	296,379,074	296,379,074
-	19,597,628,925	19,597,628,925

#### As at 30 September 2019 (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

Carrying amount		
Loans and receivables at amortized cost	Other financial liabilities at amortized cost	Total
----- Rupees -----		
82,429,286	-	82,429,286
314,759,460	-	314,759,460
2,016,746,177	-	2,016,746,177
172,690,953	-	172,690,953
2,586,625,876	-	2,586,625,876
-	1,926,794,717	1,926,794,717
-	385,913,905	385,913,905
-	5,513,273,317	5,513,273,317
-	1,366,249,595	1,366,249,595
-	3,374,669,386	3,374,669,386
-	246,377,102	246,377,102
-	12,813,278,022	12,813,278,022

#### 24.1 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 repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

### 25. 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 September 30, 2019.

### 26. Date of authorization

This condensed interim financial statements for the six months period ended March 31, 2020 were authorized for issue by the Board of Directors in their meeting held on June 30, 2020.

### 27. General

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

### 28. Events after the statement of Financial Position date

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

Lahore

June 30, 2020

Chief Financial Officer

Chief Executive Officer

Director

Half Yearly Report March 31, 2020



## TANDLIANWALA SUGAR MILLS LTD.

### COMPANY INFORMATION

<b>Board of Directors</b>	Mr. Ghazi Khan Mr. Akbar Khan Mr. Humayun Akhtar Khan Mr. Haroon Khan Mrs. Rasheeda Begum Mrs. Mobina Akbar Khan Mr. Tahir Farooq Malik	<b>(Chairman)</b> <b>(Chief Executive)</b>
<b>Company Secretary and Chief Financial Officer</b>	Mr. Ahmad Jehanzeb Khan	
<b>Bankers</b>	<b>Conventional</b> National Bank of Pakistan Limited MCB Bank Limited United Bank Limited Allied Bank Limited Habib Bank Limited The Bank of Punjab Soneri Bank Limited Sindh Bank Limited Samba Bank Limited The Bank of Khyber Pair Investment Co. Limited Pak Oman Investment Co. Limited Pak Libya Holding Co. (Pvt) Limited	<b>Islamic</b> Dubai Islamic Bank Al-Baraka Bank (Pakistan Limited)
<b>Legal Advisors</b>	1. Bandial & Associates 35-A, Luqman Street, Zahoor 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	<b>(Chairman)</b> <b>(Member)</b> <b>(Member)</b> <b>(Secretary)</b>
<b>Auditors</b>	UHY Hassan Naeem & Co. Chartered Accountants	
<b>Share Registrar</b>	Corplink (Private) Limited 1-K, Commercial Model Town, Lahore	
<b>Sugar Mills:</b>		
<b>Unit 1</b>	Kanjwani, Tehsil Tandlianwala, District Faisalabad	
<b>Unit 2</b>	Taunsa Road, Indus Highway, Dera Ismail Khan	
<b>Unit 3</b>	Shah Jamal Road, Muzaffargarh	
<b>Distillery:</b>		
<b>Unit 1</b>	Kanjwani, Tehsil Tandlianwala, District Faisalabad	
<b>Unit 2</b>	Shah Jamal Road, Muzaffargarh	
<b>Top Gas:</b>	Kanjwani, Tehsil Tandlianwala, District Faisalabad	
<b>Registered Office:</b>	66-L, Gulberg-II, Lahore	

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**IF UNDELIVERED, PLEASE RETURN TO:  
Tandlianwala Sugar Mills Ltd.  
66-L, GULBERG II, Lahore.**

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