



TANDLIANWALA
SUGAR MILLS LTD.

HALF YEARLY REPORT



MARCH



31, 2021

TANDLIANWALA SUGAR MILLS LTD.

DIRECTORS' REVIEW

Dear Shareholders,

The Board of Directors are pleased to present the condensed financial statements of the company, as reviewed by the auditors for the half year ended March 31, 2021.

This year's crushing season came up with unique set of challenges. Firstly the Government intervened and forced the sugar mills to start crushing before the intended time frame, when the sucrose recovery is at the lowest ebb. Later on since there was scarcity of cane, this fact set off panic buying among many in the industry, resulting in all time high sugarcane cost. Despite notifying a sugarcane price of Rs.200 per 40 Kg, the Government took no measures to ensure the supply at the notified price and the mills unwillingly brought sugarcane at a massive price ranging between Rs. 280 to Rs.300 per 40 Kg. The supply of sugarcane during the season remained erratic as the growers held back the supply of sugarcane as they knew that imported sugar will cost over Rs.95/kg because of the depreciation of Pakistani Rupee from Rs.104 to Rs.155 per 1 US \$.

The recovery from sugarcane procured, as mentioned above, at the beginning of crushing season at all our Mills was on the lowest levels due to early start & climatic conditions, which affected the overall recovery ratio, resulting that during the present season the sucrose recovery at all our sugar producing units averaged low at 8.88%, as compared with average sucrose recovery of 9.33% during the corresponding same period of last year.

The main reasons, as such for reduction in profitability in sugar division were due to the higher average sugarcane cost with low sucrose recoveries. We however managed to crush more sugarcane and produce more sugar and molasses as compared to last season, which may turn the company to reasonable profits in sugar & distillery division, if the prices of sugar & ethanol remain on increasing trend for the remaining six months of this year.

During period under review, the Company has earned gross profit amounting to Rs. 596 million and profit from operations amounting to Rs.116 Million, as compared to gross profit of Rs.787 million and profit from operations amounting to Rs.395 million in the same period of last year.

The Government went on to fix the sugar price at Rs.80 per kg, which was not sustainable, as the cost of procuring sugarcane was at much higher a price. This decision was not even acknowledged by Government's own Institution viz. the Competition Commission of Pakistan, who released a policy note labeling this policy as unwarranted and detrimental to sugar industry on the whole.

As is evident, it can easily be construed that since the company had no control over the pricing of raw material, as well as the finished goods, the management could do very little to maintain the profitability of the company, in the period under review. The major contributing factors of this low profitability are attributable to policies beyond the control of the sugar mills.

The company's ethanol is always well received in the international market and this allied division of the company is expected to appreciably earn more profits during the remaining part of the year, since we will be producing ethanol for major part of the this year with expected good margins. Apart from our own molasses from the sugar division, the company has also procured large quantities of molasses from outside and we are hopeful that our ethanol division will be in operations for the maximum part of this year, which definitely will also bring good profitable results at the end of the year 2020-2021 for the company.

On behalf of Board of Directors

AKBAR KHAN

(Chief Executive)

May 31, 2021

معزز شیئر ہولڈرز

بورڈ آف ڈائریکٹرز کیلئے 31 مارچ 2021ء کو اختتام پذیر ہونے والے نصف سال کی آڈیٹرز کی جانب سے کمپنی کی نظر ثانی شدہ رپورٹ پیش کرنا باعث مسرت ہے۔

اس سال کرشنگ سیزن منفرد چیلنجز لے کر آیا۔ پہلے جب سکروز کی سطح انتہائی کم تھی تو حکومت نے مداخلت کرتے ہوئے کرشنگ سیزن سے پہلے شوگر ملز کو کرشنگ کرنے پر مجبور کیا پھر گئے کی کمی کے باعث خریداری میں بھگدڑ کا سامنا رہا جس کے نتیجے پر گئے کی قیمت میں اضافہ ہوا۔ گئے کی فی 40 کلوگرام قیمت مبلغ 200 روپے مقرر ہونے کے باوجود بھی حکومت کی جانب سے مقررہ نرخوں پر فروخت ممکن بنانے کیلئے کسی اقدام کے نہ ہونے کی وجہ سے ملز کو مبلغ 280 روپے سے 300 روپے فی 40 کلوگرام خریداری کرنی پڑی۔ سیزن کے دوران گئے کی سپلائی غیر یقینی صورتحال کا شکار رہی اور کاشتکاروں نے درآمد شدہ چینی کی قیمت 95 روپے/کلوگرام ہونے کے اندیشہ کے علاوہ پاکستانی روپے کی قدر میں 104 سے 155 روپے فی ایک امریکی ڈالر کی کمی کے باعث گئے کی سپلائی روک رکھی۔

جیسا کہ اوپر ذکر کیا گیا ہے کہ ہماری تمام ملز کے اندر خرید کردہ گئے کے کرشنگ سیزن کے آغاز میں ریکوری جلد آغاز اور ماحولیاتی صورتحال کی وجہ سے بہت کم رہی جس نے مجموعی ریکوری کی شرح کو متاثر کیا اس کے نتیجے میں موجودہ سیزن کے دوران ہمارے تمام پیداواری پونٹس میں سکروز ریکوری اوسطاً 8.88 فیصد رہی جبکہ گزشتہ سال کے اسی عرصہ کے دوران سکروز ریکوری 9.33 فیصد تھی۔

شوگر ڈویژن کے اندر منافع میں کمی کی بنیادی وجوہات میں گئے کی قیمتوں میں اضافہ کیساتھ سکروز ریکوریز میں شدید حد تک کمی ہے۔ البتہ ہم نے گزشتہ سیزن کے مقابلے میں زیادہ گئے کی کرشنگ اور زیادہ چینی اور Molasses کی پیداوار میں کامیابی حاصل کی ہے جو امید ہے کہ کمپنی کو شوگر اور ڈسٹری ڈویشن میں موزوں منافع دے سکے گی، اگر اس سال کے بقایا چھ ماہ میں بھی شوگر اور ایٹھول کی قیمتیں اسی رجحان سے بڑھتی رہیں۔

زیر غور عرصہ کے دوران کمپنی کو مجموعی طور پر مبلغ 596 ملین کی آمدن ہوئی اور آپریشنز کی مد میں منافع مبلغ 116 ملین رہا، جبکہ گزشتہ سال کے اسی عرصہ کے دوران مجموعی منافع مبلغ 787 ملین اور آپریشنز کی مد میں منافع کی 395 ملین تھا۔

حکومت نے چینی کی قیمت 80 روپے فی کلوگرام مقرر کی جو کہ پائیدار نہیں تھی جیسا کہ خرید کردہ گئے کے نرخ بہت زیادہ ہیں۔ یہ فیصلہ حکومتی اداروں یعنی مقابلہ جاتی کمیشن آف پاکستان کی جانب سے بھی سراہا نہیں گیا اور انہوں نے اس ضمن میں ایک پالیسی نوٹ جاری کیا جس میں واضح کیا گیا کہ یہ پالیسی غیر ضروری اور مجموعی طور پر چینی کی صنعت کیلئے نقصان دہ ہے۔

جیسا کہ واضح ہے، اس کا آسانی سے اندازہ لگایا جاسکتا ہے کہ چونکہ خام مال کے ساتھ ساتھ تیار شدہ سامان کی قیمتوں پر بھی کمپنی کا کوئی کنٹرول نہیں تھا، اس لئے انتظامیہ زیر غور مدت میں کمپنی کے منافع کو برقرار رکھنے کے لئے بہت کم کام کر سکتی تھی۔ اس کم منافع بخش عمل کے ہم عوامل شوگر ملوں کے قابو سے باہر کی پالیسیوں سے منسوب ہیں۔

کمپنی کے ایٹھول کو بین الاقوامی مارکیٹ میں ہمیشہ ہی پذیرائی ملتی رہی ہے اور کمپنی کے اس اتحادی ڈویژن سے سال کے بقیہ حصے کے دوران قابل تحسین زیادہ منافع کمانے کی توقع کی جاتی ہے، کیونکہ ہم اس سال کے بڑے حصے کے لئے ایٹھول تیار کریں گے، جس سے توقع کی جاتی ہے کہ صورتحال بہتر ہوگی۔

شوگر ڈویژن سے حاصل کردہ ہمارے اپنے Molasses کے علاوہ، کمپنی نے بڑی مقدار میں باہر سے Molasses خریدا ہے اور ہمیں امید ہے کہ اس سال ہمارا ایٹھول ڈویژن زیادہ سے زیادہ کام کرے گا، جس سے یقینی طور پر سال 2020-21 کے اختتام پر اچھے منافع بخش نتائج حاصل ہونے کی امید کی جاسکتی ہے۔

بحکم بورڈ آف ڈائریکٹرز

اکبر خان
(چیف ایگزیکٹو آفیسر)
31 مئی 2021ء

TANDLIANWALA SUGAR MILLS LTD.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tandlianwala Sugar Mills Limited Report on Review of 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, 2021 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, 2021, 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
May 31, 2021

UHY Hassan Naeem & Co.
Chartered Accountants

TANDLIANWALA SUGAR MILLS LTD.

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

EQUITY AND LIABILITIES	<i>Note</i>	(Un-audited) 31 March 2021 Rupees	(Audited) 30 September 2020 Rupees
Authorized capital 120,000,000 (2020: 120,000,000) ordinary shares of Rs. 10 each		1,200,000,000	1,200,000,000
Share Capital and Reserves			
Issued, subscribed and paid-up share capital		1,177,063,000	1,177,063,000
Share premium		290,741,640	290,741,640
Un-appropriated profit		4,081,753,994	4,743,215,795
Loan from Sponsors - <i>unsecured</i>		3,359,191,160	3,635,214,057
		8,908,749,794	9,846,234,492
Non- Current Liabilities			
Long term finances - <i>secured</i>	5	1,763,143,295	1,981,759,137
Lease liability - <i>secured</i>	6	306,376,611	435,691,325
Deferred liabilities			
- <i>Staff retirement benefits</i>		609,525,942	564,706,862
- <i>Deferred taxation</i>	7	-	-
		2,679,045,848	2,982,157,324
Current Liabilities			
Short term borrowings - <i>secured</i>	8	12,594,047,504	6,160,656,056
Current portion of non-current liabilities	9	1,497,505,256	985,679,431
Trade and other payables	10	9,917,225,698	2,708,079,894
Interest and mark-up accrued		300,936,347	138,423,497
Provision for taxation		506,022,004	576,625,525
		24,815,736,809	10,569,464,403
Contingencies and commitments	11		
		36,403,532,451	23,397,856,219

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

Lahore
May 31, 2021

Chief Financial Officer

Chief Executive Officer

TANDLIANWALA SUGAR MILLS LTD.

AS AT MARCH 31, 2021

ASSETS	Note	(Un-audited) 31 March 2021 Rupees	(Audited) 30 September 2020 Rupees
<u>Non - Current Assets</u>			
Property, plant and equipment	12	15,833,373,982	16,168,944,779
Long term deposits		182,490,283	224,370,919
		16,015,864,265	16,393,315,698
<u>Current Assets</u>			
Stores, spare parts and loose tools		1,255,321,178	1,099,256,719
Stock-in-trade	13	16,371,459,252	2,384,437,294
Trade debts - <i>considered good</i>	14	11,755,182	5,808,788
Advances, deposits, prepayments and other receivables	15	2,088,946,618	2,371,757,797
Tax refunds due from Government		630,164,330	859,595,298
Cash and bank balances	16	30,021,626	283,684,625
		20,387,668,186	7,004,540,521
		36,403,532,451	23,397,856,219

Director

TANDLIANWALA SUGAR MILLS LTD.

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

For the half year and quarter ended March 31, 2021

		Six months ended		Three months ended	
		31 March 2021 Rupees	31 March 2020 Rupees	31 March 2021 Rupees	31 March 2020 Rupees
	Note				
Net sales	17	14,170,058,797	12,395,565,857	10,043,625,195	7,492,546,084
Cost of sales	18	(13,574,107,778)	(11,608,482,528)	(10,212,450,659)	(6,374,305,430)
Gross profit / (loss)		595,951,019	787,083,329	(168,825,464)	1,118,240,654
Administrative expenses		(289,634,311)	(285,370,476)	(170,928,865)	(145,225,117)
Distribution expenses		(196,690,433)	(184,992,354)	(154,867,275)	(131,027,723)
Other income	19	5,977,121	78,383,050	3,232,845	83,183,204
		(480,347,623)	(391,979,780)	(322,563,295)	(193,069,636)
Profit / (loss) from operations		115,603,396	395,103,549	(491,388,759)	925,171,018
Finance cost		(564,500,223)	(660,688,312)	(423,920,912)	(385,649,269)
Other expenses		(9,349,264)	(7,154,808)	(5,890,056)	(53,812)
		(573,849,487)	(667,843,120)	(429,810,968)	(385,703,081)
(Loss) / Profit before taxation		(458,246,091)	(272,739,571)	(921,199,727)	539,467,937
Taxation	20	(203,215,710)	(177,428,528)	(141,319,206)	(160,418,607)
(Loss) / Profit after taxation		(661,461,801)	(450,168,099)	(1,062,518,933)	379,049,330
Earnings per share - Basic and Diluted		(5.62)	(3.82)	(9.03)	3.22

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

Lahore
May 31, 2021

Chief Financial Officer

Chief Executive Officer

Director

TANDLIANWALA SUGAR MILLS LTD.

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

For the half year and quarter ended March 31, 2021

	Six months ended		Three months ended	
	31 March 2021 Rupees	31 March 2020 Rupees	31 March 2021 Rupees	31 March 2020 Rupees
(Loss) / Profit before taxation	(661,461,801)	(450,168,099)	(1,062,518,933)	379,049,330
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(661,461,801)</u>	<u>(450,168,099)</u>	<u>(1,062,518,933)</u>	<u>379,049,330</u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

Lahore
May 31, 2021

Chief Financial Officer

Chief Executive Officer

Director

TANDLIANWALA SUGAR MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the half year ended March 31, 2021

	Note	31 March 2021 Rupees	31 March 2020 Rupees
<u>Cash flow from operating activities</u>			
(Loss) before taxation		(458,246,091)	(272,739,571)
Adjustments:			
Finance cost		564,500,223	660,688,312
Depreciation on property, plant and equipment		408,134,453	412,246,153
Provision for staff retirement benefits		47,600,000	49,546,080
Return on bank deposits	19	(5,827,377)	(17,693,317)
		1,014,407,299	1,104,787,228
Operating profit before working capital changes		556,161,208	832,047,657
(Increase) / decrease in current assets:			
Stores, spares parts and loose tools		(156,064,459)	(60,220,679)
Stock-in-trade		(13,987,021,958)	(6,221,764,605)
Trade debts - considered good		(5,946,394)	299,969,220
Advances, deposits, prepayments and other receivables		282,811,179	108,277,278
		(13,866,221,632)	(5,873,738,786)
Increase / (decrease) in current liabilities:			
Trade and other payables		7,209,145,804	2,809,382,215
Cash used in operations		(6,100,914,620)	(2,232,308,914)
Finance cost paid		(401,987,373)	(1,610,212)
Staff retirement benefits paid		(2,780,920)	(610,686,340)
Taxes paid		(44,388,263)	(29,781,013)
Long term deposits - net		41,880,636	(211,328)
		(407,275,920)	(642,288,893)
Net cash used in operations		(6,508,190,540)	(2,874,597,807)
<u>Cash flow from investing activities</u>			
Capital expenditure		(72,563,656)	(349,079,902)
Income received from bank deposits		5,827,377	17,693,317
Net cash used in investing activities		(66,736,279)	(331,386,585)
<u>Cash flow from financing activities</u>			
Lease liabilities - net		(99,888,147)	(104,837,430)
Short term borrowings - net		6,433,391,448	4,575,237,127
Loan from directors		(276,022,897)	154,077,142
Long term finances		263,783,416	(545,432,981)
Net cash generated from financing activities		6,321,263,820	4,079,043,858
Net increase in cash and cash equivalents		(253,662,999)	873,059,466
Cash and cash equivalents at beginning of the period		184,182,470	76,711,886
Cash and cash equivalents at end of the period		(69,480,529)	949,771,352
<i>Cash and cash equivalents comprise of the following:</i>			
- Cash and bank balances		30,021,626	1,049,273,507
- Short term borrowings -Running Finance		(99,502,155)	(99,502,155)
		(69,480,529)	949,771,352

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

Lahore

May 31, 2021

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, 2021

	Rupees			
	Share capital	Capital Share premium	Reserves Revenue Un- appropriated profit	Total reserves
				Loan from Sponsors
				Total
Balance as at October 01, 2019	1,177,063,000	290,741,640	5,033,079,825	5,323,821,465
Transactions with owners of the Company				
Amount received during the period - net	-	-	-	1,935,050,170
Total comprehensive loss for the period	-	-	-	1,606,000,000
Loss for the period ended March 31, 2020	-	-	(450,168,099)	(450,168,099)
Other comprehensive income for the period ended March 31, 2020	-	-	-	-
Balance as at March 31, 2020	1,177,063,000	290,741,640	4,582,911,726	9,591,766,536
Balance as at October 01, 2020	1,177,063,000	290,741,640	4,743,215,795	3,541,050,170
Transactions with owners of the Company				
Amount paid during the period - net	-	-	-	3,635,214,057
Total comprehensive loss for the period	-	-	-	(276,022,897)
Loss for the period ended March 31, 2021	-	-	(661,461,801)	(661,461,801)
Other comprehensive income for the period ended March, 31 2021	-	-	-	-
Balance as at March 31, 2021	1,177,063,000	290,741,640	4,081,753,994	8,908,749,794

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

Lahore
May 31, 2021

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, 2021

1. Reporting entity

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

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

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

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 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 has, 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, 2020. 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 has been extracted from the audited financial statements of the Company for the year ended September 30, 2020, whereas the comparative condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the half year ended March 31, 2020.

2.2 Basis of measurement

These condensed interim financial statements has been prepared under the historical cost convention except for the Company's freehold land, building and plant & machinery which are stated at revalued amount.

2.3 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, 2020.

2.4 Functional and presentation currency

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

2.5 Significant changes 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. 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, 2020, except for those disclosed in note 3.1.1.

3.1.1 Change in Significant Accounting Policies

There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

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

TANDLIANWALA SUGAR MILLS LTD.

5. Long term finances - secured		(Un-audited) 31-Mar-21 Rupees	(Audited) 30-Sep-20 Rupees
	<i>Note</i>		
Balance at beginning of the period / year		2,764,570,561	3,016,365,136
Loans received during the period / year		850,891,984	541,137,523
Repayments during the period / year		(587,108,568)	(792,932,098)
		<u>3,028,353,977</u>	<u>2,764,570,561</u>
Current portion presented under current liabilities	9	(1,265,210,682)	(782,811,424)
		<u>1,763,143,295</u>	<u>1,981,759,137</u>
5.1 Type of loans			
Interest / mark-up based loans		2,962,645,521	2,684,612,816
Islamic mode of financing		65,708,456	79,957,745
		<u>3,028,353,977</u>	<u>2,764,570,561</u>
5.2 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.			
6. Lease liability - secured		(Un-audited) 31-Mar-21 Rupees	(Audited) 30-Sep-20 Rupees
	<i>Note</i>		
Present value of minimum lease payments		538,671,185	638,559,332
Less: Current portion of lease liabilities	9	(232,294,574)	(202,868,007)
		<u>306,376,611</u>	<u>435,691,325</u>
7. Deferred taxation			
As at March 31, 2021 deferred tax asset amounting to Rs. 380.49 million on unused capital allowances 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, 2021.			
8. Short term borrowings - secured		(Un-audited) 31-Mar-21 Rupees	(Audited) 30-Sep-20 Rupees
<i>Type of short term borrowings:</i>			
Interest / mark-up based loans		11,544,047,504	6,160,656,056
Islamic mode of financing		1,050,000,000	-
		<u>12,594,047,504</u>	<u>6,160,656,056</u>
8.1 These include running finance of Rs.99.51 million (September 30, 2020: Rs.99.51 million)			
9. Current portion of non-current liabilities		(Un-audited) 31-Mar-21 Rupees	(Audited) 30-Sep-20 Rupees
	<i>Note</i>		
Long term finances - secured	5	1,265,210,682	782,811,424
Lease liability - secured	6	232,294,574	202,868,007
		<u>1,497,505,256</u>	<u>985,679,431</u>
10. Trade and other payables			
These mainly include advances from customers amounting to Rs. 2.810 million (September 30, 2020: Rs. 221 million) and creditors for capital expenditure amounting to Rs. 3.011 million (September 30, 2020: Rs. 1.443 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 period ended September 30, 2020 except for commitments and guarantees as disclosed below.			
11.2 Commitments			
(i) The Company has commitments of Rs. Nil (September 30, 2020: Rs. Nil) on account of import of equipment for improvement of machinery.			
(ii) The Company has given a bank guarantee with 100% cash margin of Rs. 2 million (September 30, 2020: 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-21 Rupees	(Audited) 30-Sep-20 Rupees
Not later than one year		48,911,520	31,309,188
Later than one year and not later than five years		14,692,182	74,939,391
		<u>63,603,702</u>	<u>106,248,579</u>

TANDLIANWALA SUGAR MILLS LTD.

12	Property, plant and equipment	Note	(Un-audited)	(Audited)
			31-Mar-21	30-Sep-20
			Rupees	Rupees
	Operating fixed assets	12.1	15,778,802,609	16,114,373,406
	Capital work-in-progress	12.2	54,571,373	54,571,373
			<u>15,833,373,982</u>	<u>16,168,944,779</u>
12.1	Operating fixed assets - at net book value			
	Net book value at beginning of the period/year		16,114,373,406	16,100,857,286
	Additions during the period / year		72,587,237	837,733,354
	Disposals during the period / year - net book value		(23,581)	(3,294,410)
	Depreciation charged during the period / year		(408,134,453)	(820,922,824)
	Net book value at end of period / year		<u>15,778,802,609</u>	<u>16,114,373,406</u>
12.2	Capital Work-in-Progress			
	Opening balance		54,571,373	54,571,373
	Addition during the period/year		-	-
	Transfer made during the period/year		-	-
	Closing balance		<u>54,571,373</u>	<u>54,571,373</u>
13	Stock-in-trade		(Un-audited)	(Audited)
			31-Mar-21	30-Sep-20
			Rupees	Rupees
	Raw materials		4,297,471,712	1,108,733,144
	Finished goods		12,073,987,540	1,275,704,150
			<u>16,371,459,252</u>	<u>2,384,437,294</u>
14	Trade debts - considered good			
	These include amount due from Lotte Akhtar Beverages (Pvt.) Limited, an associated company, against the sale of Top Gas amounting to Rs. 4.52 million (2020: Rs. 3.01 million) 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. 942 million (September 30, 2020: Rs. 1,304 million) inland export subsidy of Rs. 133 million (September 30, 2020: Rs. 133 million) and export support on sugar of Rs. 586 million (September 30, 2020: Rs. 586 million).			
15.2	This includes an amount of Rs. 15.26 million (September 30, 2020: Rs. 0.61 million) receivable from executive of the Company.			
16	Cash and bank balances		(Un-audited)	(Audited)
		Note	31-Mar-21	30-Sep-20
			Rupees	Rupees
	Cash at Bank			
	- Current Accounts		20,558,271	173,582,294
	- Saving Accounts	16.1	2,074,633	107,788,449
			<u>22,632,904</u>	<u>281,370,743</u>
	Cash in hand		7,388,722	2,313,882
			<u>30,021,626</u>	<u>283,684,625</u>
16.1	The balances in the saving accounts carry mark-up ranging from 5.5% to 7.5% per annum (September 30, 2020: 5.50% to 12.00%).			
17	Net Sales		(Un-audited)	(Un-audited)
			Six months ended	Three months ended
			31-Mar-21	31-Mar-20
			Rupees	Rupees
<i>Local:</i>				
	Sugar		14,218,872,643	12,470,305,907
	Ethanol		168,057,785	106,031,376
	Top Gas		37,242,725	31,807,119
			<u>14,424,173,153</u>	<u>12,608,144,402</u>
<i>Export:</i>				
	Sugar		-	175,726,106
	Ethanol		1,867,034,423	1,525,265,949
			<u>1,867,034,423</u>	<u>1,700,992,055</u>
			<u>16,291,207,576</u>	<u>14,309,136,457</u>
<i>Less: Sales tax</i>			<u>(2,121,148,779)</u>	<u>(1,913,570,600)</u>
			<u>14,170,058,797</u>	<u>12,395,565,857</u>
			<u>10,043,625,195</u>	<u>7,492,546,084</u>

TANDLIANWALA SUGAR MILLS LTD.

18.	Cost of sales	(Un-audited) 31-Mar-21 Rupees	(Un-audited) 31-Mar-20 Rupees
	Raw material consumed	26,011,269,461	16,416,146,218
	Direct wages	342,826,640	344,055,357
	Factory overheads	1,207,033,635	1,070,045,559
	Cost of goods manufactured	27,561,129,736	17,830,247,134
	Finished goods		
	- at the beginning of the period	2,384,437,294	3,022,242,476
	- at the end of the period	(16,371,459,252)	(9,244,007,082)
	Cost of goods sold	13,574,107,778	11,608,482,528
19.	Other income	(Un-audited) 31-Mar-21 Rupees	(Un-audited) 31-Mar-20 Rupees
	<u>Income from financial assets</u>		
	Profit on saving accounts under interest	5,827,377	17,693,317
	<u>Income from non-financial assets</u>		
	Foreign exchange gain	-	60,614,138
	Miscellaneous income	149,744	75,595
		149,744	60,689,733
		5,977,121	78,383,050
20.	Taxation	(Un-audited) 31-Mar-21 Rupees	(Un-audited) 31-Mar-20 Rupees
	Income tax		
	- current	203,215,710	177,428,528
	Deferred tax	-	-
		203,215,710	177,428,528
20.1	The provision for taxation for the half year ended March 31, 2021 has been made on an estimated basis.		
20.2	There is no material change in status of tax cases from audited financial statements of the Company for the year ended September 30, 2020.		
21.	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	Balance as at		For the period	
		(Un-audited)	(Audited)	(Un-audited)	(Un-audited)
		31-Mar-21	30-Sep-20	31-Mar-21	31-Mar-20
<u>Associated Company</u>		Rupees	Rupees	Rupees	Rupees
Lotte Akhtar Beverages (Private) Limited	Sale of Top Gas	4,525,798	3,010,318	13,901,394	2,712,808
Institute of Policy Reforms	Donation	-	-	4,590,556	7,154,808

TANDLIANWALA SUGAR MILLS LTD.

22. Business segments information

22.1 Segment results

	Sugar		Distillery		Top Gas		Inter segment reconciliation		Total	
	31-Mar-21 Rupees	31-Mar-20 Rupees	31-Mar-21 Rupees	31-Mar-20 Rupees	31-Mar-21 Rupees	31-Mar-20 Rupees	31-Mar-21 Rupees	31-Mar-20 Rupees	31-Mar-21 Rupees	31-Mar-20 Rupees
Reportable segment revenue	16,104,356,190	13,151,322,455	1,900,425,935	1,620,798,137	31,831,384	27,185,610	(3,926,554,712)	(2,403,740,345)	14,170,685,797	12,395,565,857
Cost of sales	(15,794,946,887)	(12,137,997,436)	(1,669,153,400)	(1,844,583,540)	(36,562,203)	(29,641,897)	3,926,554,712	2,403,740,345	(13,574,107,778)	(11,608,482,528)
Segment gross profit	309,409,303	1,013,325,019	291,272,535	(223,785,403)	(4,730,819)	(2,456,287)	-	-	595,951,019	787,083,329
Administrative expenses	(250,472,916)	(240,301,959)	(38,271,413)	(43,807,706)	(889,982)	(1,260,811)	-	-	(289,634,311)	(285,370,476)
Distribution expenses	(38,111,446)	(33,223,150)	(151,349,402)	(146,116,281)	(7,229,585)	(5,652,923)	-	-	(196,690,433)	(184,992,354)
Other income	5,977,121	17,768,912	-	60,614,138	-	-	-	-	5,977,121	78,383,050
Finance cost	(380,554,635)	(487,463,449)	(183,945,588)	(173,024,863)	-	-	-	-	(564,500,223)	(660,688,312)

22.2 Reconciliation of reportable segments profit or loss

Operating (loss) of all segments	(448,396,827)	(265,584,763)
Unallocated corporate expenses	(9,349,264)	(7,154,808)
(Loss) before tax	(458,246,091)	(272,739,571)
Taxation	(203,215,710)	(177,428,528)
(Loss) after tax	(661,461,801)	(450,168,099)

22.3 Segments assets and liabilities

	Sugar		Distillery		Top Gas		Total	
	(Un-audited) 31-Mar-21 Rupees	(Audited) 30-Sep-20 Rupees	(Un-audited) 31-Mar-21 Rupees	(Audited) 30-Sep-20 Rupees	(Un-audited) 31-Mar-21 Rupees	(Audited) 30-Sep-20 Rupees	(Un-audited) 31-Mar-21 Rupees	(Audited) 30-Sep-20 Rupees
Segment assets	19,583,634,872	11,780,220,880	16,644,264,858	11,464,335,051	175,632,721	153,290,288	36,403,532,451	23,397,856,219
Segment liabilities	16,149,321,756	7,650,365,813	11,320,244,575	5,384,855,085	25,216,326	16,400,829	27,494,782,657	13,551,621,727

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;

	Carrying amount		
	Loans and receivables at amortized cost	Other financial liabilities at amortized cost	Total
	-----Rupees-----		
As at 31 March 2021 (Un-audited)			
Financial assets - not measured at fair value			
Long term deposits	182,490,283	-	182,490,283
Trade debts - considered good	11,755,182	-	11,755,182
Advances, deposits, prepayments and other receivables	1,078,319,774	-	1,078,319,774
Cash and bank balances	30,021,626	-	30,021,626
	1,302,586,865	-	1,302,586,865
Financial liabilities - not measured at fair value			
Long term finances - secured	-	1,763,143,295	1,763,143,295
Liabilities against assets subject to finance lease - secured	-	306,376,611	306,376,611
Short term borrowings - secured	-	12,594,047,504	12,594,047,504
Current portion of non-current liabilities	-	1,497,505,256	1,497,505,256
Trade and other payables	-	7,510,587,288	7,510,587,288
Interest and markup accrued	-	300,936,347	300,936,347
	-	23,972,596,301	23,972,596,301
	-----Rupees-----		
As at 30 September 2020 (Audited)			
Financial assets - not measured at fair value			
Long term deposits	68,029,408	-	68,029,408
Trade debts - considered good	5,808,788	-	5,808,788
Advances, deposits, prepayments and other receivables	1,361,130,953	-	1,361,130,953
Cash and bank balances	283,684,625	-	283,684,625
	1,718,653,774	-	1,718,653,774
Financial liabilities - not measured at fair value			
Long term finances - secured	-	1,981,759,137	1,981,759,137
Lease liability - secured	-	435,691,325	435,691,325
Short term borrowings - secured	-	6,160,656,056	6,160,656,056
Current portion of non-current liabilities	-	985,679,431	985,679,431
Trade and other payables	-	2,400,749,091	2,400,749,091
Interest and markup accrued	-	138,423,497	138,423,497
	-	12,102,958,537	12,102,958,537

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 repriced 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 September 30, 2020.

25. Date of authorization

This condensed interim financial statements for the six months period ended March 31, 2021 were authorized for issue by the Board of Directors in their meeting held on May 31, 2021.

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

May 31, 2021

Chief Financial Officer

Chief Executive Officer

Director

TANDLIANWALA SUGAR MILLS LTD.

COMPANY'S 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	Conventional 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	Islamic Dubai Islamic Bank Al-Baraka Bank (Pakistan 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 Wings Arcade, 1-K, Commercial Model Town, Lahore.	
Sugar Mills:		
Unit 1	Kanjwani, Tehsil Tandlianwala, District Faisalabad.	
Unit 2	Taunsa Road, Indus Highway, District Dera Ismail Khan.	
Unit 3	Shah Jamal Road, District Muzaffargarh.	
Distilleries:		
Unit 1	Kanjwani, Tehsil Tandlianwala, District Faisalabad.	
Unit 2	Shah Jamal Road, District Muzaffargarh.	
Top Gas (CO₂) :	Kanjwani, Tehsil Tandlianwala, District Faisalabad.	
Registered & Corporate Office:	66-L, Gulberg-II, Lahore-54000, Pakistan. PABX: 042-35712901, 35763115, 35754701, 35761124 Fax: 042-35710929, 35710605 Email: tsmelho@tsmlgroup.com Website: www.tsmlgroup.com	

STAMP

BOOK POST

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

 by: Arif Sons