

# **34<sup>th</sup> Annual Report**

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## COMPANY INFORMATION

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

## CORPORATE VISION, MISSION & STRATEGY

### **Vision**

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

### **Mission**

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

### **Strategy**

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

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirty four Annual General Meeting of the Shareholders of the Company will be held on Saturday January 28, 2023 at 10:00 A.M. at Blossom Event Marquee 13-Km, Raiwind Road, Lahore to transact the following business:

1. To confirm the minutes of Annual General Meeting of the Company held on August 05, 2022,
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2022 together with Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year 2022-2023 and fix their remuneration. The present Auditors M/s UHY Hassan Naeem & Co. Chartered Accountants, retire and being eligible have offered themselves for reappointment.
4. To elect seven Directors of the Company, as fixed by the Board of Directors for a period of three years commencing from February 18, 2023 in accordance with the provision of the Companies Act, 2017. The names of retiring Directors are:  

1-Mr.Ghazi Khan	2-Mr.Akbar Khan	3-Mr.Haroon Khan
4-Mr.Humayun Akhtar Khan	5-Mrs.Rasheeda Begum	6-Mrs.Mobina Akbar Khan
7-Mr. Tahir Farooq Malik		
5. To transact any other ordinary business with the permission of the Chair.

Lahore: January 06, 2023.

By order of the Board  
Ahmad Jehanzeb Khan  
Company Secretary

## NOTES:

1. The Share Transfer Books of the Company will remain closed from 20-01-2023 to 28-01-2023 (both days inclusive) for entitlement, attending and voting at Annual General Meeting. Physical Transfers/CDS Transactions IDS received in order in all respects at the close of the Business on 19-01-2023 at the Company's Share Registrar M/s Corplink (Pvt) Ltd, Wing Arcade, 1-K Commercial Area Model Town Lahore attending of the meeting.



2. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote on his/her behalf, Forms of Proxy to be valid must be properly filled in/executed and received at the Registered Office of the Company at 66-L, Gulberg-II, Lahore, at least 48 hours before the time of this meeting.
3. Members are requested to provide by mail or email, photocopy of their CNIC and their email address to enable the Company to comply with the relevant laws.
4. In accordance with the provision of Section 242 of the Act, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividends directly into bank account, members are requested to complete the particulars in e-Credit Dividend Mandate Form.
5. Members are advised to ensure that they have provided valid Zakat declaration under Zakat & Usher Ordinance, 1980 (for Zakat exemption) to their respective Participant/CDC Investor Account Services/Company's Share Registrar.
6. Members holding shares in physical form are encouraged to convert their physical shares into Book Entry Form (CDC) pursuant to the requirements of Section 72 of the Act.
7. The financial statements of the Company for the financial year ended on September 30, 2022 will also be up-loaded on Company's website.
8. Members are advised to promptly notify change in their postal address, if any, to the Company's Share Registrar.

## سالانہ عام اجلاس کا نوٹس

اطلاع دی جاتی ہے کہ کمپنی کے شیر ہولڈرز کی چوٹیسی سالانہ جنرل میٹنگ 28 جنوری 2023 بروز ہفتہ صبح 10:00 بجے بمقام: (Blossom Event Marquee) بلوزم ایونٹ مارکی، 13 کلومیٹر۔ رائے ونڈ روڈ لاہور، رورج ذیل کاروبار کے لئے منعقد ہوگی۔

- ۱۔ 05 اگست 2022 کو ہونے والی کمپنی کی سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنے کے لئے۔
  - ۲۔ 30 ستمبر 2022 کو ختم ہونے والے سال کے لئے کمپنی کی آڈٹ شدہ مالیاتی رپورٹس وصول کرنے، ان پر غور کرنے اور اپنانے کے لئے، اس پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ۔
  - ۳۔ سال 2022-2023 کے لئے آڈیٹرز کا تقرر اور ان کے معاوضے کو طے کرنا۔ موجودہ آڈیٹرز، میسرز UHY حسن نعیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ریٹائر ہونے اور اہل ہونے کی وجہ سے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔
  - ۴۔ کمپنی کے سات ڈائریکٹرز کا انتخاب کرنا، جیسا کہ بورڈ آف ڈائریکٹرز نے 18 فروری 2023 سے شروع ہونے والی تین سال کی مدت کے لئے کمپنیز ایکٹ، 2017 کی شق کے مطابق مقرر کیا ہے۔ ریٹائر ہونے والے ڈائریکٹرز کے نام یہ ہیں:
- |                      |                          |                        |                         |
|----------------------|--------------------------|------------------------|-------------------------|
| ۱۔ جناب غازی خان     | ۲۔ جناب اکبر خان         | ۳۔ جناب ہارون اختر خان | ۴۔ جناب ہمایوں اختر خان |
| ۵۔ محترمہ رشیدہ بیگم | ۶۔ محترمہ موہنا اکبر خان | ۷۔ جناب طاہر فاروق ملک |                         |
- ۵۔ اجلاس کے صدر کی اجازت سے کوئی دوسرا عام کاروبار کرنا۔

مورخہ:

06 جنوری، 2023 لاہور

بحکم بورڈ،  
احمد جہانزیب خان  
کمپنی سیکرٹری

## نوٹس

- ۱۔ کمپنی کے حصص کی منتقلی کی کتابیں مورخہ 20 جنوری 2023 سے 28 جنوری 2023 تک سالانہ عام اجلاس میں حقدار ہونے، شرکت کرنے اور ووٹ دینے کیلئے (دونوں دن) بند رہیں گی۔ اور ہر لحاظ سے مورخہ 19 جنوری 2023 کو کاروبار کے اختتام پر کمپنی کے شیئر رجسٹر اریمرز کارپلنک (پرائیویٹ) لمیٹڈ، ونگ آرکیڈ، K-1 کمرشل ایریا ماڈل ٹاؤن لاہور کو موصول ہونے والی مادی منتقلی (Physical Transactions) / سی ڈی ایس، آئی ڈی ایس ٹرانزیکشنز۔
- ۲۔ اس مینگ میں شرکت کرنے اور ووٹ دینے کا حقدار رکن کسی دوسرے ممبر کو اپنی طرف سے شرکت کرنے اور ووٹ دینے کے لئے بطور متبادل نمائندہ مقرر کر سکتا ہے۔ متبادل نمائندہ کے درست ہونے کے لئے فارمز کو مناسب طریقے سے درست ہونا چاہئے / اس پر عمل درآمد کیا جانا چاہئے اور انہیں مینگ کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس L-66 گلبرگ II لاہور میں موصول ہونا چاہئے۔
- ۳۔ ممبران سے درخواست کی جاتی ہے کہ وہ بذریعہ ڈاک یا ای میل، اپنے CNIC کی فوٹو کاپی اور اپنے ای میل ایڈریس فراہم کریں تاکہ کمپنی متعلقہ قوانین کی تعمیل کر سکے۔
- ۴۔ ایکٹ کے سیکشن 242 کے پروویژن کے مطابق، ایک لسٹڈ (Listed) کمپنی کے لئے لازمی ہے کہ وہ شیئر ہولڈرز کو نقد ڈیویڈنڈ صرف الیکٹرانک موڈ کے ذریعے براہ راست حقدار شیئر ہولڈر کے نامزد کردہ بینک اکاؤنٹ میں ادا کرے۔ براہ راست بینک اکاؤنٹ میں منافع حاصل کرنے کے لئے، اراکین سے درخواست کی جاتی ہے کہ وہ ای کریڈٹ ڈیویڈنڈ مینڈیٹ فارم میں تفصیلات کو مکمل کریں۔
- ۵۔ اراکین کو مشورہ دیا جاتا ہے کہ وہ اس بات کو یقینی بنائیں کہ انہوں نے زکوٰۃ اور عشر آرنڈینس، 1980 کے تحت زکوٰۃ سے مستثنیٰ ہونے کے لئے اپنے متعلقہ شرکت کنندہ CDC انویسٹرا کاؤنٹ سروسز / کمپنی کے شیئر رجسٹر اریمرز کو درست اقرار نامہ فراہم کیا ہے۔
- ۶۔ فزیکل فارم میں شیئر زرکھنے والے ممبران کی حوصلہ افزائی کی جاتی ہے کہ وہ اپنے فزیکل شیئر زکوٰۃ ایکٹ کے سیکشن 72 کے تقاضوں کے مطابق بک اینٹری فارم (CDC) میں تبدیل کریں۔
- ۷۔ 30 ستمبر 2022 کو ختم ہونے والے مالی سال کے لئے کمپنی کی مالی رپورٹس بھی کمپنی کی ویب سائٹ پر اپلوڈ کی جائیں گی۔
- ۸۔ ممبران کو مشورہ دیا جاتا ہے کہ وہ اپنے پوسٹل ایڈریس میں کسی قسم کی تبدیلی کی صورت میں کمپنی کے شیئر رجسٹر اریمرز کو فوراً مطلع کریں۔

## REVIEW REPORT BY THE CHAIRMAN

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

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

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

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

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

**Ghazi Khan**  
Chairman

January 06, 2023



### چیئر مین کی طرف سے رپورٹ کا جائزہ

مجھے میسر نہ تھا لیوا الہ شوگر ملز لمیٹڈ کے حصص داران کے سامنے بورڈ کی مجموعی کارکردگی، اور کمپنی کے اغراض و مقاصد کے حصول کے لئے بورڈ کی کارکردگی کی اثر انگیزی پر مبنی رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

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

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

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

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

غازی خان (چیئر مین)

06 جنوری 2023

## Directors' Report

Dear Shareholders,

“In the name of ALLAH, the most gracious and most merciful”

On behalf of “The Board of Directors” of the TSML Group, I am pleased to present the Company's 34th Annual Statutory Report together with the Audited Financial Statements for the year ended 30th September 2022.

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

The Punjab and KPK Governments increased the minimum support price by 12.5% from the previous year and notified new price at Rs. 225/- per 40kg. Such a significant increase proved beneficial for growers in the past years too. The higher cane prices allowed farmers to earn handsome returns on their crop.

Despite the higher crop expectations sugarcane harvesting remained slow in the initial period as growers expected, as always, even higher prices than the support price affixed, ranging from Rs.270 to Rs.300 per 40kg, in different areas. This prompted an unusual and abnormal increase in sugarcane prices.

This increase in pricing subsided as the season progressed. An improved supply brought stabilization in sugarcane price.

Prompt payments to growers have now become a regular feature in the industry. This has created large requirement of liquidity, which the banks have been unable to provide to the sugar industry. The huge requirement of liquidity, coupled with increase in markup rates made our financial cost jump substantially. This has been a key component in increasing the overall cost of sugar production. The financial cost due to short-term working capital requirements has now become a major cost component alongside sugarcane procurement costs and higher salaries.

In season 2021-2022, the sugar production in country of 7.9M tons was 38% higher than the previous year. This production was recorded as the highest in the history of sugar production in Pakistan, whereas the national sugar consumption is around 6.8M tons and created a surplus of over one million tons. The PSMA continually tried to get export permission during the year under review but failed, which led to a huge glut of sugar in the domestic market. The timely export of sugar would not only have brought valuable foreign exchange, but also would have stabilized sugar prices.

The crushing season had to be started around mid of November 2021 as the Government intervened and forced the sugar mills to start crushing, when the sucrose recovery was at the lowest ebb.

The average combined recovery for the season of the company was better as compared to the corresponding year and company also managed to crush more sugarcane as compared to last season due to better management decision to crush aggressively in order to obtain more indigenous molasses for our distillery division, being a more viable option. This also increased our sugar production in comparison to the last year.

The year under consideration was full of economic, as well as, political challenges including rising inflation and also

# TANDLIANWALA SUGAR MILLS LTD.

huge increase in mark-up rates, which created an adverse impact to the entire industrial sector of the country. However, the sugar sector performed better by reporting a bumper production, but the Government made most unexpected decisions and denied permission for the export of surplus sugar by more than six months, leading to missed opportunities for the country to earn precious foreign exchange in the most crucial economic time of Pakistan and also increased the challenges for the industry as domestic sale price remained depressed throughout the financial year 2021-22.

The finance cost of the company ballooned to Rs.1.667M compared to previous year's Rs.1.241M. This was because sluggish trend in sugar sales and continued increase in policy rates by the State Bank of Pakistan.

## **Allied Division:**

The Ethanol Division of the Company continuously contribute tremendously every year during and with huge exports this year we were again declared as the largest exporter of ethanol from Pakistan.

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

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

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

## **Season 2022-23 & Future Outlook:**

In the current financial year 2022-23, the sugarcane crushing season commenced on 25th November 2022. The mills have crushed more sugarcane and also produced more sugar till the 8th January 2023, in comparison to same number of days of last year with better recoveries also.

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

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

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

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

Following are the statements on Corporate and Financial Reporting Framework;

- The financial statements present fairly the state of affairs of the Company, the results of its operations, cash

flow and changes in equity;

- Proper books of accounts of the Company have been maintained;
- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no doubts about the Company's ability to continue as going concern;
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations
- A statement regarding key financial data for the last six years is annexed to this report;
- Information about taxes and levies is given in the notes to the financial statements;
- There is no likelihood of any delayed payments or default in respect of all loans availed by the Company;
- During the year 10 Board meetings were held. The minutes of the meetings were appropriately recorded and circulated Attendance was as under:

Name of Directors	Board		Audit Committee	
	Attended	Required	Attended	Required
<b>NON – EXECUTIVE DIRECTORS</b>				
Mr. Ghazi Khan	5	5	5	5
Mr. Tahir Farooq Malik	5	5	5	5
Mrs. Rasheeda Begum	4	5	5	5
Mrs. Mobina Akbar Khan	4	5	5	5
Mr. Humayun Akhtar Khan	5	5	5	5
<b>EXECUTIVE DIRECTORS</b>				
Mr. Akbar Khan	5	5	5	5
Mr. Haroon Khan	5	5	5	5

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



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

The six years review at a glance is annexed.

## **Pattern of Shareholdings**

The pattern of shareholdings as on September 30, 2022 which is required to be disclosed under the reporting framework is annexed herewith in this report.

## **Audit Committee**

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

## **Human Resource Committee**

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

## **Nomination Committee**

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

## **Risk Management Committee**

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

## **Board Meetings**

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

## **Trading in Shares**

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

## **Outstanding Statutory Dues**

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

## **Dividend**

No dividend is being recommended by the Board of Directors for the year ended September 30, 2022.

## **Staff Retirement Benefits**

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

## **Auditors**

The retiring Auditors, M/s UHY Hassan Naeem & Co, Chartered Accountants, being eligible, offer themselves for appointment for the Statutory External Audit of the year ending September 30, 2023.

## **Appreciation**

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

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

On behalf of Board of Directors

Akbar Khan  
(Chief Executive Officer)  
January 06, 2023

## ڈائریکٹر کی رپورٹ

پیارے شیئر ہولڈرز،

اللہ کے نام سے جو بڑا مہربان نہایت رحم فرمانے والا ہے۔

مجھے ٹی ایس ایم ایل کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی 34 ویں سالانہ قانونی رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارہ جات بحوالہ 30 ستمبر 2022 کو ختم ہونے والے سال، پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

عمل درآمدگی اور مالیاتی معاملات کا احاطہ

حکومت پنجاب اور کے پی کے کی جانب سے گنے کی امدادی پرائس میں پچھلے سال کی نسبت 12.5% اضافہ کر دیا گیا ہے اور نئی امدادی پرائس -225/ روپے فی 40 کلوگرام کا اعلان کر دیا ہے۔ قیمت میں اتنا اہم اضافہ گنے کے کاشتکاروں کے لئے پچھلے سالوں میں بھی فائدہ مند ثابت ہوتا رہا ہے۔ گنے کی قیمتوں میں اضافے نے کاشتکاروں کے لئے اپنی فصلوں پر بہترین منافع کمانے کے مواقع پیدا کئے ہیں۔

گنے کی فصل میں اضافے کی امید کے باوجود ابتدائی عرصے میں کاشتکاروں کے امید کے برعکس گنے کی فصل کا عمل سست رہا۔ ہمیشہ کی طرح امدادی قیمتیں مختلف علاقوں میں Rs. 270 سے لے کر Rs. 300 روپے تک مقرر کی گئیں۔ اس صورت حال نے گنے کی قیمتوں میں غیر معمول اور غیر متوقع اضافہ کیا۔

میزن گزرنے کے ساتھ قیمتوں میں یہ اضافہ ختم گیا۔ گنے کی بہتر سپلائی نے گنے کی قیمتوں میں استحکام پیدا کیا۔

گنے کے کاشتکاروں کو فوری رقوم کی ادائیگیاں انڈسٹری میں ایک نمایاں معمول بن چکا ہے۔ اس صورت حال نے لیکویڈیٹی کی ایسی صورتحال پیدا کر دی ہے جو کہ بینکوں کے لئے شوگر انڈسٹری کو مہیا کرنا ممکن نہیں۔ لیکویڈیٹی کی اس صورتحال اور مارک اپ ریٹس میں اضافے نے ہماری فنانشل لاگت کو بہت زیادہ بڑھا دیا ہے۔ اس صورت حال کا شوگر کی پیداوار کی مجموعی لاگت کو بڑھانے میں اہم کردار ہے۔ مالی لاگت شارٹ ٹرم ورکنگ کپینٹیل کی ضروریات، اب گنے کی خریداری کی لاگت اور بھاری تنخواہوں کے ساتھ ایک بڑا معاملہ بن چکا ہے۔

میزن 2021-2022 میں ملک میں شوگر کی پیداوار 7.9 ملین ٹن تھی جو کہ پچھلے سال کی نسبت 38% فیصد زیادہ تھی۔ یہ پیداوار پاکستان کی تاریخ میں بلند ترین تھی۔ جبکہ ملک میں شوگر کی کھپت 6.8 ملین ٹن تھی جس کی وجہ سے شوگر کی پیداوار 1 ملین ٹن اضافی رہی۔ پی ایس ایم اے سال بھر کے دوران شوگر کی درآمد کے لئے کوشش کرتی رہی لیکن ناکام رہی۔ جس سے مقامی مارکیٹ میں شوگر کی اضافی مقدار مہیا ہو گئی۔

چینی کی مقررہ وقت پر درآمد سے نہ صرف ملکی زرمبادلہ میں اضافہ ہوتا بلکہ چینی کی قیمتوں میں بھی استحکام پیدا ہوتا۔

حکومت کی مداخلت اور پریشر کی وجہ سے کرشنگ سیزن نومبر کے وسط میں شروع کرنا پڑا جبکہ سکروز کی ریکوری زوال کی جانب گامزن تھی۔

کمپنی کے سیزن کی اوسط مشترکہ وصولی متعلقہ سال کے مقابلے میں بہتر تھی اور کمپنی نے پچھلے سال کی نسبت زیادہ کرشنگ کی۔ شاندار کرشنگ اور بہتر انتظامی فیصلوں کی وجہ سے ہمارے ڈسٹری ڈویشن کے لئے زیادہ مقامی مولا سس اکٹھا کرنا ایک قابل عمل آپشن تھا۔ اس سے ہماری شوگر کی پیداوار میں پچھلے سال کی نسبت اضافہ بھی ہوا۔

زیر نظر سال معاشی اور سیاسی چیلنجوں سے بھرا ہوا تھا، جس میں بڑھتی ہوئی مہنگائی اور مارک اپ کی شرح میں زبردست اضافہ بھی شامل تھا جس نے ملک کے پورے صنعتی شعبے پر منفی اثرات مرتب کئے تھے۔ تاہم ہم چینی کے شعبے نے بھرپور پیداوار کر کے بہتر کارکردگی کا مظاہرہ کیا۔ لیکن حکومت نے انتہائی غیر متوقع فیصلے کئے اور چھ ماہ سے زائد اضافی چینی کی برآمد کی اجازت دینے سے انکار کر دیا۔ جس کی وجہ سے پاکستان میں انتہائی اہم اقتصادی وقت میں قیمتی زرمبادلہ کمانے کے ملک کے لئے مواقع ضائع ہو گئے اور اس نے صنعت کے لئے چیلنجز میں اضافہ کر دیا کیونکہ پورے مالی سال 2021-2022 کے دوران مقامی فروخت کی قیمت کم رہی۔ کمپنی کی مالی لاگت گزشتہ سال کے مقابلے میں 1.667 ملین روپے تک پہنچ گئی اس کی وجہ چینی کی فروخت میں سست روی اور اسٹیٹ بینک کی جانب سے پالیسی ریٹ میں مسلسل اضافہ تھا۔

اتحادی ڈویشن:

کمپنی کے انتھونول ڈویشن کی جانب سے ہمیشہ کی طرح اس سال بھی بھرپور تعاون جاری رہا اور بڑی برآمد کے ساتھ ہمیں تیسری دفعہ پاکستان کے سب سے بڑے انتھونول برآمد کنندہ ہونے کا اعزاز حاصل ہوا۔

ہماری ای این اے پروڈکٹ خریداروں کے بین الاقوامی سرکٹ میں مثبت انداز میں سراہی جاتی ہے بلکہ اسے ہمیشہ بین الاقوامی مارکیٹ میں ایک پریمیم پروڈکٹ کے طور پر پذیرائی حاصل رہی ہے یہی وجہ ہے کہ یہ پراڈکٹ زیادہ منافع بخش ہے۔ شوگر ڈویشن سے ہمارے اپنے ملیسس کے علاوہ کمپنی نے اس سال بیرونی ذرائع سے بھی بڑی مقدار میں ملیسس منگوا یا ہے، تاکہ ہمارے انتھونول ڈویشن کو پورا سال فعال رکھا جاسکے۔ انتھونول ڈویشن کے ساتھ رابطے میں، ہمارا ٹاپ گیس (CO2) طبقہ بھی کمپنی کے کاموں میں ایک حقیقی اتحاد ثابت ہوا۔

سیزن 2022-23 اور مستقبل کا جائزہ:

موجودہ مالی سال 2022-23 میں کرشنگ سیزن 25 نومبر 2022 کو شروع ہوا۔ ملز نے پچھلے سال کی بہ نسبت

8 جنوری 2023 تک اتنے ہی دنوں میں زیادہ گنا کرش کیا اور زیادہ چینی پیدا کی بہترین ریکوریاں بھی کیں۔

کمپنی کی مینجمنٹ بہت پر امید ہے کہ کمپنی اس سال اپنی پیداوار میں اضافے کے ساتھ ساتھ اپنے ریونیو اہداف کو بھی حاصل کر لے



گی۔ اور شوگر اور اتھنول ڈویژن میں بھی بہترین کارکردگی کا مظاہرہ کرے گی۔

ڈسٹری ڈویژن کے بارے میں بھی توقع کی جاتی ہے کہ وہ بھی اس سال پیداوار اور اتھنول ایکسپورٹ کے ریونیو کے حصول میں بین الاقوامی مارکیٹ میں اتھنول کی بہتر قیمتوں اور پاکستانی کرنسی کی ویلیو کم ہونے کی وجہ سے بہترین کارکردگی کا مظاہرہ کرے گی۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

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

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

مالیاتی بیانات کمپنی کی حالت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو درست انداز میں پیش کیا گیا ہے۔ کمپنی کے کھاتوں کی مناسب بکس برقرار رکھی گئی ہیں۔

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

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

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

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

کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی اخراج نہیں ہوا (جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے)۔

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

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

کمپنی کی طرف سے حاصل کئے گئے تمام قرضوں کی ادائیگی میں تاخیر یا ڈیفالٹ کا کوئی امکان نہیں۔

سال کے دوران بورڈ کے 10 اجلاس منعقد ہوئے۔ اجلاس کے نکات کو مناسب طریقے سے ریکارڈ کیا گیا اور شرکا کو حاضری درج کرنے کے لئے حاضری رجسٹر بھی فراہم کیا گیا۔

آڈٹ کمیٹی		بورڈ		ڈائریکٹرز کے نام
مطلوب	شریک	مطلوب	شریک	

نان ایگزیکٹو ڈائریکٹرز

5	5	5	5	مسٹر غازی خان
5	5	5	5	مسٹر طاہر فاروق ملک
5	5	5	4	محترمہ رشیدہ بیگم
5	5	5	4	محترمہ موبینہ اکبر خان
5	5	5	5	مسٹر ہمایوں اختر خان

ایگزیکٹو ڈائریکٹرز

5	5	5	5	مسٹر اکبر خان
5	5	5	5	مسٹر ہارون خان

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

چھ سالہ جائزہ کا خلاصہ:

چھ سالہ جائزہ کا خلاصہ منسلک ہے۔

شیئر ہولڈنگز کا پیٹرن:

30 ستمبر 2022 تک کے شیئر ہولڈنگز کا پیٹرن جو رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے اس رپورٹ میں منسلک

کیا گیا ہے۔

آڈٹ کمیٹی:

بورڈ نے کمیٹی کے چیئرمین سمیت تین ارکان پر مشتمل آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی ضابطہ کی ضرورت کے مطابق باقاعدگی سے

میٹنگ کرتی ہے۔ کمیٹی اندرونی آڈٹ مینوئل اور اندرونی آڈٹ سسٹم کا جائزہ لینے میں بورڈ کی مدد کرتی ہے۔

ہیومن ریسورس کمیٹی:

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک ہیومن ریسورس اینڈ ریمونیریشن کمیٹی تشکیل دی ہے۔ ہیومن ریسورس کمیٹی بورڈ

آف ڈائریکٹرز کی طرف سے مقرر کردہ شرائط کے مطابق اپنے فرائض انجام دے رہی ہے۔

نامزدگی:

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

رسک مینجمنٹ کمیٹی:

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

بورڈ میٹنگز:

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

حصص کی تجارت:

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

بقایا قانونی واجبات:

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

ڈیویڈنڈ:

30 ستمبر 2022 کو ختم ہونے والے سال کے لئے بورڈ آف ڈائریکٹرز کی جانب سے کسی منافع کی سفارش نہیں کی جا رہی ہے۔

سٹاف ریٹائرمنٹ کے فوائد:

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

آڈیٹرز:

ریٹائر ہونے والے آڈیٹرز، میسرز یو ایچ وائے حسن نعیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اہل ہونے کے ناطے، 30 ستمبر 2022 کو ختم

ہونے والے سال کے قانونی بیرونی آڈٹ کے حوالے سے خود کو تقرری کے لئے پیش کرتے ہیں۔

اعترافات:

بورڈ کمپنی کے ملازمین کی مسلسل لگن اور کوششوں کا اعتراف کرتا ہے۔ ہم اپنے کاشتکاروں کے تعاون کو بھی تسلیم کرتے ہیں کیونکہ وہ

ہماری صنعت میں کلیدی عنصر کی حیثیت رکھتے ہیں اور ہم ان کے مسلسل تعاون کے لئے ان کا شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

اکبر خان

(چیف ایگزیکٹو آفیسر)

06 جنوری 2023

# TANDLIANWALA SUGAR MILLS LTD.

## SIX YEARS REVIEW AT A GLANCE

Figures in '000

	2022 (Rupees)	2021 (Rupees)	2020 (Rupees)	2019 (Rupees)	2018 (Rupees)	2017 (Rupees)
<b><u>FINANCIAL RESULTS</u></b>						
Sales (Net)	32,299,965	27,114,404	21,271,885	27,295,875	17,522,464	13,903,985
Cost of Sales	28,536,941	23,995,409	19,430,945	23,142,769	14,665,516	11,769,616
Gross profit	3,763,024	3,118,995	1,840,940	4,153,106	2,856,948	2,134,369
Operating, financial and other expenses	2,774,665	2,123,859	1,927,730	2,437,413	2,031,870	1,680,412
	988,359	995,136	(86,790)	1,715,693	825,078	453,957
Other income	69,347	87,507	97,730	65,485	79,729	36,246
Net profit before wppf	1,057,706	1,082,643	10,940	1,781,178	904,807	490,203
Workers' profit participation fund	69,218	49,404	0,547	100,979	55,596	29,077
Net profit before Taxation	988,488	1,033,239	10,940	1,680,199	849,211	461,126
Provision for taxation	(470,777)	(320,993)	(292,666)	(234,276)	(41,566)	9,634
Net profit after taxation	517,711	712,246	(281,726)	1,445,923	807,645	470,760
Cash dividend			-	-	-	-
Earning per share (Rs.)	4.40	6.05	-2.39	12.28	6.86	4.00
Authorized capital	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Paid-up capital	1,177,063	1,177,063	1,177,063	1,177,063	1,177,063	1,177,063
Fixed capital expenditures (Net)	15,330,108	15,880,401	16,114,373	16,100,857	15,683,153	13,082,041
<b><u>OPERATING RESULTS</u></b>						
Sugar production - Unit - 1	M. Tons	97,062	95,118	77,182	69,115	57,826
Sugar production - Unit - 2	M. Tons	104,868	81,679	68,811	105,529	93,139
Sugar production - Unit - 3	M. Tons	154,683	139,872	119,427	80,731	94,617
						136,284



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

1.1 Name of the Company

**TANDLIANWALA SUGAR MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at

**30-09-2022**

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
141	1	100	4,173
412	101	500	190,744
69	501	1,000	56,898
52	1,001	5,000	116,828
7	5,001	10,000	47,017
7	10,001	15,000	94,861
4	15,001	20,000	69,107
1	20,001	25,000	21,500
1	25,001	30,000	29,420
1	140,001	145,000	144,300
1	550,001	555,000	552,500
2	1,390,001	1,395,000	2,789,689
1	1,395,001	1,400,000	1,395,343
1	1,400,001	1,405,000	1,401,747
1	1,890,001	1,895,000	1,894,064
1	3,290,001	3,295,000	3,294,155
1	5,455,001	5,460,000	5,459,419
1	5,745,001	5,750,000	5,745,514
1	10,610,001	10,615,000	10,610,937
1	20,195,001	20,200,000	20,197,535
1	20,250,001	20,255,000	20,253,274
1	21,575,001	21,580,000	21,575,857
1	21,760,001	21,765,000	21,761,418
709			<b>117,706,300</b>

**2.3 Categories of shareholders**

**Share held**

**Percentage**

2.3.1 Directors, Chief Executive Officer,  
and their spouse and minor children

89,380,985

75.9356%

2.3.2 Associated Companies,  
undertakings and related  
parties. (Parent Company)

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2.3.3 Banks Development Financial Institutions, Non Banking Financial Institutions.	183,689	0.1559%
2.3.4 Shareholders holding 10% or more	89,378,963	75.9339%
2.3.5 General Public a. Local	28,141,626	23.9083%
2.3.6 Others (to be specified)	—	—

# TANDLIANWALA SUGAR MILLS LTD.

**TANDLIANWALA SUGAR MILLS LIMITED**  
**Categories of Shareholding required under Code of Corporate Governance (CCG)**  
**As on September 30, 2022**

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

- -

**Mutual Funds (Name Wise Detail)**

- -

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

1	MR. AKBAR KHAN	21,592,481	18.3444%
2	MR. HAROON KHAN	23,163,165	19.6788%
3	MR. GHAZI KHAN	22,975,300	19.5192%
4	MRS. RASHEEDA BEGUM	21,648,017	18.3916%
5	MRS. MOBINA AKBAR KHAN	1,000	0.0008%
6	MR. HUMAYUN AKHTAR KHAN	522	0.0004%
7	MR. TAHIR FAROOQ MALIK	500	0.0004%

**Executives:**

- -

**Public Sector Companies & Corporations:**

- -

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

183,689 0.1559%

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

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

S. No.	Name	Holding	Percentage
1	MR. AKBAR KHAN	21,592,481	18.3444%
2	MR. HAROON KHAN	23,163,165	19.6788%
3	MR. GHAZI KHAN	22,975,300	19.5192%
4	MRS. RASHEEDA BEGUM	21,648,017	18.3916%
6	MR. HAMEED ULLAH KHAN PARACHA	7,639,578	6.4904%

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

S.No	NAME	SALE	PURCHASE
1	MR. GHAZI KHAN (CDC)	-	400

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

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

Year Ended: **30 September 2022**

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

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

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

a)	Male:	05
b)	Female:	02

2. The composition of the Board is as under:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the



requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

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

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

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

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

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

13. The Terms of Reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as per following:
  - a) Audit Committee: 05 meetings held during the year ended on September 30, 2022; and

- b) HR and Remuneration Committee: 01 meeting held during the year ended on September 30, 2022.
15. The Board has set up an effective internal audit function / or has outsourced the internal audit function to who are considered suitably qualified and experienced professional for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed, that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan ("ICAP") and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with; except the following:
- a) The Company did not have any Independent Director during the year ended 30 September 2022 as per the requirement of clause (1) of Section 6 of Listed Companies (Code of Corporate Governance) Regulations, 2019.
  - b) None of the members (including Chairman) of the Audit Committee is an Independent Director as per sub-clause (i)&(ii) of clause 1 of Section 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
  - c) None of the members of the Human Resource & remuneration Committee is an Independent Director as per Section 28(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
  - d) The CFO of the Company also holds the position of Company Secretary.

On Behalf of the Board

Lahore: January 06, 2023

**GHAZI KHAN**  
CHAIRMAN

## INDEPENDENT AUDITOR'S REVIEW REPORT

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Tandlianwala Sugar Mills Limited** ("the Company") for the year ended September 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2022.

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



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

**Place:** Lahore

**Date:** January 2023

**UDIN:** CR202210300rRVZQuGXT

**UHY Hassan Naeem & Co.**  
**Chartered Accountants**  
**(Mr. Ibne Hassan)**



## INDEPENDENT AUDITOR'S REPORT

### To the members of Tandlianwala Sugar Mills Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **Tandlianwala Sugar Mills Limited** (the Company), which comprise the statement of financial position as at September 30, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	<p><b>Revenue recognition</b></p> <p>Refer to the statement of profit or loss and note 4.12 and 25 to the financial statements.</p> <p>The Company generates revenue from sale of sugar and its by-products to both local and export customers.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.</p>	<p>Our audit procedures to assess recognition of sales, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process relating to recording of revenue.</li> <li>• assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li> <li>• compared, on a sample basis, specific revenue transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period;</li> <li>• performed scanning analytics to identify any manual journal entries relating to sales during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation;</li> <li>• performed test of details over a sample of revenue transactions recorded during the year with sale orders, sales invoices, delivery Chaffan and other relevant undertaking documents;</li> <li>• reconciled the sales recorded and sales tax paid thereto with the amounts reported in sales tax returns; and</li> <li>• assessed the adequacy of disclosures in financial statements with respect to revenue.</li> </ul>
2	<p><b>Borrowings and finance cost</b></p> <p>Refer notes 4.16, 8, 9, and 30 to the financial statements.</p> <p>The Company has obtained a range of financing facilities from various financial institutions with varying terms and tenure</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• assessed the internal controls over recording the terms and conditions of borrowings from financial institutions, including their classification as other current or non-current and associated cost;</li> </ul>

Sr. No.	Key audit matters	How the matter was addressed in our audit
	<p>against collaterals of stocks and plant &amp; machinery.</p> <p>Further, compliance with debt covenants is a key requirement of these financing arrangements.</p>	<ul style="list-style-type: none"> <li>• obtained confirmations of borrowings as at September 30, 2022 directly from the financial institutions;</li> <li>• re-calculated the mark-up recognized as expense during the year to assess whether these were accounted for in accordance with approved accounting standard as applicable in Pakistan;</li> <li>• assessed whether installments of loans/leases due or loans/leases maturing within twelve months were classified as current liabilities; and</li> <li>• performed substantive procedures to verify the mark-up and principal repayment during the year; and</li> <li>• assessed the adequacy of Company's compliance with loan covenants and disclosures in financial statements.</li> </ul>
3	<p><b>Existence and valuation of stock-in-trade</b></p> <p>Refer notes 4.7 and 21 to the financial statements.</p> <p>The stock-in-trade balances constitutes 24.95% of total assets of the Company. The cost of finished goods is determined at cost including of proportions of production overheads;</p> <p>The Company's policy is to value stock-in-trade at lower of cost and net realizable value. The stock-in-trade valuation involves management judgement in determining the appropriate costing basis.</p> <p>Additionally, entity holds its stock-in-trade as a collateral against the financing on account of which there is persistent inherent risk.</p> <p>Thus, on account of the significance of</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• assessed the appropriateness &amp; consistency of Company's accounting policy for valuation of stock-in-trade and compliance of the policy with the requirements of the prevailing accounting standards;</li> <li>• obtained an understanding of internal controls over valuation of stock-in-trade and performed test of control on a sample basis, to test their operating effectiveness;</li> <li>• performed substantive procedures over purchases and consumptions;</li> <li>• re-calculated the value of stock-in-trade by allocating the fixed and variable overheads and reviewed the adequacy of costing methodology;</li> <li>• performed cut-off procedures and subsequent stock count to validate the completeness and existence of closing stock;</li> <li>• assessed reasonableness of management's</li> </ul>



Sr. No.	Key audit matters	How the matter was addressed in our audit
	stock-in-trade, complexity in re-calculation and involvement of significant management judgement/estimation in application of the costing methodology; we consider this to be a key audit matter.	<p>determination of net realizable value (NRV) and the key estimates adopted and compared, on sample basis, the cost of stock-in-trade with their respective net realizable values (NRV);</p> <ul style="list-style-type: none"> <li>assessed the adequacy of disclosures in the financial statements to be in accordance with the applicable accounting standards.</li> </ul>
4	<p><b>Deferred Tax</b></p> <p>Refer to note 10.2 to the Financial Statements.</p> <p>A deferred tax asset shall be recognized on the amount of tax losses, if any, along with the requirements of IAS 12. However, such recognition involves management judgement regarding estimation of future profits of the Company.</p> <p>As at September 30, 2023, the Company estimated that the unused tax losses should not be recognized as sufficient taxable profits are not expected against which the Company can use benefits therefrom. Management is of the view that recognition of deferred tax asset shall be re-assessed on September 30, 2023.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>obtained computation of current tax and reconciled the amounts with relevant tax correspondence and underlying accounting records;</li> <li>re-calculated the deferred tax and evaluated the same in accordance with the Income Tax Ordinance, 2001 and International Financial Reporting Standards (IFRS);</li> <li>obtained the financial projections from management as approved by the Board of Directors and reviewed management's estimates and assumptions in support of the projections for rationality and achievability; and</li> <li>assessed the adequacy of disclosures in the financial statements to be in accordance with the applicable accounting standards.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended September 30, 2022, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the



financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the

## TANDLIANWALA SUGAR MILLS LTD.

notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ibne Hassan.

Place: Lahore

Date: January 2023

UDIN: AR202210300dlrohMu6p

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

## Statement of Financial Position

EQUITY AND LIABILITIES	Note	2022 Rupees	2021 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
120,000,000 (September 2021: 120,000,000) ordinary shares of Rs. 10 each		<u>1,200,000,000</u>	<u>1,200,000,000</u>
Issued, subscribed and paid-up share capital	5	1,177,063,000	1,177,063,000
Share premium	6	290,741,640	290,741,640
Un-appropriated profits		5,963,048,710	5,458,558,557
Loan from sponsors - <i>unsecured</i>	7	<u>3,635,214,057</u>	<u>3,635,214,057</u>
<b>TOTAL EQUITY</b>		<b>11,066,067,407</b>	<b>10,561,577,254</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - <i>secured</i>	8	393,529,554	1,236,921,131
Lease liability	9	2,412,260	237,400,367
Deferred liabilities	10	776,438,046	657,248,153
Deferred income - Government grant	11	-	822,248
		<b>1,172,379,860</b>	<b>2,132,391,899</b>
<b>CURRENT LIABILITIES</b>			
Short term borrowings - <i>secured</i>	12	9,997,040,575	8,758,069,179
Current portion of non-current liabilities	13	1,307,230,534	1,475,925,325
Trade and other payables	14	7,457,575,122	4,002,580,744
Mark-up accrued	15	431,127,753	237,684,069
Provision for taxation	16	467,065,454	321,862,481
		<b>19,660,039,438</b>	<b>14,796,121,798</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	17		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>31,898,486,705</b></u>	<u><b>27,490,090,951</b></u>

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

Chief Financial Officer

Chief Executive



## As at September 30, 2022

ASSETS	Note	2022 Rupees	2021 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	18	15,385,603,599	15,935,896,090
Long term deposits	19	154,606,251	174,653,829
		<u>15,540,209,850</u>	<u>16,110,549,919</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	20	1,282,815,097	1,124,652,184
Stock-in-trade	21	7,959,386,723	6,260,943,955
Trade debts - <i>considered good</i>	22	18,486,272	14,243,716
Advances, deposits, prepayments and other receivables	23	5,798,251,593	3,488,447,950
Tax refunds due from Government		654,559,825	389,504,748
Cash and bank balances	24	644,777,345	101,748,479
		<u>16,358,276,855</u>	<u>11,379,541,032</u>
<b>TOTAL ASSETS</b>		<u><u>31,898,486,705</u></u>	<u><u>27,490,090,951</u></u>

Director

## Statement of Profit or Loss

For the year ended September 30, 2022

	Note	2022 Rupees	2021 Rupees
Sales - net	25	32,299,965,782	27,114,404,208
Cost of sales	26	(28,536,941,441)	(23,995,408,711)
<b>Gross profit</b>		<b>3,763,024,341</b>	<b>3,118,995,497</b>
Administrative expenses	27	(683,726,881)	(546,115,160)
Distribution expenses	28	(413,833,042)	(322,550,055)
Other income	29	69,346,782	87,506,695
<b>Profit from operations</b>		<b>2,734,811,200</b>	<b>2,337,836,977</b>
Finance cost	30	(1,677,105,219)	(1,241,879,615)
Other expenses	31	(69,217,639)	(62,718,506)
<b>Profit before taxation</b>		<b>988,488,342</b>	<b>1,033,238,856</b>
Taxation	32	(470,776,805)	(320,993,120)
<b>Profit after taxation</b>		<b>517,711,537</b>	<b>712,245,736</b>
<b>Earnings per share - basic and diluted</b>	33	<b>4.40</b>	<b>6.05</b>

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

Chief Financial Officer

Chief Executive

Director

## Statement of Other Comprehensive Income

For the year ended September 30, 2022

	Note	2022 Rupees	2021 Rupees
Profit after taxation		517,711,537	712,245,736
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain on remeasurement of defined benefit liability	10.1.2	(16,932,735)	3,966,387
Related tax impact		3,711,351	(869,361)
		(13,221,384)	3,097,026
<b>Total comprehensive income for the year</b>		<b>504,490,153</b>	<b>715,342,762</b>

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

Chief Financial Officer

Chief Executive

Director

## Statement of Cash Flows

For the year ended September 30, 2022

	Note	2022 Rupees	2021 Rupees
<b>Cash flows from operating activities</b>			
Profit before taxation		988,488,142	1,033,238,856
<i>Adjustments for non-cash and other items:</i>			
Depreciation on property, plant and equipment	18.1.1	811,550,562	829,724,196
(Gain) / loss on disposal of property, plant and equipment	18.1.2	(93,083)	(66,398)
Finance cost	30	1,677,105,219	1,241,879,615
Provision for staff retirement benefits	10.1.5	112,223,647	101,239,616
Profit on saving accounts	29	(3,956,230)	(9,571,517)
Grant income	11	(10,459,335)	(23,203,871)
Workers' Profit Participation Fund	14.2	56,355,112	49,460,109
		<u>2,642,725,892</u>	<u>2,189,461,750</u>
<b>Operating profit before working capital changes</b>		<u>3,631,214,234</u>	<u>3,222,700,606</u>
<i>(Increase) / decrease in current assets:</i>			
Stores, spare parts and loose tools		(158,162,913)	(25,395,465)
Stock-in-trade		(1,698,442,768)	(3,876,506,661)
Advances, deposits, prepayments and other receivables		(2,309,803,643)	(1,116,690,153)
Trade debts - considered good		(4,242,556)	(8,131,928)
		<u>(4,170,651,880)</u>	<u>(5,027,027,207)</u>
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		3,448,646,175	1,245,040,741
<b>Cash (used in) / generated from operations</b>		<u>2,909,208,529</u>	<u>(559,285,860)</u>
Finance cost paid		(1,473,202,194)	(1,119,415,172)
Staff retirement benefit paid		(9,966,489)	(4,731,938)
Taxes paid		(586,917,558)	(106,534,975)
Workers' Profit Participation Fund paid		(50,006,909)	-
		<u>(2,120,093,150)</u>	<u>(1,230,682,085)</u>
<b>Net cash (used in) / generated from operating activities</b>		<u>789,115,379</u>	<u>(1,789,967,945)</u>
<b>Cash flows from investing activities</b>			
Capital expenditure		(257,335,582)	(596,711,833)
Proceeds from disposal of property, plant and equipment	18.1.2	126,588	102,724
Long term deposits		20,047,578	49,717,090
Income received from bank deposits		3,956,230	9,571,517
<b>Net cash used in investing activities</b>		<u>(233,205,186)</u>	<u>(537,320,502)</u>
<b>Cash flows from financing activities</b>			
Long term finances repaid		(1,056,913,378)	(610,180,472)
Long term finances obtained		-	363,745,275
Loan from sponsors		-	-
Lease liabilities - net		(194,939,345)	(205,325,625)
Short term borrowings - net		1,238,971,396	2,597,413,123
<b>Net cash generated from financing activities</b>		<u>(12,881,327)</u>	<u>2,145,352,301</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>543,028,866</u>	<u>(181,936,146)</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>2,246,324</u>	<u>184,182,470</u>
<b>Cash and cash equivalents at the end of the year</b>	34	<u><u>545,275,190</u></u>	<u><u>2,216,324</u></u>

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

Chief Financial Officer

Chief Executive

Director

## Statement of Changes in Equity

For the year ended September 30, 2022

	Reserves				Loan from Sponsors	Total
	Share capital	Capital Share premium	Revenue Un-appropriated profits	Total reserves		
<b>Balance as at October 01, 2020</b>	1,177,063,000	290,741,640	4,743,215,795	3,033,957,435	3,635,214,057	9,846,234,492
<b>Total comprehensive income / (loss) for the year:</b>						
Profit for the year ended September 30, 2021			712,245,736	712,245,736		712,245,736
Other comprehensive income for the year ended September 30, 2021 - net of tax			3,097,026	3,097,026		3,097,026
			715,342,762	715,342,762		715,342,762
<b>Balance as at September 30, 2021</b>	1,177,063,000	290,741,640	5,458,558,557	5,749,300,197	3,635,214,057	10,561,577,254
<b>Total comprehensive income / (loss) for the year:</b>						
Profit for the year ended September 30, 2022	-	-	517,711,537	517,711,537	-	517,711,537
Other comprehensive Loss for the year ended September 30, 2022 - net of tax	-	-	(13,221,384)	(13,221,384)	-	(13,221,384)
	-	-	504,490,153	504,490,153	-	504,490,153
<b>Balance as at September 30, 2022</b>	1,177,063,000	290,741,640	5,963,048,710	6,253,790,350	3,635,214,057	11,066,067,407

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

Chief Financial Officer

Chief Executive

Director



# Notes to the Financial Statements

For the year ended September 30, 2022

## 1 Corporate and general information

### 1.1 Reporting entity

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

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

- Head office and registered office : 66-I, Gulberg -II, Lahore
- Unit-I : Kanywari, Tehsil Tandlianwala, District Faisalabad
- Unit-II : Zamard, 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 financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

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

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

### 2.2 Functional and presentation currency

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

### 2.3 Basis of measurement

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

### 2.4 Use of judgements and estimates

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

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

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

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

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

#### 2.4.2 Taxation

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

#### 2.4.3 Provisions and contingencies

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

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

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

## 2.4.5 Inventories

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

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

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

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

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

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

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

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

### 3.1 Change in significant accounting policy

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

#### Impact of Adoption

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

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

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

Standards or Interpretation		Effective date
IAS-37	-Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous.	January 1, 2022
IAS-8	- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and	January 1, 2023
IAS-12	- Amendments to IAS 12 (Income Taxes)	January 1, 2023
IFRS-16	- COVID-19- related rent concession -(Amendments)	January 1, 2022
IFRS-9	- Presentation of financial statements- (Amendments)	January 1, 2022
IFRS-10	- Consolidated Financial Statements' and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture.)	January 1, 2022
IAS-1	- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting	January 1, 2023

#### 4 Significant accounting policies

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

##### 4.1 Staff retirement benefits

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

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

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

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

##### 4.2 Taxation

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

###### *Current tax*

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

###### *Deferred tax*

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

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

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

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

##### 4.3 Ijarah contracts

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

##### 4.4 Trade and other payables

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



## 4.5 Property, plant and equipment

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

### **Owned**

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renewals and improvements are capitalized. All other repair and maintenance costs are charged to the profit or loss account during the period in which they are incurred.

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

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

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

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

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

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

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

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

## 4.6 Stores, spare parts and loose tools

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

## 4.7 Stock-in-trade

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

Cost is determined as follows:

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

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

## 4.8 Financial instruments

### 4.8.1 Recognition and initial measurement

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

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



## 4.8.2 Classification and subsequent measurement

### Financial assets

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

### Amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

### Debt instrument - FVOCI

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

### Equity instrument - FVOCI

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

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

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

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

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

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

### Financial liabilities

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

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

## 4.8.3 Derecognition

### Financial assets

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

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

## Financial liabilities

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

### 4.8.4 Trade debts, deposits and other receivables

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

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

### 4.9 Offsetting of financial instruments

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

### 4.10 Impairment

#### Non-Financial assets

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

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

### 4.11 Cash and cash equivalents

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

### 4.12 Revenue recognition

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

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

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

### 4.13 Interest income

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

### 4.14 Contract liabilities

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

## 4.15 Foreign currency translations

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

## 4.16 Borrowing costs

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

## 4.17 Provisions

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

## 4.18 Related party transactions

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

## 4.19 Dividend

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

## 4.20 Earnings per share (EPS)

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

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

## 4.21 Loan from sponsors

Loan from sponsors is accounted for as per Technical Release 52 "Director's Loan" ("TR 52") issued by the Institute of Chartered Accountants of Pakistan ("ICAP"), on 23 January 2016 which provides specific guidance on Director's loans that are interest free and repayable at the discretion of the entity. Loans are accounted for as per clause 3.3.1 of TR 52 which states that "A loan to an entity by the director which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded as equity at face value. This is not subsequently re-measured".

## 4.22 Government grants

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

## 4.23 Operating profit

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

## 4.24 Segment reporting

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

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

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

	2022 Rupees	2021 Rupees
<b>5 Share capital</b>		
<b>5.1 Authorized share capital</b>		
120,000,000 (2021: 120,000,000) ordinary shares of Rs. 10 each	1,200,000,000	1,200,000,000
<b>5.2 Issued, subscribed and paid-up share capital</b>		
117,706,300 (2021: 117,706,300) voting ordinary shares of Rs. 10 each fully paid in cash	1,177,063,000	1,177,063,000
<b>6 Share premium</b>		
This reserve can be utilized by the Company only for the purposes specified in Section 81 (2) and 81 (3) of the Companies Act, 2017.		
<b>7 Loan from sponsors - unsecured</b>		
This represents interest free loan amounting to Rs. 3,635 million (2021: Rs. 3,635 million) obtained from the sponsors of the Company and is repayable at the discretion of the Company.		



# TANDLIANWALA SUGAR MILLS LTD.

## 8 Long term finances - secured

### Islamic mode of financing:

Al Baraka Bank Limited - *Dimu'ibing Modaraba*

Sindh Modaraba - *Dimu'ibing Modaraba*

Note	2022 Rupees	2021 Rupees
	-	-
8.1	22,112,008	39,801,604
	22,112,008	39,801,604

### Mark-up bearing finances from conventional banks:

National Bank of Pakistan - *Ayudhahat term finance*

The Bank of Punjab - *Term finance*

Pak Oman Investment Company Limited - *Term finance*

Samba Bank Limited - *Term finance*

Allied Bank Limited

8.2	1,036,874,991	1,629,374,995
8.3	180,000,000	300,000,000
8.4	125,714,289	188,571,434
8.5	-	71,425,242
8.6	95,398,450	277,380,506
	1,437,987,730	2,466,752,177
	1,460,099,738	2,506,553,781

### Less: Current portion of non-current liabilities

Conventional banks

Islamic banks

13	(1,048,880,588)	(1,251,943,054)
13	(17,689,596)	(17,689,596)
	393,529,554	1,236,921,131

	Sanctioned Limit (Rs.)	Tenure and basis of principal repayment	Mark-up as per Agreement	Security
8.1	90,000,000	60 equal instalments payable at the end of each month beginning from January 04, 2019	6 Month KIBOR plus 350 bps	Title documents of the assets are exclusively in the name of Sindh Modaraba for the entire term of the facility.
8.2	2,400,000,000	16 equal instalments payable at the end of each quarter beginning from June 29, 2019. Instalments were deferred from January 01, 2020 to December 31, 2020.	3 Month KIBOR plus 200 bps	This loan is secured by way of first pari passu hypothecation charge over all present and future moveable fixed assets and mortgage over land and building and any other immovable property of the Company (Unit I, II & III) for an amount of Rs. 3,200 million with 25% margin over the facility amount, respectively. The loan is also secured by way of assignment of all insurances as co-loss payee or assignee, lien on project accounts and personal guarantees of all Sponsors / Directors along with all net worth statements. The lenders have subordinated the repayment of any debts or finance facilities availed from the Sponsors and Directors till the entire liabilities of the Company towards the syndicate are repaid.
8.3	300,000,000	10 equal quarterly instalments payable at the start of each quarter beginning from September 2021	3 Month KIBOR plus 250 bps	This loan is secured by way of ranking charge and 1st pari passu charge of Rs. 2,000 million each, over all present and future current assets of the Company and 1st pari passu charge of Rs. 400 million over all present and future fixed assets of Distillery Unit - II (Land, building and Plant & machinery), respectively and personal guarantee of all Directors of the Company.
8.4	220,000,000	14 equal instalments payable at the end of each quarter beginning on April 08, 2021	5.00%	This subsidized loan is obtained under the long term financing facility scheme provided by SBP to finance import of brand new machinery. This loan is secured by way of pari passu charge over fixed assets located at Unit-III in Muzaffargarh including land building, plant and machinery of the company with a 25% margin (amounting to Rs. 294 million) and personal guarantees of all Directors of the Company.
8.5	250,000,000	11 equal instalments payable at the end of each quarter beginning on April 01, 2019	3 Month KIBOR plus 250 bps	This loan is secured by way of joint pari passu charge over fixed assets located at Unit III in Muzaffargarh amounting to Rs. 334 million and personal guarantees of all Directors of the Company.
8.6	400,000,000	8 equal quarterly instalments payable at the start of each quarter beginning from February 11, 2021	SBP base rate plus 1 Month KIBOR + 300 bps	The Company has obtained borrowing under Refinance Scheme for payment of Wages & Salaries by the State Bank of Pakistan (SBP) at subsidized rate in six tranches on various dates. Fair value adjustment has been measured as difference between subsidized rate i.e., 6% KIBOR plus 300 bps per annum and prevailing market rate and same has been recognized as Government grant in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" (see note 11 to these consolidated financial statements) and is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating. The grant is conditional subject to fulfilment of certain conditions as defined in the SBP Refinance Scheme. The loan is secured by way of 1st pari passu charge over fixed assets including land, building, plant and machinery located at Unit III, with 25% margin over the facility amount and personal guarantee of all Directors of the Company.



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		2022	2021
	Note	Rupees	Rupees
9 Lease liability			
Lease liability	9.1	242,250,362	433,233,707
Less: Current portion		(239,838,102)	(195,833,340)
Closing balance		2,412,260	237,400,367
9.1 Opening balance		433,233,707	638,559,332
Add: Assets acquired during the year		3,956,000	-
		437,189,707	638,559,332
Less: Payments / adjustments		(194,939,345)	(205,325,625)
		242,250,362	433,233,707
Less: Current portion	13	(239,838,102)	(195,833,340)
Closing balance		2,412,260	237,400,367

9.1.1 The principal payment due under the lease agreements aggregate to Rs. 242.2 million (2021: Rs. 433.2 million) and are payable in monthly instalments under various agreements, latest by September 2023. The present values of minimum lease payments have been discounted at interest rate implicit in the lease, which ranges from 9.94% to 19.50% per annum (2021: 9.49% to 17.06% per annum). All lease agreements carry renewal option at the end of lease period, however, the Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. There are no financial restrictions imposed by lessors and the taxes, repairs, replacements and insurance costs are borne by the lessee.

A reconciliation between the total of future minimum lease payments and their present values at year end is as follows:

	2022	
	Future minimum lease payments	Present value of future minimum lease payments
	Finance cost for future periods	
	----- Rupees -----	
Not later than one year	252,979,243	13,141,141
Later than one year and not later than five years	2,836,919	424,659
	255,816,162	13,565,800
	242,250,362	
	2021	
	Future minimum lease payments	Present value of future minimum lease payments
	Finance cost for future periods	
	----- Rupees -----	
Not later than one year	218,331,272	22,500,932
Later than one year and not later than five years	244,379,550	6,979,183
	462,710,822	29,480,115
	433,233,707	
	2022	2021
Discount factor (%)	9.94 - 19.50	9.49 - 17.06
Term of lease (years)	3 - 5	3 - 5
Security deposits (%)	10 - 30	10 - 30

Salient features of the leases are as follows:

	Note	2022	2021
		Rupees	Rupees
10 Deferred liabilities			
Staff retirement benefits - <i>Gratuity</i>	10.1	776,438,046	637,248,153
Deferred taxation	10.2	-	-
		776,438,046	637,248,153

## 10.1 Staff retirement benefits - *Gratuity*

The latest actuarial valuation of the Company's defined benefit plan was conducted at September 30, 2022 using Projected Unit Credit Method. Detail of obligation for defined benefit plan is as follows:

	Note	2022 Rupees	2021 Rupees
Present value of defined benefit obligation	10.1.1	776,438,046	657,248,153
Liability as at 30 September		<u>776,438,046</u>	<u>657,248,153</u>

10.1.1 Movement in defined benefit obligation	Note	2022 Rupees	2021 Rupees
Present value of defined benefit obligation as at 01 October		657,248,153	561,706,862
Current service cost for the year	10.1.3	59,361,423	57,556,163
Interest cost for the year	10.1.3	52,862,224	43,683,453
Benefits paid during the year		(9,966,489)	(4,731,938)
Actuarial (gain) / loss on present value of defined benefit obligation	10.1.2	16,932,735	(3,966,387)
Present value of defined benefit obligation as at 30 September		<u>776,438,046</u>	<u>657,248,153</u>

10.1.2 Changes in actuarial gains	Note	2022 Rupees	2021 Rupees
Opening actuarial gain		-	-
Actuarial (loss)/gain during the year		(16,932,735)	3,966,387
Charge to other comprehensive income	10.1.3	16,932,735	(3,966,387)
Unrecognized actuarial gains		<u>-</u>	<u>-</u>

## 10.1.3 Charge for the year

### *Statement of Profit or Loss*

Current service cost	59,361,423	57,556,163
Interest cost for the year	52,862,224	43,683,453
Net amount chargeable to profit or loss account	<u>112,223,647</u>	<u>101,239,616</u>

### *Statement of Other Comprehensive Income*

Actuarial loss/(gain) on defined benefit obligation	16,932,735	(3,966,387)
	<u>129,156,382</u>	<u>97,273,229</u>

	2022 Rupees	2021 Rupees	2020 Rupees	2019 Rupees	2018 Rupees
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## *Historical Information*

Present value of defined benefit obligations	776,438,046	657,248,153	508,436,982	414,693,881	310,560,559
Experience adjustment arising on plan liability loss	16,932,735	(3,966,387)	10,136,137	12,824,778	26,213,582

## 10.1.4 Assumptions used for valuation of defined benefit schemes

	2022	2021
Discount rate used for interest cost	10.50%	9.75%
Discount rate used for year end obligation	13.25%	10.50%
Expected rates of salary increase in future	12.25%	9.50%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year
Withdrawal Rates	Age-Based	Age-Based
Retirement age	60 years	60 years

## 10.1.5 Expected expense for next year

The expected gratuity expense for the year ending on September 30, 2023 is estimated at Rs. 138.16 million.

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

## Salary risks

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

## Mortality / withdrawal risks

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

10.1.7 Gratuity scheme entitles the members to gratuity upon resignation, termination, early retirement, retrenchment, death and dismissal. Gratuity is based on the last month's basic salary for each year of service.

10.1.8 The average duration of the defined benefit obligation is 4 years.

## 10.1.9 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on present value of the defined benefit obligation as at 30 September 2022 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase 100 bps	Decrease 100 bps
	----- Rupees -----	
Discount rate movement	590,668,852	644,747,884
Salary growth rate	645,648,873	589,401,935

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

10.2 Deferred taxation	Note	2022 Rupees	2021 Rupees
Deferred tax liability as at September 30, 2022 on taxable temporary differences arising in respect of:			
- Accelerated tax depreciation on operating fixed assets		1,688,839,220	1,931,177,747
- Leased assets - net		171,897,618	196,383,301
Deferred tax asset as at September 30, 2022 on deductible temporary differences arising in respect of:			
- Unused tax losses and tax credits	10.2.2	(1,698,200,597)	(1,972,543,470)
- Staff retirement benefits		(151,537,413)	(144,056,965)
- Provision for Worker's Profit Participation Fund		(10,998,828)	(10,960,613)
		-	-

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

As at 01 October

Recognized in Statement of Profit or Loss:

- Accelerated tax depreciation on operating fixed assets
- Leased assets - net
- Unused tax losses and tax credits
- Staff retirement benefits
- Provision for Worker's Profit Participation Fund

(242,338,527)	72,986,190
(24,485,683)	26,930,125
274,342,873	(57,078,675)
(3,769,097)	(32,864,714)
(38,215)	(10,842,287)
3,711,351	(869,361)

Recognized in Statement of Other Comprehensive Income:

- Staff retirement benefits

(3,711,351)	869,361
-	-

10.2.2 As at 30 September 2022 deferred tax asset amounting to Rs. 2,015.5 million (2021: Rs. 2,000.1 million) on unused tax losses and minimum tax credit u/s 113 has not been recognized in these financial statements as sufficient taxable profits are not expected to be probable against which the Company can use benefits therefrom. Management is of the view that recognition of deferred tax asset shall be re-assessed on 30 September 2023.

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## 11 Deferred income - Government grant

	Note	2022 Rupees	2021 Rupees
Deferred income - Government grant	8.6	-	822,248
Opening balance		11,281,583	-
Recognized during the year		-	34,485,454
Grant amortized during the year	29	(10,459,335)	(23,203,871)
Closing balance		822,248	11,281,583
Less: Current portion shown under current liabilities		(822,248)	(10,459,335)
		-	822,248

## 12 Short term borrowings - secured

	Interest rate %	2022 Rupees	2021 Rupees
<b>Banking &amp; Financial Institutions</b>			
<i>Mark-up based borrowings from conventional banks-secured</i>			
Cash finance	10.28 - 19.16	4,861,926,418	4,418,311,022
Running finance	11.05 - 18.86	99,502,155	99,502,155
Export re-finance/ EAPC	3 - 10/10.54 - 19.01	5,035,612,002	4,210,253,002
		<b>9,997,040,575</b>	<b>8,758,069,179</b>

- 12.1 The Company has availed short term borrowing facilities from various commercial banks under mark-up arrangements having aggregate sanctioned limits of Rs. 13,775 million (2021: Rs. 13,025 million). These facilities are secured through pledge of stock-in-trade, lien on debtors, charge over the present and future current and fixed assets, lien on export documents and personal guarantees of the sponsoring Directors as well as subordination of loan from Directors. The outstanding borrowing pledged against stock-in-trade amount to Rs. 6,014 million. (2021: Rs. 5,181 million).

## 13 Current portion of non-current liabilities

	Note	2022 Rupees	2021 Rupees
Long term finances - Conventional loan	8	1,048,880,588	1,251,943,054
Long term finances - Islamic loan	8	17,689,596	17,689,596
Lease liability	9	239,838,102	195,833,340
Deferred grant	11	822,248	10,459,335
		<b>1,307,230,534</b>	<b>1,475,925,325</b>

## 14 Trade and other payables

	Note	2022 Rupees	2021 Rupees
Trade and other creditors		196,962,863	504,969,404
Creditors for capital expenditure		1,855,956,214	2,022,733,316
Advances from customers - local	14.1	3,794,259,358	696,901,198
Retention money payable		10,324,620	9,505,734
Federal Excise Duty and Sales Tax payable		422,315,627	192,039,304
Income Tax deducted at source		100,942,977	57,459,880
Withholding Sales Tax payable		4,103,782	7,904,704
Worker's Profit Participation Fund	14.2	56,355,112	50,006,909
Accrued liabilities		137,339,859	71,204,100
Other liabilities		879,014,710	389,856,195
		<b>7,457,575,122</b>	<b>4,002,580,711</b>

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

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



		2022	2021
	Note	Rupees	Rupees
<b>14.2 Workers' Profit Participation Fund</b>			
Balance as at 01 October		50,006,909	546,800
Provision for the year	31	56,355,112	49,403,898
Mark-up on Workers' Profit Participation Fund		-	56,211
Payments made during the year		(50,006,909)	-
		<b>56,355,112</b>	<b>50,006,909</b>

		2022	2021
		Rupees	Rupees
<b>15 Mark-up accrued</b>			
<i>Mark-up on borrowing from conventional banks:</i>			
Long term loans - secured		65,161,882	54,371,431
Short term borrowings - secured		365,965,871	183,312,638
		<b>431,127,753</b>	<b>237,684,069</b>
		<b>431,127,753</b>	<b>237,684,069</b>

		2022	2021
	Note	Rupees	Rupees
<b>16 Provision for taxation</b>			
Balance at beginning of the year		321,862,481	576,625,525
Add: Provision for the year	32	467,065,454	321,862,481
		<b>788,927,935</b>	<b>898,488,006</b>
Less: Adjustments		(321,862,481)	(576,625,525)
Balance at the end of the year		<b>467,065,454</b>	<b>321,862,481</b>

## 17 Contingencies and commitments

### 17.1 Contingencies

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

Thereafter, the Company filed an Intra Court Appeal No. 1219/2016, of the same title, against the aforementioned order of the Court. This Intra Court Appeal was dismissed vide order dated 10 October 2017 on the technical ground of maintainability. The Court stated in the aforementioned order that the remedy of Intra Court Appeal did not lie against the Order dated 15 July 2016, and, therefore, dismissed the appeal. However, an Honorable Division Bench of the Court vide Order dated 10 August 2016, directed the Company along with other petitioners to deposit the excise duty payable under the impugned notification with the Deputy Registrar (Judicial), Lahore High Court, and restrained the respondents from collecting the same from the Company. The same interim order holds the field till date. Till date the Company has deposited Rs. 291 million with the Deputed Registrar (Judicial), Lahore High Court which is disclosed in note 23 to the financial statements.

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

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

**17.1.2** Commissioner (Appeals) vide order Dated 20/05/2015 deleted the addition made by the officer inland revenue (OIR). Tax impact of the same is Rs. 1,506,859/-. The appeal effect of the order of CIR (A) was given vide order dated 29-06-2016. However being aggrieved with the order of CIR (A), department has filed appeal before ATIR. The appeal has been heard on 06-04-2022 and the same is decided against the taxpayer vide order dated 07-09-2022. During tax year 2009, the taxpayer has sufficient refunds available (i.e. Rs 11,333,411) to settle the demand of Rs 1,506,859.

**17.1.3** Markup on short & long term loans has been disallowed against the local sales and allocated to distillery unit. Resultantly loss of the company has been decreased by Rs. 39,731,756. Taxpayer being aggrieved filed an appeal before CIR Appeals. The same has been decided in favour of the department. Further, the taxpayer being aggrieved has filed Appeal before ATIR, which was heard on 08-04-2021 and passed order having ITA no. 2491 & 2132/LB/2013 dated 1-06-2021 by directing the department to re-assess the case. Re-assessment proceedings are awaited.

**17.1.4** Tax Credit u/s 65B amounting to Rs. 2,505,506/- on plant and machinery has been disallowed by the learned DCIR. Taxpayer being aggrieved filed an appeal before CIR Appeals. The same has decided in favour of the taxpayer. Further, the department has filed Appeal before ATIR, which was heard on 08-04-2021 and passed order having ITA no. 2491 & 2132/LB/2013 dated 1-06-2021 whereby the decision of CIR (A) was upheld by ATIR.

- 17.1.5** The Learned DCIR started proceedings u/s 177 and made additions under various heads amounting to Rs. 664,275,802/- through order u/s 122(1) dated 12-12-2017. Resultantly loss of the Company has been decreased by the same amount. The taxpayer filed an appeal before CIR (A) against the said additions which was decided vide order no. 18-A/V dated 09-02-2021. The same has been decided in the favor of department. Furthermore, the taxpayer being aggrieved has filed Appeal before ATIR on 07-04-2021. Hearing of the same is still pending.
- 17.1.6** The learned ACIR initiated proceedings u/s 8(1) of the Sales Tax Act, 1990. The ACIR disallowed the input tax of Rs. 1,730,245/- on account of claim in violation of section 8 and imposed penalty of Rs. 86,512/- vide order bearing no. C.No.LTO/Enf-16/SI/8(1)/19585 dated 14-05-2022. The Registered Person (RP) being aggrieved has filed an appeal before CIR (A) on 17-06-2022 against said order. The learned CIR (A) confirmed the whole demand and the same has been paid by the company.
- 17.1.7** The learned DCIR initiated proceedings u/s 11(1)/26(1) of the Sales Tax Act, 1990 where he imposed penalty of Rs. 156,660,698/- u/s 33 on account of late filing of sales tax returns along with default surcharge of Rs. 28,768,046/- u/s 34(1) vide order bearing no. C.No. LTO/Enf-16/SI/26(1)/19465 dated 12-05-2022. The RP being aggrieved has filed an appeal before CIR (A) on 14-06-2022 against the said order which is pending for adjudication. However stay against the demand has been granted by Appellate Tribunal Inland Revenue.
- 17.1.8** The learned ACIR initiated proceedings u/s 73(4) of the Sales Tax Act, 1990. The learned ACIR disallowed the input tax of Rs. 1,794,672 u/s 73(4) on account of Supplies to unregistered persons through order bearing no. C.No.LTO/Enf 16/SI/73 (4)/18359 dated 22-04-2022. The RP being aggrieved has filed an appeal before CIR (A) on 24-05-2022 against the said order. The CIR (A) confirmed the demand created by the DCIR vide order no 50-A/V dated 29/07/2022. Being aggrieved with order of CIR (A), the RP filed an appeal before honorable ATIR on 07-10-2022 which is pending for adjudication. However, stay against the demand has been granted by Appellate Tribunal Inland Revenue.
- 17.1.9** The learned DCIR initiated proceedings u/s 8(1) of the Sales Tax Act, 1990 where he disallowed input tax of Rs. 14,384,754/- on account of claim in violation of section 8 vide order bearing no. C.No.LTO/SI/E&C-16/DRRA/2020/-2021/5273 dated 15-09-2021. The RP filed an appeal before CIR (A) which was heard on 16-02-2022 in which the learned CIR (A) has set aside the proceeding with the direction that re-assessment of case has to be made vide order bearing no. 09/A/V dated 04-03-2022. Re-assessment proceeding are still pending.
- 17.1.10** The Learned DCIR issued Show cause notice (SCN) dated 21-05-2021 wherein DCIR has confronted the difference in sales and bank credits amounting to Rs. 24,806,408,432/-.
- The said SCN was challenged in High Court who was granted stay in ICA No.39649/2021 dated 22-06-2021. However, the learned DCIR issued order which was served on 22-06-2021.
- However, DCIR was not aware of stay issued order in which the additions made of Rs. 22,897,630,561/- and created demand of Rs. 6,860,328,513/. The said demand has been stayed by High Court (HC) vide order dated 01-11-2021 in the C.M no 4/2021.
- The taxpayer filed an appeal before CIR (A) against the said demand in which CIR (A) stated that the decision of CIR (A) remains reliant on final decision of High court vide order barcode no.100000115208904 dated 23-12-2021. Furthermore, the taxpayer being aggrieved has filed Appeal before Appellate Tribunal Inland Revenue (ATIR) against the said order of Learned CIR (A) on 31-01-2022 which is pending adjudication.
- The above proceedings are pending before Lahore High Court and ATIR simultaneously and stay against Recovery of demand is granted by High Court.
- 17.1.11** The learned DCIR initiated proceedings u/s 33(3) and 33(1) of the Sales Tax Act, 1990 where he imposed penalty of Rs. 1,257,357/- on account of late filing of sales tax return vide order bearing no. C.No.LTI/SI/F&C-16/Min/Tandlianwala/2021/5053 dated 09-09-2021. The RP filed an appeal before CIR (A) which was heard on 15-10-2021 in which the learned CIR (A) confirmed the order of DCIR vide order bearing no. 08/A/V dated 04-03-2022. The RP being aggrieved filed an appeal before Honorable ATIR on 01-04-2022, which is pending for Hearing.
- 17.1.12** The learned DCIR initiated proceedings u/s 8(1) of the sales Tax Act, 1990 where he disallowed input tax of Rs 30,714,393/- on account of claim in violation of section 8 along with penalty of Rs 1,535,720/- u/s 33 vide order bearing no C.No.LTO/Enf-16/SI/8(2)/18217 dated 20-04-2022. The RP filed an appeal before CIR (A) which was heard on 06-06-2022 in which the learned CIR (A) has set aside the proceeding with the direction that re-assessment of case has to be made vide order bearing no 10/A-V dated 10-06-2022. Re-assessment proceeding are still pending.
- 17.1.13** The learned CIR finalized the proceedings by making addition of Rs 310,704,739 on account of Jaxport Rebate and BMR tax credit impact of the same is Rs 123,703,716/. Being aggrieved with the order, the tax payer filed an appeal before CIR (A). The commissioner (Appeals) vide order dated 05-01-2021 deleted the addition made by the officer inland revenue (OIR). The department being aggrieved with the order of CIR (A) filed an appeal before ATIR but the same has not been fixed for hearing.
- 17.1.14** The Company has filed a Writ Petition No. 67781/2022 in the Lahore High Court to challenge the validity of Super Tax imposed by the ITR under Section 4C of the Income Tax Ordinance, 2001. The Honourable Court has granted interim relief to the Company to file Income Tax Return for the Tax Year 2022 excluding the tax under section 4C of the Ordinance; subject to deposit of post dated cheques of the differential amount liable to be deposited under section 4C. However, it has been directed on the request of the Petitioner that the cheques shall be encashed on the direction of the Court or subject to decision in this and connected petitions.

## 17.2 Commitments

17.2.1 Commitments in respect of imports contracted but not incurred at year end amounted to approximately Rs. Nil (2021: Rs. Nil).

17.2.2 The Company has given a bank guarantee with 100% cash margin of Rs. 2 million (2021: Rs. 2 million) to the Excise and Taxation Department for the export of Kihanol in relation to contingency as discussed in note 17.1.1.

17.2.3 The Company has certain Ijarah facilities which have been classified as operating lease in the financial statements as required by the Islamic Financial Accounting Standard 2 (IFAS 2) issued by the Institute of Chartered Accountants of Pakistan. The amount of Ijarah rentals paid during the year has been charged as an expense during the year.

The commitments of future payments under operating leases/Ijarah financing and finance lease contracts and the period in which these payments will become due are as follows:

	2022 Rupees	2021 Rupees
Not later than one year	4,198,215	26,387,126
Later than one year and not later than five years	-	10,905,363
	<u>4,198,215</u>	<u>37,292,489</u>

## 18 Property, plant and equipment

Operating fixed assets	18.1	15,330,108,053	15,880,400,544
Capital work-in-progress	18.2	55,495,546	55,495,546
		<u>15,385,603,599</u>	<u>15,935,896,090</u>

### 18.1 Operating fixed assets

Operating fixed assets	C O S T					D E P R E C I A T I O N				
	As at 01 October 2021	Additions / (disposals) during the year	Transfer/Adjus- tment	As at 30 September 2022	Rate	As at 01 October 2021	Expense/ (disposal) for the year	Transfer/Adjus- tment	As at 30 September 2022	Net book value as at 30 September 2022
<b>Owned</b>										
Land	278,123,443	-	-	278,123,443	-	-	-	-	-	278,123,443
Building and roads on lease	3,221,959,642	29,145,821	-	3,251,105,463	5	1,111,255,057	105,893,386	-	1,217,148,443	2,033,957,020
Plant and machinery	17,047,144,250	201,867,591	175,345,473	17,424,357,314	5	5,234,428,570	593,960,694	34,058,484	5,862,448,148	11,561,909,166
Infrastructure and fittings	22,952,810	721,700	-	23,674,510	10	13,943,691	913,893	-	14,857,584	8,816,926
Telephone installations	7,657,028	8,200	-	7,665,228	10	4,301,391	336,042	-	4,637,433	3,027,795
Vehicles	313,084,656	234,241	1,477,836	314,796,743	20	228,337,852	16,986,116	-	245,323,968	69,472,775
	-	(1,631,721)	-	(1,631,721)		-	(1,598,217)		(1,598,217)	(33,504)
Office equipment	99,219,639	6,486,870	-	105,706,509	10	57,135,704	4,321,416	-	61,457,120	44,249,389
Electrical equipment	292,063,057	16,476,439	-	308,539,496	10	117,054,379	18,176,501	-	135,230,880	173,308,616
Workshop and agricultural implements	45,266,175	-	-	45,266,175	10	31,413,064	1,385,311	-	32,798,375	12,467,800
Tule wells	14,703,118	-	-	14,703,118	10	9,876,957	482,616	-	10,359,573	4,343,545
Arms and munitions	2,183,939	-	-	2,183,939	10	1,404,190	77,975	-	1,482,165	701,774
Laboratory equipment	35,601,988	2,394,720	-	37,996,708	10	19,624,460	1,617,709	-	21,242,169	16,754,539
	21,379,959,755	257,335,582	176,823,309	21,812,486,925		6,828,775,715	744,151,659	34,058,484	7,605,387,641	14,207,099,284
		(1,631,721)					(1,598,217)			
<b>Right-of-use Assets</b>										
Vehicles	13,530,462	3,956,000	(1,477,836)	16,008,626	20	5,745,709	1,327,317	-	7,073,026	8,935,600
Plant and machinery	1,704,261,487	-	(175,345,473)	1,528,916,014	5	382,829,742	66,071,587	(34,058,484)	414,842,845	1,114,073,169
	1,717,791,949	3,956,000	(176,823,309)	1,544,924,640		388,575,451	67,398,904	(34,058,484)	421,915,871	1,123,068,769
	23,097,751,704	261,291,582	-	23,357,411,565		7,217,351,166	811,550,562	-	8,027,303,512	15,330,108,053



2021

C O S T				D E P R E C I A T I O N				Net book value as at 30 September 2021
As at 01 October 2020	Additions / (disposals) during the year	Transfer	As at 30 September 2021	Rate	As at 01 October 2020	Expense/ (disposal) for the year	Transfer	As at 30 September 2021
Rupees				%	Rupees			
Owned								
Land	278,123,445	-	278,123,445	-	-	-	-	-
Building and roads on land	3,175,062,611	46,897,037	3,221,959,642	5	1,007,581,125	109,673,934	-	1,111,255,056
Plant and machinery	16,593,905,471	453,238,779	17,047,144,250	3	4,626,320,368	608,108,601	-	5,234,428,969
Furniture and fittings	22,484,960	467,850	22,952,810	10	12,982,944	960,747	-	13,943,691
Telephone installations	7,008,238	648,790	7,657,028	10	3,965,684	335,705	-	4,301,389
Vehicles	216,238,449	43,100,352	314,665,300	20	180,530,016	10,733,783	38,598,360	229,882,159
	-	(1,380,634)	(1,380,634)		-	(1,544,308)	-	(36,326)
Office equipment	92,660,452	6,539,187	99,199,639	10	53,020,680	4,115,025	-	57,135,705
Electrical equipment	247,033,750	45,009,307	292,043,057	10	100,821,444	16,232,935	-	117,054,379
Workshop and agricultural implements	45,266,175	-	45,266,175	10	29,873,829	1,539,235	-	31,413,064
Tube wells	14,092,468	610,650	14,703,118	10	9,368,989	507,969	-	9,876,958
Arms and ammunition	2,183,939	-	2,183,939	10	1,317,350	86,639	-	1,404,189
Laboratory equipment	35,376,988	225,000	35,601,988	10	17,872,096	1,732,364	-	19,624,460
	20,729,436,944	595,176,312	21,379,939,755		6,037,674,725	752,502,626	38,598,360	6,828,776,711
Rights-of-use Assets								
Vehicles	68,836,961	-	13,330,462	20	36,213,845	6,128,225	(38,598,360)	5,745,708
Plant and machinery	1,704,261,487	-	1,704,261,487	3	313,280,703	69,549,039	-	382,829,742
	1,773,118,448	(55,326,499)	1,717,791,949		351,496,548	75,677,262	(38,598,360)	386,575,150
	22,502,575,392	595,176,312	23,097,751,704		6,389,171,273	828,179,888	-	7,217,351,161
				Note	2022	2021		
					Rupees	Rupees		
				26	787,665,779	807,430,712		
				27	23,884,783	20,729,176		
					811,550,562	828,179,888		
The depreciation charge for the year has been allocated as follows:								
Cost of sales								
Administrative expenses								



Particulars	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain/(loss)	Mode of disposal	Particulars of the buyer
----- Rupees -----							
<b>2022</b>							
Toyota Corolla	1,034,130	1,016,432	17,698	17,698	-	Transferred to Third Party	Mr. Sarauallah Khan
Yamaha Bike	52,174	50,988	1,186	9,300	8,114	Transferred to employee	Muhammad Imran
Yamaha Bike	52,174	50,779	1,395	9,000	7,605	Transferred to employee	Saif Ullah
Yamaha Bike	60,000	58,396	1,604	9,000	7,396	Transferred to employee	Wakeel Ahmad
Yamaha Bike	52,174	50,779	1,395	10,230	8,835	Transferred to employee	Fazal Ur Rehman
Yamaha Bike	52,174	50,779	1,395	10,500	9,105	Transferred to employee	Muhammad Ismail
Yamaha Bike	52,174	50,988	1,186	9,400	8,214	Transferred to employee	Muhammad Imran
Yamaha Bike	52,174	50,988	1,186	15,100	13,914	Transferred to employee	Muhammad Rafique
Yamaha Bike	52,174	50,779	1,395	9,000	7,605	Transferred to employee	Muhammad Shakeel
Yamaha Bike	52,174	50,779	1,395	12,100	10,705	Transferred to employee	Allah Ditta
Yamaha Bike	52,174	50,779	1,395	7,260	5,865	Transferred to employee	Muhammad Jaffar
Yamaha Bike	68,025	65,751	2,274	8,000	5,726	Transferred to employee	Ghulam Farid
	<b>1,631,721</b>	<b>1,598,217</b>	<b>33,504</b>	<b>126,588</b>	<b>93,083</b>		
<b>2021</b>							
Suzuki Baleno	768,025	751,661	16,364	16,364	-	Transferred to employee	Ch. Ghulam Hussain
Yamaha Bike	53,739	52,569	1,170	4,000	2,830	Transferred to employee	Manzoor Hussain
Yamaha Bike	58,500	57,227	1,273	8,500	7,227	Transferred to employee	Muhammad Akram
Yamaha Bike	58,500	57,227	1,273	7,000	5,727	Transferred to employee	Haq Nawaz
Yamaha Bike	58,500	57,227	1,273	10,000	8,727	Transferred to employee	Tiaqir Shah
Yamaha Bike	58,500	57,227	1,273	5,100	3,827	Transferred to employee	Muhammad Shoaib
Yamaha Bike	53,739	52,569	1,170	5,200	4,030	Transferred to employee	Muhammad Aslam
Yamaha Bike	53,739	52,569	1,170	4,000	2,830	Transferred to employee	Muhammad Asif
Yamaha Bike	52,174	50,754	1,420	5,100	3,680	Transferred to employee	Mushtaq Ahmad
Yamaha Bike	52,174	50,754	1,420	5,200	3,780	Transferred to employee	Tasawwar Hussain
Yamaha Bike	52,174	50,754	1,420	3,200	1,780	Transferred to employee	Muhammad Ismail
Yamaha Bike	52,174	50,754	1,420	7,260	5,840	Transferred to employee	Muhammad Jafar
Yamaha Bike	52,174	50,754	1,420	6,000	4,580	Transferred to employee	Kaleem Ullah
Yamaha Bike	52,174	50,754	1,420	5,600	4,180	Transferred to employee	Mushtaq Ahmad
Yamaha Bike	52,174	50,754	1,420	52,000	3,780	Transferred to employee	Mushtaq Ahmad
Yamaha Bike	52,174	50,754	1,420	50,000	3,580	Transferred to employee	Tasawwar Hussain
	<b>1,580,634</b>	<b>1,544,308</b>	<b>36,326</b>	<b>102,724</b>	<b>66,308</b>		

		2022	2021
		Rupees	Rupees
18.2 Capital work-in-progress			
<i>Owned</i>			
Civil works		50,605,822	50,605,822
Plant and machinery		3,106,740	3,106,740
Others		1,782,984	1,782,984
		55,495,546	55,495,546
18.2.1 Movement in the accounts is as follows:			
Opening balance as at 01 October		55,495,546	54,571,373
<i>Additions made during the year:</i>			
Civil works		-	-
Plant and machinery		-	-
Electric equipment		-	-
Others		-	921,173
		-	921,173
<i>Capitalized during the year:</i>			
Advances		-	-
Civil works		-	-
Plant and machinery		-	-
Electric equipment		-	-
Others		-	-
		-	-
Closing balance as at 30 September		55,495,546	55,495,546
		Note	
19 Long term deposits		2022	2021
		Rupees	Rupees
Deposits against leased assets		123,230,388	94,985,201
Others	79.7	31,375,863	79,668,628
		154,606,251	174,653,829
19.1 These mainly comprise of security margins of Rs. 50 million (2021: Rs. 50 million) deposited against new long term financing facilities.			
		2022	2021
20 Stores, spare parts and loose tools		Rupees	Rupees
Stores and spare parts		1,249,337,970	1,088,892,294
Oil and lubricants		33,477,127	35,759,890
		1,282,815,097	1,124,652,184
		2022	2021
21 Stock-in-trade		Rupees	Rupees
Raw materials		2,260,439,821	1,738,154,556
Finished goods		5,698,946,902	4,522,789,399
		7,959,386,723	6,260,943,955
22 Trade debts - considered good			
These include amount due from Lotte Alkhtar Beverages (Pvt.) Limited, an associated company, against the sale of Top Gas amounting to Rs. 4.30 million (2021: Rs. 3.30 million) in the normal course of business and is over due by less than 180 days. Maximum aggregate outstanding balance at any time during the year amounts to Rs. 6,107,261 (2021: Rs. 6,057,279).			
		Note	
23 Advances, deposits, prepayments and other receivables		2022	2021
		Rupees	Rupees
Advances to sugar cane growers - <i>unsecured, considered good</i>		1,898,461,267	883,072,537
Advances to suppliers and contractors - <i>unsecured, considered good</i>	23.1	2,599,772,713	1,499,048,464
Advances to staff - <i>unsecured, considered good</i>			
- against expenses		3,365,232	1,886,609
- against salaries	23.2	3,079,819	1,379,707
Lease and other deposits	23.3	35,661,329	41,919,211
Pre payments		12,931,154	12,544,148
Inland export subsidy	23.4	133,187,750	133,187,750
Export support on sugar	23.5	586,491,010	586,491,010
Deposits with the Deputy Registrar (Judicial), Lahore High Court		291,220,809	291,220,809
Other receivables	23.6	234,080,510	37,497,705
		5,798,251,593	3,488,447,950

# TANDLIANWALA SUGAR MILLS LTD.

- 23.1 This represents unsecured interest free advances to contractors and suppliers for normal repair and maintenance.
- 23.2 This includes amount receivable from executives of the Company, amounting to Rs. 0.83 million (2021: Rs. 0.61 million) respectively.
- 23.3 This includes advances against letter of credit amounting to Rs. 35.6 million.
- 23.4 This represents inland export subsidy provided to exporters of sugar in the year 2013 and 2014 at the rate of Rs. 1.75 and Rs. 1.00 per kg of sugar exported through SRO 7(2)/2012 I & II (Vol IV) dated September 30, 2013.
- 23.5 This represents export support on sugar provided to exporters during the financial year 2017-18 with inland freight support amounting to Rs. 553 million at Rs. 10.7 per kg pursuant to Letter No. F. No. 7(2)/2012 Exp.III issued by the Ministry of Commerce under directions of Government of Pakistan dated October 03, 2017.
- 23.6 This includes amount receivable from Superior Textile Mills Limited, an associated company, amounting to Rs. 30 million (2021: Nil) respectively. The maximum aggregate amount outstanding at any time during the year amounts to Rs. 30 million (2021: Nil).

	Note	2022 Rupees	2021 Rupees
<b>24 Cash and bank balances</b>			
Cash in hand		14,773,116	1,614,113
Cash at bank			
current accounts		607,681,187	75,903,601
- saving accounts	24.1	22,323,042	24,200,463
		630,004,229	100,104,064
		<b>644,777,345</b>	<b>101,748,479</b>

- 24.1 The balances in saving accounts carry mark-up ranging from 10% to 13.2% per annum (2021: 5.6% to 6.4% per annum).

	Note	2022 Rupees	2021 Rupees
<b>25 Sales - net</b>			
Total:			
Sugar		24,830,130,367	23,661,315,232
Ethanol		231,414,616	157,770,645
Top Gas & others	25.1	372,696,273	203,186,027
		25,434,241,256	24,022,271,904
Less:			
Sugar	25.2	-	-
Ethanol		10,560,507,469	6,621,189,064
		10,560,507,469	6,621,189,064
		35,994,748,725	30,643,460,968
Less:			
Sales tax		(3,694,782,943)	(3,529,056,760)
		<b>32,299,965,782</b>	<b>27,114,404,208</b>

- 25.1 These include sale to Latte Akhtar Beverages (Pvt.) Limited, an associated company, of Top Gas amounting to Rs. 34.87 million (2021: Rs. 35.48 million).
- 25.2 There was no export of sugar in the current year.
- 25.3 The amount of Rs. 696.90 million included in contract liabilities at September 30, 2021 has been recognised as revenue in 2022 (2021: Rs. 63,190 million).

	Note	2022 Rupees	2021 Rupees
<b>26 Cost of sales</b>			
Raw material consumed		27,105,081,886	25,361,802,600
Salaries, wages and other benefits	26.1	730,347,873	610,413,498
Depreciation	18.1.1	787,665,779	807,450,712
Stores and spare parts consumed		837,308,852	581,356,592
Fuel and power		235,133,867	181,504,689
Repair and maintenance		372,634,605	195,945,002
Vehicle running expenses		33,896,696	21,902,653
Insurance		46,415,998	43,380,955
Lease rentals		35,510,076	48,964,295
Other expenses		51,388,577	19,164,376
		30,235,384,209	27,871,915,372
Add: Opening stock			
Raw material		1,738,154,556	1,108,733,114
- Finished goods		4,522,789,399	1,275,704,150
		36,496,328,164	30,256,352,666
Less: Closing stock			
- Raw material	27	(2,260,439,821)	(1,738,154,556)
- Finished goods	27	(5,698,946,902)	(4,522,789,399)
		<b>28,536,941,441</b>	<b>23,995,408,711</b>

- 26.1 Salaries, wages and other benefits include Rs. 154.2 million (2021: Rs. 80.99 million) in respect of staff retirement benefits.

		2022	2021
		Rupees	Rupees
<b>27 Administrative expenses</b>	<i>Note</i>		
Salaries, wages and other benefits	27.1	375,247,789	318,043,903
Rent, rates and taxes		9,266,698	3,955,089
Depreciation	18.1.1	23,884,783	20,729,176
Utilities expenses		3,470,526	2,587,743
Printing and stationery		16,698,125	10,500,518
Insurance		2,875,587	3,066,298
Postage, telephone and telegrams		9,868,301	10,278,774
Repair and maintenance		8,862,796	5,659,022
Travelling and conveyance		128,876,940	81,811,670
Subscription, books and periodicals		12,194,233	14,615,885
Legal and professional charges		29,060,578	29,742,042
Auditor's remuneration	27.2	4,355,300	4,086,200
Entertainment		19,031,955	16,684,535
Other expenses		40,033,270	24,354,303
		<b>683,726,881</b>	<b>346,113,160</b>
27.1 Salaries, wages and other benefits include Rs. 60.8 million (2021: Rs. 20.25 million) in respect of staff retirement benefits.			
<b>27.2 Auditor's remuneration</b>		<b>Rupees</b>	<b>Rupees</b>
Audit fee		2,960,100	2,691,000
Half yearly review		1,395,200	1,395,200
		<b>4,355,300</b>	<b>4,086,200</b>
<b>28 Distribution expenses</b>	<i>Note</i>	<b>Rupees</b>	<b>Rupees</b>
Handling and distribution		104,181,574	118,294,425
Transportation		248,776,734	156,003,128
Sugar stacking charges		47,855,221	35,906,826
Others	28.1	13,019,513	12,316,676
		<b>413,833,042</b>	<b>322,550,055</b>
28.1 This includes salaries paid to Excise Department staff present at the Company's premises to monitor the distribution of Ethanol.			
<b>29 Other income</b>	<i>Note</i>	<b>Rupees</b>	<b>Rupees</b>
<u>Income from financial assets</u>			
Profit on saving accounts		3,956,230	9,571,517
<u>Income from non-financial assets</u>			
Gain on disposal of property, plant and equipment	18.1.2	93,083	66,398
Foreign exchange gain		47,930,272	45,493,114
Miscellaneous income		6,907,862	9,171,795
Amortization of deferred income	11	10,459,335	23,203,871
		<b>69,346,782</b>	<b>87,506,695</b>
<b>30 Finance cost</b>		<b>Rupees</b>	<b>Rupees</b>
<u>Mark-up based loans from conventional banks</u>			
- Long term loans - secured		245,818,690	265,781,920
- Short term borrowings - secured		1,324,452,514	869,155,588
- Markup on lease liability		26,678,111	42,741,741
		<b>1,596,949,315</b>	<b>1,177,682,349</b>
<u>Islamic mode of financing</u>			
- Long term finances - secured		4,624,283	7,386,052
		<b>4,624,283</b>	<b>7,386,052</b>
Bank charges		3,901,143	2,623,521
Other charges		71,630,478	54,187,793
		<b>75,531,621</b>	<b>56,811,314</b>
		<b>1,677,105,219</b>	<b>1,241,879,615</b>



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	Note	2022 Rupees	2021 Rupees
31. Other expenses			
Donations	31.1	12,862,527	13,258,397
Workers' Profit Participation Fund	14.2	56,355,112	49,403,898
Mark-up on Workers' Profit Participation Fund		-	56,211
		<u>69,217,639</u>	<u>62,718,506</u>

31.1 During the year, the Company has paid donation to Institute For Policy Reforms situated at 4 - Sharni Road Lahore Cantt, Pakistan in which Mr. Akbar Khan is a Director. None of other Directors of the Company or their spouses have any interest in, or are otherwise associated with the recipient of donation.

	Note	2022 Rupees	2021 Rupees
32. Taxation			
Income tax			
Current tax	32.2 & 32.3	467,065,454	321,862,481
Deferred tax	10.2.1	3,711,351	(869,361)
		<u>470,776,805</u>	<u>320,993,120</u>

## 32.1 Tax Charge Reconciliation

There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax and final tax respectively, therefore no numerical reconciliation has been presented.

32.2 In view of available tax losses, the provision for current tax amounting to Rs. 470.77 million includes tax under 'Final Tax Regime' (FTR) and Minimum Tax on turnover u/s 113, of the Income Tax Ordinance, 2001. Minimum tax is available for set off for five years against any normal tax liabilities arising in future years.

Tax under 'Final Tax Regime' represents tax on export of Sugar and Ethanol which is treated as a full and final discharge of tax liability u/s 154 of Income Tax Ordinance, 2001. Current tax includes tax under FTR of Rs. 105.61 million (2021: Rs. 65.6 million).

32.3 Certain other tax cases not involving material amounts are pending against the Company against which the Company expects favorable outcomes and, hence, have not been provided for in these accounts.

## 33 Earnings per share

### 33.1 Earnings per share - basic and diluted

		2022 Rupees	2021 Rupees
Profit after taxation		517,711,537	712,245,736
Weighted average number of ordinary shares	Number of shares	117,706,300	117,706,300
Basic earnings per share	Rupees	4.40	6.05

33.2 There is no dilution effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 30 September 2022.

	Note	2022 Rupees	2021 Rupees
34. Cash and cash equivalents			
Cash and bank balances	24	644,777,345	101,748,479
Short term borrowings - running finance	12	(99,502,155)	(99,502,155)
		<u>545,275,190</u>	<u>2,246,324</u>

## 35 Financial risk management

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

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

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

### 35.1 Risk management framework

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

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

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

## 35.2 Credit risk

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

### Exposure to credit risk

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

	2022 Rupees	2021 Rupees
Long term deposits	31,375,863	79,668,628
Trade debts <i>considered good</i>	18,486,272	14,243,716
Advances, deposits and other receivables	1,046,560,898	1,041,119,675
Bank balances	630,004,229	100,104,064
	<u>1,726,427,262</u>	<u>1,235,136,083</u>

### Trade debts

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

	2022 Rupees	2021 Rupees
Export - <i>secured</i>	-	-
Local - <i>unsecured, considered good</i>	18,486,272	14,243,716
	<u>18,486,272</u>	<u>14,243,716</u>

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

	Related Parties	Others	Total
	2022	2022	2022
	Rupees	Rupees	Rupees
1 to 30 days	4,349,171	9,278,437	13,627,608
31 to 90 days	-	4,858,664	4,858,664
	<u>4,349,171</u>	<u>14,137,101</u>	<u>18,486,272</u>
	Related Parties	Others	Total
	2021	2021	2021
	Rupees	Rupees	Rupees
1 to 30 days	3,367,916	-	3,367,916
31 to 90 days	-	10,875,800	10,875,800
	<u>3,367,916</u>	<u>10,875,800</u>	<u>14,243,716</u>

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

### Bank balances

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

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	Rating		Rating Agency	2022	2021
	Short term	Long term		Rupees	Rupees
Al-Baraka Bank	A-1	A	PACRA	535,059	735,042
Allied Bank Limited	A1+	AAA	PACRA	5,440,227	1,227,936
Askari Bank Limited	A1+	AA+	PACRA	131,016,313	103,205
Bank Alfalah Limited	A1+	AA1	PACRA	112,479	(4,625,671)
Dubai Islamic Bank	A1+	AA	JCR VIS	2,479,528	1,867,113
Faysal Bank Limited	A1+	AA	PACRA	157,049	1,035,771
Ifabily Bank Limited	A1+	AAA	JCR-VIS	4,444,878	(5,837,486)
KASB Bank Limited (Bank Islami)	A1	A-	PACRA	-	-
MCB Bank Limited	A1+	AAA	PACRA	170,909,976	33,946,620
Meezan Bank Limited	A 1+	AAA	JCR VIS	2,595,152	13,228,594
National Bank of Pakistan	A1+	AAA	JCR-VIS	2,871,560	4,897,366
Samba Bank Limited	A-1	AA	JCR-VIS	385,221	615,447
Sindh Bank Limited	A 1	A-	JCR VIS	121,044,802	26,805,693
Soneri Bank Limited	A1+	AA-	PACRA	1,527,692	470,281
Summit Bank Limited	Suspended		JCR-VIS	80	80
The Bank Of Khyber	A+	A 1	JCR VIS	78,768	471,855
The Bank of Punjab	A1+	AA1	PACRA	2,982,179	2,304,165
United Bank Limited	A 1+	AAA	JCR VIS	183,423,266	22,857,753
				<b>630,004,229</b>	<b>100,104,064</b>

## 3.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose, the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further, liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

### Exposure to liquidity risk

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

	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
<b>September 30, 2022</b>					
Long term finances - <i>secured</i>	1,460,099,738	1,974,289,623	1,205,851,974	768,437,649	-
Lease liabilities	242,250,362	255,816,162	252,979,243	2,836,919	-
Short term borrowings - <i>secured</i>	9,997,040,575	9,997,040,575	9,997,040,575	-	-
Trade and other payables	3,079,598,266	3,079,598,266	3,079,598,266	-	-
Mark-up accrued	431,127,753	431,127,753	431,127,753	-	-
	<b>15,210,116,694</b>	<b>15,737,872,379</b>	<b>14,966,597,811</b>	<b>771,274,568</b>	<b>-</b>
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
<b>September 30, 2021</b>					
Long term finances - <i>secured</i>	2,506,553,781	2,575,257,430	1,192,445,790	1,382,811,640	-
Lease liabilities	433,233,707	462,713,822	218,334,272	244,379,550	-
Short term borrowings - <i>secured</i>	8,758,069,179	8,758,069,179	8,758,069,179	-	-
Trade and other payables	2,998,268,749	2,998,268,749	2,998,268,749	-	-
Mark-up accrued	237,684,069	237,684,069	237,684,069	-	-
	<b>14,933,809,485</b>	<b>15,031,993,249</b>	<b>13,404,802,059</b>	<b>1,627,191,190</b>	<b>-</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at September 30, 2022. The rates of mark-up have been disclosed in relevant notes to these financial statements.

## 35.4 Market risk

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

### 35.4.1 Foreign currency risk

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

#### Exposure to currency risk

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

#### Currency risk management

Since the maximum amount exposed to currency risk is Nil (2021: Nil), any adverse / favorable movement in the functional currency with respect to US dollar will not have any material impact on the operational results.

### 35.4.2 Interest rate risk

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

	2022	2021	2022	2021
	Effective rate		Carrying amount	
	----- Percentage -----		----- Rupees -----	
- Financial assets				
<u>Fixed rate instruments</u>				
Bank balances - <i>saving accounts</i>	10% to 13.2%	5.6% to 6.1%	22,323,042	21,200,163
	2022	2021	2022	2021
	Effective rate		Carrying amount	
	----- Percentage -----		----- Rupees -----	
- Financial liabilities				
<u>Floating rate instrument</u>				
Long term finances - <i>secured</i>	5.00% to 18.74%	5.00% to 11.15%	1,460,099,738	2,506,553,781
Lease liability	9.94%-15.50%	9.49% to 17.06%	242,250,362	433,233,707
Short term borrowings - <i>secured</i>	10.28 - 19.16	9.5% to 11.59%	4,961,428,573	4,547,816,177
<u>Fixed rate instruments</u>				
Export refinance facility - <i>secured</i>	3 - 10/10.54 - 19.01	3.00%/20.13%	5,035,612,002	4,210,253,002

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

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss account.

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

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

	2022	2021
	Rupees	Rupees
Effect on profit - Increase	66,637,787	74,876,037
Effect on profit - Decrease	(66,637,787)	(74,876,037)

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

#### Interest rate risk management

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



## 35.4.3 Other price risk

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

## 36 Capital management

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

The Company's objectives when managing capital are:

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

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

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

	2022 Rupees	2021 Rupees
Debt	1,703,172,348	2,950,246,823
Equity	11,066,067,407	10,561,577,254
<b>Total</b>	<b>12,769,239,755</b>	<b>13,511,824,077</b>
Gearing ratio	13%	22%

## 36.1 Accounting classification and fair values

September 30, 2022	Carrying amount				Fair value		
	Fair value through Profit or Loss	Fair value through OCI	At Amortized cost	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>							
Long term deposits	-	-	31,375,863	31,375,863	-	-	-
Trade debts - <i>considered good</i>	-	-	18,486,272	18,486,272	-	-	-
Advances, deposits, prepayments & other receivables	-	-	1,046,560,898	1,046,560,898	-	-	-
Cash and bank balances	-	-	644,777,345	644,777,345	-	-	-
	-	-	1,741,200,378	1,741,200,378	-	-	-
<b>Financial liabilities</b>							
Long term finances - <i>secured</i>	-	-	1,460,099,738	1,460,099,738	-	-	-
Lease liabilities	-	-	242,250,362	242,250,362	-	-	-
Short term borrowings - <i>secured</i>	-	-	9,997,040,575	9,997,040,575	-	-	-
Trade and other payables	-	-	3,079,598,266	3,079,598,266	-	-	-
Mark-up accrued	-	-	431,127,753	431,127,753	-	-	-
	-	-	15,210,116,694	15,210,116,694	-	-	-

September 30, 2021

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

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

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

**Level 2** - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3** - Inputs for the asset or liability that are not based on observable market data.

## 37 Business segments information

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

### Reportable Segments

### Operation of reportable segments

**Sugar segment:**  
Production of White Sugar & Molasses from sugar cane  
**Lithanol segment:**  
Production of Lithanol from molasses  
**Top Gas & others segment:**  
Production of Top Gas

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

### Segment revenue and results

Following is the information about reportable segments of the Company:

	Sugar		Lithanol		Top Gas & Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Sales - Net</b>								
External	21,191,649,426	20,184,984,471	10,756,493,851	6,755,756,466	351,822,505	173,663,271	32,299,965,782	27,114,404,208
- Inter-segment	-	-	-	-	-	-	-	-
<b>Cost of sales</b>								
External	21,191,649,426	20,184,984,471	10,756,493,851	6,755,756,466	351,822,505	173,663,271	32,299,965,782	27,114,404,208
- Inter-segment	(24,330,917,754)	(21,662,962,863)	(4,142,768,946)	(2,281,982,739)	(63,254,741)	(50,463,109)	(28,536,941,441)	(23,995,408,711)
	5,089,146,662	5,805,734,240	(5,079,962,145)	(3,713,168,472)	(9,184,516)	(62,563,768)	-	-
	(19,241,771,092)	(17,857,228,623)	(9,222,731,091)	(6,002,151,211)	(72,439,257)	(113,028,877)	(28,536,941,441)	(23,995,408,711)
<b>Gross profit</b>								
- Administrative expenses	1,949,878,334	2,327,735,848	1,533,762,760	730,605,255	279,383,248	616,542,394	3,763,024,341	3,118,993,497
- Distribution expenses	(587,350,174)	(457,970,817)	(94,603,838)	(83,231,483)	(1,772,869)	(2,912,836)	(685,726,881)	(546,113,169)
- Finance cost	(35,468,152)	(44,307,066)	(337,567,552)	(263,425,713)	(20,797,338)	(14,817,256)	(413,833,042)	(322,350,055)
	(1,201,573,536)	(885,382,339)	(475,531,683)	(336,292,276)	-	-	(1,677,105,219)	(1,241,879,615)
	(1,844,391,862)	(1,387,899,272)	(907,703,073)	(701,951,472)	(22,570,207)	(17,730,086)	(2,774,665,142)	(2,110,511,830)
<b>Segment results</b>	105,486,472	939,895,576	626,059,687	25,650,783	256,813,041	42,904,248	988,359,199	1,008,450,667
<b>Profit from operations</b>							988,359,199	1,008,450,667
Other expenses							(69,217,639)	(62,714,516)
Other income:							69,346,782	87,506,695
<b>Profit before taxation</b>							988,488,342	1,033,238,846
Taxation							(470,776,805)	(320,993,129)
<b>Profit after taxation</b>							517,711,537	712,245,716

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

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

	Sugar		Ethanol		Top Gas & Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
37.3 Segment assets	19,743,437,461	16,435,453,575	11,047,007,016	10,223,338,299	1,108,042,228	811,299,077	31,898,486,705	27,491,991,951
37.4 Segment liabilities	14,842,377,540	11,383,633,912	5,923,109,379	3,308,979,828	66,932,379	33,899,957	20,832,419,298	16,928,313,697
37.5 Capital expenditure	247,808,647	397,323,017	13,482,935	18,184,486	-	12,249,443	261,291,582	536,756,946
37.6 Depreciation on property, plant and equipment	602,676,720	592,964,917	197,777,167	211,809,255	11,096,675	23,403,716	811,550,562	828,179,888

## 37.7 Secondary reporting format

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

	Sugar		Ethanol		Top Gas & Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Export sales / Asia	-	-	10,560,507,469	6,621,189,064	-	-	10,560,507,469	6,621,189,064
Local sales	21,191,649,426	20,184,984,471	195,986,382	134,567,402	351,822,505	173,663,271	21,739,458,313	20,493,215,144
	21,191,649,426	20,184,984,471	10,756,493,851	6,755,756,466	351,822,505	173,663,271	32,299,965,782	27,114,404,208



# TANDLIANWALA SUGAR MILLS LTD.

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

	2022 Rupees	2021 Rupees
<b>37.8.1 Revenues</b>		
Total revenue for reportable segments	32,299,965,782	27,114,404,208
Elimination of inter-segment revenue	-	-
Consolidated revenue	32,299,965,782	27,114,404,208
<b>37.8.2 Profit or loss before tax and other expenses</b>		
Total profit for reportable segments	988,359,199	1,008,450,667
Un-allocated corporate expenses		
- Other expenses	(69,217,639)	(62,718,506)
- Other income	69,346,782	87,506,695
- Taxation	(470,776,805)	(320,993,120)
Consolidated profit after tax	517,711,537	712,245,736
<b>37.8.3 Assets</b>		
Total assets for reportable segments	31,898,486,705	27,490,090,951
Elimination of inter-segment assets	-	-
Consolidated assets	31,898,486,705	27,490,090,951
<b>37.8.4 Liabilities</b>		
Total liabilities for reportable segments	20,832,419,298	16,928,513,697
Elimination of inter-segment liabilities	-	-
Consolidated liabilities	20,832,419,298	16,928,513,697

## 38 Capacity and production

	2022			
<b><u>Sugar plant</u></b>	Unit I	Unit II	Unit III	Total
Crushing capacity (Metric tons) based on 125 days - (Season 2021-2022)	1,562,500	2,000,000	2,500,000	6,062,500
Sugar produced (Metric tons)	97,062	104,868	154,683	356,613
Recovery ratio	8.32%	9.92%	9.42%	9.22%

Under utilization of capacity is due to low production of sugar cane.

	2021			
<b><u>Sugar plant</u></b>	Unit I	Unit II	Unit III	Total
Crushing capacity (Metric tons) based on 125 days - (Season 2020-2021)	1,562,500	2,000,000	2,500,000	6,062,500
Sugar produced (Metric tons)	95,118	81,679	139,872	316,669
Recovery ratio	8.28%	9.29%	9.09%	8.89%

### **Ethanol - Distillery plant I**

	2022	2021
Rated capacity (Litres)	41,250,000	41,250,000
Actual production (Litres)	35,823,750	35,111,250

### **Ethanol - Distillery plant II**

	2022	2021
Rated capacity (Litres)	46,200,000	46,200,000
Actual production (Litres)	39,152,500	39,691,250

### **Top Gas - Carbon dioxide plant**

	2022	2021
Rated capacity (Metric tons)	14,400	14,400
Actual production (Metric tons)	6,136	6,617

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

## 39 Remuneration of Chief Executive, Directors and Executives

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

	2022		
	Chief Executive	Directors	Executives
	Rupees		
Managerial remuneration	-	24,800,000	70,423,557
Medical allowance	-	2,480,000	17,918,521
House rent allowance	-	9,920,000	26,760,952
Staff retirement benefits	-	3,100,000	9,573,881
	-	40,300,000	124,676,911
Number of persons	1	2	37

  

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

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

39.2 No meeting fee was paid to Directors during the year (2021: Nil).

#### 40 Number of employees

The average and total number of employees are as follows:

##### Total employees

Average number of employees during the year

Total number of employees as at 30 September

	2022	2021
Number	Number	Number
Average number of employees during the year	1,851	1,869
Total number of employees as at 30 September	1,795	1,907

##### Factory employees

Average number of employees during the year

Total number of employees as at 30 September

	2022	2021
Number	Number	Number
Average number of employees during the year	1,754	1,774
Total number of employees as at 30 September	1,697	1,811

#### 41 Transactions with related parties

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

Name of party	Relationship	Nature of Transactions	2022 Rupees	2021 Rupees
Lotte Akhtar Beverages (Pvt.) Limited	Common directorship	Sale of Top Gas Receipts against sale of Top Gas	34,877,927 33,896,672	35,476,202 32,108,286
The Institute for Policy Reforms	Common directorship	Donation	12,862,527	13,258,397
Superior Teaale Mills	Common directorship	Advance	30,000,000	30,000,000
Ms. Rasheeda Begum	Director	Guest house rent expense	4,800,000	4,800,000

#### 42 Events after the statement of financial position date

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

#### 43 Date of authorization for issue

These financial statements were authorized for issue on January 06, 2023 by the Board of Directors of the Company.

#### 44 General

44.1 Figures have been rounded off to the nearest Rupee.

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

Chief Financial Officer

Chief Executive

Director

**Proxy Form**  
**Tandlianwala Sugar Mills Ltd.**  
34<sup>th</sup> Annual General Meeting

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

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ being a member/members of Tandlianwala Sugar Mills Ltd  
holding \_\_\_\_\_ shares of Rs.10 each, hereby appoint Mr./Ms. \_\_\_\_\_  
of \_\_\_\_\_ a member of the Company, vide Registered Folio/CDC A/c  
No. \_\_\_\_\_ or failing him / her, \_\_\_\_\_ as my/our proxy to vote  
for me/us and on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the Company to be hold at Blossom  
Event Marque, 13-Km, Raiwind Road Lahore on Saturday January 28, 2023 at 10:00 am and at any adjournment  
thereof or of any ballot to be taken in consequence thereof,

Signed this \_\_\_\_\_ day of January, 2023

Witnesses:

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

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

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

Note:

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

## پراکسی فارم

تاندلیا نوالہ شوگر ملز لمیٹڈ کا 34 واں سالانہ اجلاس عام

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

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_

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

مسماۃ \_\_\_\_\_ ساکن \_\_\_\_\_ کمپنی رکن بروئے رجسٹرڈ فولیو اسی ڈی سی اکاؤنٹ

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

34 ویں سالانہ اجلاس عام بتاریخ 28 جنوری 2023ء بروز ہفتہ بوقت صبح 10:00 بجے بمقام بلوژم ایونٹ مارکی، 13 کلومیٹر رائیونڈ روڈ لاہور پر منعقد ہو رہا ہے

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

آج مورخہ جنوری \_\_\_\_\_ 2023 کو میرے دستخط سے جاری ہوا۔

پانچ روپے کی

ریونیٹنگ

چسپاں کریں

ممبر کے دستخط

گواہان:

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

نام \_\_\_\_\_ نام \_\_\_\_\_

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

پتہ: \_\_\_\_\_ پتہ: \_\_\_\_\_

نوٹ:

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