



TANGLIANWALA
Sugar Mills Limited

Annual
REPORT
2023

35th Annual Report

CONTENTS

COMPANY INFORMATION.....	2
VISION, MISSION & STRATEGY.....	3
NOTICE OF ANNUAL GENERAL MEETING.....	4
REVIEW REPORT BY THE CHAIRMAN	8
DIRECTORS' REPORT TO THE MEMBERS	10
SIX YEARS REVIEW AT A GLANCE	20
PATTERN OF HOLDING OF SHARES	21
CATEGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG)	24
AUDITORS' REVIEW REPORT OF THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	27
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	29
STATEMENT OF FINANCIAL POSITION	36
STATEMENT OF PROFIT OR LOSS	38
STATEMENT OF COMPREHENSIVE INCOME	39
CASH FLOW STATEMENT	40
STATEMENT OF CHANGES IN EQUITY.....	41
NOTES TO THE ACCOUNTS	42
FORM OF PROXY.....	75

COMPANY INFORMATION

Board of Directors

Mr. Ghazi Khan (Chairman)
 Mr. Akbar Khan (Chief Executive)
 Mr. Humayun Akhtar Khan
 Mr. Haroon Khan
 Mrs. Rasheeda Begum
 Mrs. Mobina Akbar Khan
 Mr. Tahir Farooq Malik

Company Secretary and Chief Financial Officer

Mr. Ahmad Jehanzeb Khan

Bankers

Conventional

National Bank of Pakistan Limited
 MCB Bank Limited
 United Bank Limited
 Allied Bank Limited
 Habib Bank Limited
 The Bank of Punjab
 Soneri Bank Limited
 Sindh Bank Limited
 Faysal Bank Limited

Conventional

Meezan Bank Limited
 Askari Bank Limited
 Samba Bank Limited
 The Bank of Khyber
 Pair Investment Company Ltd.
 Pak Oman Investment Co Ltd.
 Pak Libya Holding Co (Pvt) Ltd.
 Pak Brunci Investment Co. Ltd.

Islamic

Dubai Islamic Bank
 Al Baraka Bank (Pakistan) Ltd.

Legal Advisors

1. Bandial & Associates
 35-A, Luqman Street, Zahoor
 Afridi Road, Lahore Cantt.
2. Ali Sibtain Fazli & Associates
 The Mall Mansion 30
 The Mall, Lahore

Audit Committee

Mr. Humayun Akhtar Khan (Chairman)
 Mr. Tahir Farooq Malik (Member)
 Mr. Ghazi Khan (Member)
 Mr. Khalid Siddique (Secretary)

Auditors

UHY Hassan Naem & Co.
 Chartered Accountants

Share Registrar

Corplink (Private) Limited
 1-K, Commercial, Model Town, Lahore

Sugar Mills:

Unit 1

Kanjwani, Tehsil Tandlianwala, District, Faisalabad

Unit 2

Taunsa Road, Indus Highway, District, Dera Ismail Khan

Unit 3

Shah Jamal Road, District Muzaffargarh

Distillery:

Unit 1

Kanjwani, Tehsil Tandlianwala, District, Faisalabad

Unit 2

Shah Jamal Road, District, Muzaffargarh

Top Gas:

Kanjwani, Tehsil Tandlianwala, District, Faisalabad

Registered & Corporate Office

66-L, Gulberg-II, Lahore-54660, Pakistan
 Phones : 042-35712901, 35763115, 35754701, 35761124
 Email : tsmlho@tsmlgroup.com
 Website: 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 prices 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 for its employees, and be an 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 promote individual growth and reward-oriented performances;
- To produce a high-quality white crystalline sugar by using the highest international standards;
- To grow our base business in sugar and build those related activities where there is an opportunity to smooth the impact of sugar price cycles;
- To offer equal and fair growth opportunities to all employees;
- Ensure to make investments in sugarcane growers in order to have a regular supply of profitable sugarcane, in addition to establishing a high standard of corporate sugarcane farming;
- We provide care through empathy, fairness, trust, and support for the community in which we exist. We always are conscious of the impact of our activities on our surrounded environment.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirty-fifth Annual General Meeting of the Shareholders of the Company will be held on Saturday, January 20, 2024, at 10:00 a.m. at Marina Event Complex, 333-AA, Off Raiwind Road, Lahore to transact the following business:

1. To confirm the minutes of the Annual General Meeting of the Company held on January 28, 2023,
2. To receive, consider, and adopt the Audited Financial Statements of the Company for the year ended September 30, 2023, together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year 2023-2024 and fix their remuneration. The present Auditors M/s UHY Hassan Naeem & Co Chartered Accountants, retire and being eligible have offered themselves for reappointment.
4. To transact any other ordinary business with the permission of the Chair.

Lahore: December 29, 2023.

By order of the Board
Ahmad Jehanzeb Khan
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from 13-01-2024 to 20-01-2024 (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 12-01-2024 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 a 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, a 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 dividends to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In order to

receive dividends directly into the bank account, members are requested to complete the particulars in the e-Credit Dividend Mandate Form.

5. Members are advised to ensure that they have provided valid Zakat declaration under the 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, 2023, will also be uploaded on the Company's website.
8. Members are advised to promptly notify the 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 شیئر ہولڈرز کی پینتیسویں سالانہ جنرل میٹنگ مورخہ 20 جنوری 2024 بروز ہفتہ صبح 10:00 بجے بمقام: مرینا ایونٹ کمپلیکس (Marina Event Complex), AA-333، آف رائے ونڈ روڈ لاہور، درج ذیل کاروبار کے لئے منعقد ہوگی۔

- ۱۔ 28 جنوری 2023 کو ہونے والی کمپنی کی سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنے کے لئے۔
- ۲۔ 30 ستمبر 2023 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 2023-2024 کے لئے آڈیٹرز کا تقرر اور ان کے معاوضے کو طے کرنا۔ موجودہ آڈیٹرز، میسرز UHY حسن نعیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ ہونے اور اہل ہونے کی وجہ سے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔
- ۴۔ اجلاس کے صدر کی اجازت سے کوئی دوسرا عام کاروبار کرنا۔

مورخہ:

29 دسمبر، 2023 لاہور

بحکم بورڈ،
احمد جہانزیب خان
کمپنی سیکرٹری

نوٹس

- ۱۔ کمپنی کے حصص کی منتقلی کی کتابیں مورخہ 13 جنوری 2024 سے 20 جنوری 2024 تک سالانہ عام اجلاس میں حقدار ہونے، شرکت کرنے اور ووٹ دینے کیلئے (دونوں دن) بند رہیں گی۔ اور ہر لحاظ سے مورخہ 12 جنوری 2024 کو کاروبار کے اختتام پر کمپنی کے شیئر رجسٹرار میسرز کارپلنک (پرائیویٹ) لمیٹڈ، ونگ آر کیڈ، K-1 کمرشل ایریا ماڈل ٹاؤن لاہور کو موصول ہونے والی مادی منتقلی (Physical Transactions) / سی ڈی ایس، آئی ڈی ایس ٹرانزیکشنز۔
- ۲۔ اس میٹنگ میں شرکت کرنے اور ووٹ دینے کا حقدار کن 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 چاہیے / اس پر عمل درآمد کیا جانا چاہیے اور انہیں میٹنگ کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرار آفس L-66 گلبرگ II لاہور میں موصول ہونا چاہیے۔
- 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 ہولڈرز 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 آرڈیننس، 1980 کے تحت زکوٰۃ سے مستثنیٰ ہونے کے لئے اپنے متعلقہ شرکت کنندہ، CDC انویسٹراکاؤنٹ سروسز/کمپنی کے شیئر رجسٹرار 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 2023 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 رجسٹرار کو فوراً مطلع کریں۔

REVIEW REPORT BY THE CHAIRMAN

"In the name of ALLAH, the most gracious and most merciful"

It gives me immense pleasure to present this report to the Shareholders of M/s. Tandlianwala Sugar Mills Limited about 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") concerning the composition, procedures, and meetings of the Board of Directors and its committees. As required under Regulations, an annual evaluation of the Board of Directors ("the Board") of the Company is carried out.

The company has implemented a strong governance framework supportive of effective and prudent management of business matters, which is regarded as instrumental in achieving the 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 reviews 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.

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

The Board of Directors of the company received agendas and supporting written material including follow-up materials in sufficient time before 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 vigorous system of governance.

I would like to take this opportunity to thank the members of the board of the company, shareholders, bankers, financial institutions, our valued customers, and suppliers for their support and assistance and workforce for their hard work, enthusiasm, and contribution made to the company in this challenging year of the change. We look forward to the executive and other employees of the company for their continued support and dedication to getting the same operations in the future.

Ghazi Khan

Chairman

December 29, 2023

چیئر مین کی طرف سے رپورٹ کا جائزہ

اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے

مجھے میسرز تانڈلیانوالہ 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 بے حد 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 لمیٹڈ 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 اجزاء 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۔

مجھے یقین ہے کہ تنظیم کی طویل مدتی حکمت عملی واضح اور مناسب ہے۔ مزید برآں، مجموعی کارپوریٹ حکمت عملی اور تنظیم کے مقاصد کے حصول کی تیاری اور جائزہ لینے کے لئے اپنایا جانے والا عمل قابل ستائش ہے جو حقیقی معنوں میں موجودہ مالیاتی نتائج اور تنظیم کی کارکردگی سے ظاہر ہوتا ہے۔

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 میٹریل وصول کیا۔ بورڈ اپنی ذمہ داریوں کو مناسب طریقے سے ادا کرنے کے لئے اکثر ملاقات کرتا ہے۔ نان ایگزیکٹو اور خود مختار ڈائریکٹرز ان اہم فیصلوں میں برابر کے شریک ہوتے ہیں۔ بورڈ نے گورننس کے شفاف اور مضبوط نظام کے قیام کیلئے ایک موثر طریقہ عمل اختیار کر رکھا ہے۔

میں اس موقع پر کمپنی کے بورڈ ممبران، چیئر ہولڈرز، مینجرز، مالیاتی اداروں، ہمارے قابل قدر صارفین، اور سپلائرز کا خاص طور پر تبدیلی کے اس مشکل سال میں کمپنی کے لئے ان کی انتھک محنت، جوش اور تعاون، ان کی حمایت، مدد اور افرادی قوت کا شکریہ ادا کرنا چاہوں گا۔ ہم کمپنی کے ایگزیکٹو اور دیگر ملازمین کی مسلسل حمایت اور مستقبل میں اسی طرح کے آپریشنز حاصل کرنے کے لئے لگن کے منتظر ہیں۔

غازی خان (چیئر مین)

29 دسمبر 2023

DIRECTOR'S 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 35th Annual Statutory Report, together with the Audited Financial Statements for the year ended 30th September 2023.

Operating and Financial Highlights:

The Punjab and KPK Governments increased the minimum support price from the previous year and notified a new price of Rs. 300/- per 40kg. Such a significant increase appeared beneficial for growers as the higher cane prices should have allowed the farmers to earn a handsome return on their crop. However, despite the higher crop expectations, sugarcane harvesting remained slow in the initial period as growers expected, as always, much higher prices than the support price affixed. Due to a drought earlier in 2022, the yields of the sugarcane crop had dramatically declined. This prompted an unusual and abnormal increase in sugarcane prices.

The era of making prompt payments to growers has become a regular feature in the sugar sector, which necessitates the requirement of huge liquidity. However, the banks are generally unable to provide working capital to mills as required. The astronomical increase in markup rates made our financial cost jump substantially and, as such, a corresponding increase in the overall cost of sugar production.

The financial cost has significantly increased in both our sugar division and ethanol division after banks significantly cut down Export Refinance limits and the ones that were left had brought the ERF interest close to the policy rate, hence the advantage of export refinancing is all but gone. On top of this, all other components in the cost of production also jumped up substantially due to a very high and consistent inflation in the country.

The government allowed the export of sugar, though belatedly, permitting the industry to export 250,000 tons, until the end of June 2023, which was aimed at attracting US dollars to improve foreign exchange reserves.

TSML manufactures sugar as well as producing ethanol. We produce ethanol from our C molasses,

while worldwide ethanol is produced from C molasses, B molasses, as well as, from clarified cane juice. In Pakistan ethanol has always been made from C molasses. We decided this season to become substantially indigenous in molasses production and ventured to produce ethanol from our B molasses also, so the average combined sugar recovery for the season of the company became slightly less, comparatively. This change in methodology contributed very positively and was much beneficial for the overall ethanol production, with far less dependence on outside molasses with bad quality.

The season 2022-23 crushing was better as compared to the corresponding previous year and the company also managed to crush more sugarcane as compared to last season due to a better management decision to crush aggressively, in order to obtain more indigenous molasses for our distillery division, being a more viable option, as expressed earlier.

The year under consideration was full of economic and political challenges. The Government denied further permission for the export of surplus sugar, leading to missed opportunities for the country to earn precious foreign exchange in the most crucial economic time of Pakistan.

The finance cost of the company ballooned to Rs. 2.5 billion compared to the previous year's Rs. 1.7 billion for the reasons stated above.

Allied Division:

The Ethanol Division of the Company continues to contribute every year. With huge exports this year also, we were again declared as one of the largest exporters of ethanol from Pakistan, both in bulk & ISO mode contracts.

Our ENA product, as per years old reputation is a declared premium product in the international market and appreciably earned good profits for the company.

In liaison with the Ethanol Division, our Top Gas (CO₂) segment remains a true alliance in the company's operations, as always.

Season 2023-24 and Future Outlook:

In the current financial year 2023-24, the sugarcane crushing season commenced late in November 2023. The mills have crushed more sugarcane and also produced more sugar to date, in comparison to the same number of days of the under-review period.

The ongoing crushing season, 2023-24 envisages a further rise in earnings attributable to

increased sugar & ethanol volumes and prices.

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

The management of TSML Group during the years 2024-25 shall Insha Allah be adding the fourth division, under the umbrella of the Company i.e. the Steel Mills division. The steel mills will be composed of 24 tons capacity furnace, 120T high-pressure boiler with a turbine having a capacity of 25MW. The steel mill is expected to be commercially operational during the year 2024 and will be based on indigenous bagasse as fuel for the furnace & boiler. The saving in fuel cost shall reduce the cost of production of steel substantially. The steel mills will produce billets and re-rolling bars.

Corporate and Financial Reporting Framework:

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

Following are the statements on the 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 the 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 the Companies Act, 2017 have been followed in the 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 a going concern;

TANGLIANWALA SUGAR MILLS LTD.

- 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 05 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
NON – EXECUTIVE DIRECTORS				
Mr. Ghazi Khan	5	5	5	5
Mr. Tahir Farooq Malik	5	5	5	5
Mrs. Rasheeda Begum	5	5		
Mrs. Mobina Akbar Khan	5	5		
Mr. Humayun Akhtar Khan	5	5	5	5
EXECUTIVE DIRECTORS				
Mr. Akbar Khan	5	5		
Mr. Haroon Khan	5	5		

Six Years Review at a Glance

The six-year review at a glance is annexed.

Pattern of Shareholdings

The pattern of shareholdings as of September 30, 2023, 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 the Chairman of the Committee. The Committee regularly meets per requirements of the code. The

Committee assists the Board in reviewing the 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 5 meetings during the year and the attendance of each director is stated 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 notes 16 and 32 respectively.

Dividend

No dividend is being recommended by the Board of Directors for the year ending September 30, 2023.

Staff Retirement Benefits

The company operates an un-funded gratuity scheme for all employees with a 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, 2024.

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 elements of our industry and we thank them for their continued cooperation.

On behalf of the Board of Directors

Akbar Khan
(Chief Executive Officer)
December 29, 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 35 ویں سالانہ قانونی رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارہ جات، بحوالہ 30 ستمبر 2023 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 گئے کی امدادی پرائس میں پچھلے سال کی نسبت اضافہ کر دیا گیا ہے اور نئی کم از کم امدادی پرائس -/300 روپے فی 40 کلوگرام کا اعلان کر دیا گیا۔ گئے کی قیمتوں میں اس نمایاں اضافے نے کاشتکاروں کے لئے اپنی فصلوں پر بہترین منافع کمانے کے مواقع پیدا کئے ہیں۔

گئے کی فصل میں اضافے کی امید کے باوجود ابتدائی عرصے میں کاشتکاروں کے امید کے برعکس گئے کی فصل کا عمل سست رہا۔ 2022 کے شروع میں خشک سالی کی وجہ سے گئے کی پیداوار میں ڈرامائی طور پر کمی واقع ہوئی۔ اس صورت حال نے گئے کی قیمتوں میں غیر معمولی اور غیر متوقع اضافہ کیا۔

گئے 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 ناممکن نہیں۔ لیکویڈیٹی کی اس صورتحال اور مارک اپ ریش میں اضافے نے ہماری مالیاتی لاگت کو بہت زیادہ بڑھا دیا ہے۔ اس صورت حال کا شوگر کی پیداوار کی مجموعی لاگت کو بڑھانے میں اہم کردار ہے۔

ہمارے شوگر ڈویژن اور اتھنول ڈویژن دونوں کی مالی لاگت میں نمایاں اضافہ ہوا ہے جب بینکوں نے برآمدی ری فنانس کی حدوں کو نمایاں طور پر کم کر دیا اور جوہر گئے تھے انہوں نے ERF انٹرسٹ کو پالیسی ریٹ کے قریب لے آئے۔ اس لئے برآمدی ری فنانسنگ کا فائدہ ختم ہو گیا اس کے علاوہ ملک میں بہت زیادہ اور مسلسل مہنگائی کی وجہ سے پیداواری لاگت کے دیگر تمام اجزاء میں بھی خاطر خواہ اضافہ ہوا۔

حکومت نے 250,000 ٹن چینی کی برآمد کی اجازت تاخیر سے جون 2023 کے آخر میں دی۔ جس کا مقصد امریکی ڈالر کو راغب کرنا تھا تاکہ زر مبادلہ کے ذخائر کو بہتر بنایا جاسکے۔

تانڈلیانوالہ شوگر ملز لمیٹڈ چینی بنانے کے ساتھ ساتھ اتھنول بھی تیار کرتا ہے۔ ہم اپنے سی کلاس مولاسس سے اتھنول تیار کرتے ہیں۔ جب کہ دنیا بھر میں اتھنول سی کلاس مولاسس، بی کلاس مولاسس، اور واضح گئے کے رس سے تیار کیا جاتا ہے۔ پاکستان میں اتھنول ہمیشہ سی کلاس مولاسس سے بنایا جاتا ہے۔ ہم نے اس سیزن میں مولاسس کی پیداوار میں کافی حد تک مقامی بننے کا فیصلہ کیا۔ اور اپنے بی کلاس مولاسس سے بھی اتھنول تیار کرنے کا ارادہ کیا، اس لئے کمپنی کے سیزن کے لئے چینی کی اوسط ریکوری نسبتاً کم ہوگئی اس طریقہ کار میں اس تبدیلی نے بہت مثبت کردار ادا کیا اور باہر کی خراب معیار کی مولاسس پر بہت کم انحصار کے ساتھ اتھنول کی مجموعی پیداوار کے لئے بہت زیادہ فائدہ مند ہوا۔

سیزن 2022-23 کی کرشنگ پچھلے سال کی نسبت بہتر رہی اور کمپنی کی میجمنٹ کے بہتر فیصلوں کی وجہ سے ہمارے ڈسٹری ڈویژن کے لئے مزید مقامی مولاسس حاصل کرنے کے لئے گزشتہ سیزن کے مقابلے میں زیادہ جارحانہ گئے کی کرشنگ کی۔ جیسا کہ پہلے بیان کیا گیا ہے کہ یہ ایک زیادہ قابل عمل آپشن ہے۔

TANGLIANWALA SUGAR MILLS LTD.

زیر نظر سال معاشی اور سیاسی چیلنجوں سے بھرا رہا۔ حکومت نے اضافی چینی کی برآمد کے لئے مزید اجازت دینے سے انکار کر دیا، جس کے نتیجے میں پاکستان کے انتہائی اہم معاشی وقت میں ملک کے لئے قیمتی زرمبادلہ کمانے کے مواقع ضائع ہو گئے۔ مذکورہ وجوہات کی بناء پر کمپنی کی مالیاتی لاگت پچھلے سال کے 1.7 بلین روپے کے مقابلے میں 2.5 بلین روپے ہو گئی۔

الائیڈ ڈویژن:

کمپنی کا اٹھسول ڈویژن اس سال بھی بڑی برآمدات کے ساتھ ہر سال اپنا حصہ ڈالتا رہتا ہے۔ ہمیں ایک بار پھر بلک اور آئی ایس او دونوں موڈ معاہدوں میں پاکستان سے اٹھسول کے سب سے بڑے برآمد کنندگان میں سے ایک قرار دیا گیا۔ ہماری ای این اے (ENA) پروڈکٹ سالہا سال پرانی ساکھ کے مطابق بین الاقوامی مارکیٹ میں ایک اعلان کردہ پریکٹم پروڈکٹ ہے۔ اور اس نے کمپنی کے لئے قابل تعریف طور پر اچھا منافع کمایا ہے۔ اٹھسول ڈویژن کے ساتھ اشتراک میں ہمارا ٹاپ گیس CO2 سیگمنٹ ہمیشہ کی طرح کمپنی کے آپریشنز میں ایک حقیقی اتحاد ہے۔

سیزن 2023-24 اور مستقبل کا جائزہ:

موجودہ مالی سال 2023-24 میں گنے کی کرشنگ کا سیزن نومبر 2023 کے آخر میں شروع ہوا۔ ہماری ملوں نے زیر جائزہ مدت کے اتنے دنوں کی نسبت میں زیادہ گنے کی کرشنگ کی ہے اور آج تک کی زیادہ چینی بھی پیدا کی ہے۔ جاری کرشنگ سیزن 2023-24 چینی اور اٹھسول کے بڑھتے ہوئے حجم اور قیمتوں کی وجہ سے آمدنی میں مزید اضافے کا تصور دیتا ہے۔

انتظامیہ کو بہت امید ہے کہ کمپنی اپنی پیداوار اور آمدنی کے اہداف میں اضافہ کرے گی اور شوگر اور اٹھسول دونوں ڈویژنوں میں موجودہ سال میں بہت بہتر کارکردگی کا مظاہرہ کرے گی۔

سال 2024-25 کے دوران تانڈلیا نوالہ شوگر ملز لمیٹڈ گروپ کی مینجمنٹ انشاء اللہ کمپنی کی چھتری کے سائے میں اسٹیل ملز کے تحت چوتھے ڈویژن کا اضافہ کرے گا۔ اسٹیل ملز 24 ٹن کی صلاحیت والی بھٹی جو کہ 120T ہائی پریشر بوائلر پر مشتمل ہوں گی جس کی ٹربائن 25 میگا واٹ کی ہے۔ اسٹیل ملز کے سال 2024 کے دوران کمرشل طور پر کام کرنے کی توقع ہے۔ اور یہ بھٹی اور بوائلر کے ایندھن کے طور پر مقامی بگاس پر مبنی ہوگی جو کہ ایندھن کی لاگت میں بچت اور اسٹیل کی پیداواری لاگت کو کافی حد تک کم کرے گی۔ اسٹیل ملز پلانٹس اور ری رولنگ بارز تیار کریں گی۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

ڈائریکٹرز کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ کمپنی لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (GCC) کی دفعات کے مطابق ہے جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کو درکار ہے۔

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

۔ مالیاتی بیانات کمپنی کی حالت، اس کے آپریشنز کے نتائج، نقد بہاؤ، اور ایکویٹی میں تبدیلی کو کافی حد تک پیش کرتے ہیں۔ کمپنی کے کھاتوں کی مناسب کتابیں برقرار رکھی گئی ہیں۔

۔ مالیاتی بیانات کے نوٹس میں بیان کردہ اکاؤنٹنگ پالیسیوں کی مالیاتی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ 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۔

TANGLIANWALA SUGAR MILLS LTD.

- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے 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 105 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	مستر غازی خان
5	5	5	5	مستر طاہر فاروق ملک
		5	5	مستر مدد رشیدہ بیگم
		5	5	مستر مدد موہینہ اکبر خان
5	5	5	5	مستر ہمایوں اختر خان

ایگزیکٹو ڈائریکٹرز

		5	5	مستر اکبر خان
		5	5	مستر ہارون خان

چھ سالہ جائزہ کا خلاصہ:

چھ سالہ جائزہ کا خلاصہ منسلک ہے۔

شیئر ہولڈنگز کا پیٹرن:

30 ستمبر 2023 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 چیئر مین سمیت تین ارکان پر مشتمل آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی ضابطہ کی ضرورت کے مطابق باقاعدگی سے میٹنگ کرتی ہے۔ کمیٹی اندرونی آڈٹ مینوبل 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 ریموئیویشن 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 کمیٹی:

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 5 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 2023 کو ختم ہونے والے سال کے لئے بورڈ آف ڈائریکٹرز کی جانب سے کسی منافع کی سفارش نہیں کی جارہی

ہے۔

سٹاف ریٹائرمنٹ فوائد:

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

آڈیٹرز:

ریٹائرڈ ہونے والے آڈیٹرز، میسرز یو ایچ وائے حسن نعیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اہل ہونے کے ناطے، 30 ستمبر

2024 کو ختم ہونے والے سال کے قانونی بیرونی آڈٹ کے حوالے سے خود کو تفری 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)

29 دسمبر 2023

TANGLIANWALA SUGAR MILLS LTD.

SIX YEARS REVIEW AT A GLANCE

Figures in '000

	2023 (Rupees)	2022 (Rupees)	2021 (Rupees)	2020 (Rupees)	2019 (Rupees)	2018 (Rupees)	
FINANCIAL RESULTS							
Sales (Net)	42,290,087	32,299,965	27,114,404	21,271,885	27,295,875	17,522,464	
Cost of Sales	36,617,314	28,536,941	23,995,409	19,430,945	23,142,769	14,665,516	
Gross profit	5,672,773	3,763,024	3,118,995	1,840,940	4,153,106	2,856,948	
Operating, financial and other expenses	3,681,778	2,774,665	2,123,859	1,927,730	2,437,413	2,031,870	
	1,990,995	988,359	995,136	(86,790)	1,715,693	825,078	
Other income	287,041	69,347	87,507	97,730	65,485	79,729	
Net profit before wppf	2,278,036	1,057,706	1,082,643	10,940	1,781,178	904,807	
Workers' profit participation fund	128,946	69,218	49,404	0.547	100,979	55,596	
Net profit before Taxation	2,149,090	988,488	1,033,239	10,940	1,680,199	849,211	
Provision for taxation	(639,873)	(470,777)	(320,993)	(292,666)	(234,276)	(41,566)	
Net profit after taxation	1,509,217	517,711	712,246	(281,726)	1,445,923	807,645	
Cash dividend	-	-	-	-	-	-	
Earning per share (Rs.)	<u>12.82</u>	<u>4.40</u>	<u>6.05</u>	<u>(2.39)</u>	<u>12.28</u>	<u>6.86</u>	
Authorized capital	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	
Paid-up capital	<u>1,177,063</u>	<u>1,177,063</u>	<u>1,177,063</u>	<u>1,177,063</u>	<u>1,177,063</u>	<u>1,177,063</u>	
Fixed capital expenditures (Net)	<u>14,916,954</u>	<u>15,330,108</u>	<u>15,880,401</u>	<u>16,114,373</u>	<u>16,100,857</u>	<u>15,683,153</u>	
OPERATING RESULTS							
Sugar production - Unit - 1	M. Tons	90,299	97,062	95,118	77,182	69,115	57,826
Sugar production - Unit - 2	M. Tons	130,516	104,868	81,679	68,811	105,529	93,139
Sugar production - Unit - 3	M. Tons	112,848	154,683	139,872	119,427	80,731	94,617

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

1.1 Name of the Company **TANGLIANWALA SUGAR MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **30-09-2023**

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
161	1	100	4,728
418	101	500	193,094
68	501	1,000	56,646
60	1,001	5,000	131,638
7	5,001	10,000	48,154
8	10,001	15,000	105,681
4	15,001	20,000	69,107
1	20,001	25,000	21,500
1	140,001	145,000	144,300
1	550,001	555,000	552,500
2	1,390,001	1,395,000	13,400,626
1	1,395,001	1,400,000	1,395,343
1	1,400,001	1,405,000	1,401,747
1	3,290,001	3,295,000	3,294,155
1	5,455,001	5,460,000	5,459,419
1	7,635,001	7,640,000	7,639,578
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
740			117,706,300

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	99,991,922	84.9504%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	---	---



TANGLIANWALA SUGAR MILLS LTD.

2.3.3 Banks Development Financial Institutions, Non Banking Financial Institutions.	181,489	0.1542%
2.3.4 Shareholders holding 10% or more	99,989,900	84.9486%
2.3.5 General Public		
a. Local	17,532,889	14.8955%
2.3.6 Others (to be specified)		

TANGLIANWALA SUGAR MILLS LTD.

TANGLIANWALA SUGAR MILLS LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on September 30, 2023

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	32,203,418	27.3591%
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
 Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

181,489 0.1542%

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

S. No.	Name	Holding	Percentage
1	MR. AKBAR KHAN	32,203,418	27.3591%
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	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. AKBAR KHAN	-	10,610,937

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

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

Year Ended: **30 September 2023**

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

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

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

a)	Male:	05
b)	Female:	02

- 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

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 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.
- The Board has developed a vision/mission statement, overall corporate strategy, and significant policies for the company. The Board has ensured that a complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 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 the Act and the Regulations with respect to frequency, recording, and circulating minutes of the meeting of the Board;

8. The Board of Directors has a formal policy and transparent procedures for the 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 a 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 the appointment of the 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 the 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 Resources and Remuneration Committee. It comprises of the following 03 (Three) Directors:

Name	Designation
Mr. Humayun Akhtar Khan	Chairman / 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 are being taken care of at the Board level 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 follows:
 - a) Audit Committee: 05 meetings held during the year ended on September 30, 2023

- b) HR and Remuneration Committee: 01 meetings held during the year ended on September 30, 2023.
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to those who are considered suitably qualified and experienced professionals 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 Accountants of Pakistan ("ICAP") and registered with the 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 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 2023 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 the Chairman) of the Audit Committee is an Independent Director as per sub-clause (i)&(ii) of clause 1 of Section 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
 - c) None of the members of the Human Resource & Remuneration Committee is an Independent Director as per Section 28(1) & (2) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
 - d) The CFO of the Company also holds the position of Company Secretary.

On Behalf of the Board

Lahore: December 29, 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, 2023 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, 2023.

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 17 (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 17 (b)	<i>Under the sub-clause (i & 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 17 (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 17 (d)	<i>The Chief Financial Officer of the Company also holds the position of Company Secretary.</i>

Place: Lahore
Date: December 29, 2023
UDIN: CR202310300owdeEjq9G

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, 2023, 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, 2023 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>Revenue recognition</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"> • Obtained an understanding of the process relating to recording of revenue. • assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • 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; • 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; • performed test of details over a sample of revenue transactions recorded during the year with sale orders, sales invoices, delivery Challan and other relevant undertaking documents; • reconciled the sales recorded and sales tax paid thereto with the amounts reported in sales tax returns; and • assessed the adequacy of disclosures in financial statements with respect to revenue.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2	<p>Borrowings and finance cost</p> <p>Refer notes 4.16, 8, 9, 12, 13 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 against collaterals of stocks and plant & machinery.</p> <p>Further, compliance with debt covenants is a key requirement of these financing arrangements.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • 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; • obtained confirmations of borrowings as at September 30, 2023 directly from the financial institutions; • 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; • assessed whether installments of loans/leases due or loans/leases maturing within twelve months were classified as current liabilities; and • performed substantive procedures to verify the mark-up and principal repayment during the year; and • assessed the adequacy of Company's compliance with loan covenants and disclosures in financial statements.
3	<p>Existence and valuation of stock-in-trade</p> <p>Refer notes 4.7 and 21 to the financial statements.</p> <p>The stock-in-trade balances constitutes 16.66% 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</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • assessed the appropriateness & 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; • 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; • performed substantive procedures over purchases and consumptions;

Sr. No.	Key audit matters	How the matter was addressed in our audit
	<p>involves management judgement in determining the appropriate costing basis.</p> <p>Additionally, entity holds its stock-in-trade as a collateral against the financing on account of which there is persistent inherent risk.</p> <p>Thus, on account of the significance of stock-in-trade, complexity in re-calculation and involvement of significant management judgement/estimation in application of the costing methodology; we consider this to be a key audit matter.</p>	<ul style="list-style-type: none"> • re-calculated the value of stock-in-trade by allocating the fixed and variable overheads and reviewed the adequacy of costing methodology; • performed cut-off procedures and subsequent stock count to validate the completeness and existence of closing stock; • assessed reasonableness of management's 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); • assessed the adequacy of disclosures in the financial statements to be in accordance with the applicable accounting standards.
4	<p>Deferred Tax</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, 2024.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • obtained computation of current tax and reconciled the amounts with relevant tax correspondence and underlying accounting records; • re-calculated the deferred tax and evaluated the same in accordance with the Income Tax Ordinance, 2001 and International Financial Reporting Standards (IFRS); • 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 • assessed the adequacy of disclosures in the financial statements to be in accordance with the applicable accounting standards.

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, 2023, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance ,1980 (XVIII of 1980)

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

Place: Lahore

Date: December 29, 2023

UDIN: AR202310300ghQOKiXYq

UHY Hassan Naeem & Co.
Chartered Accountants

Statement of Financial Position

As at September 30, 2023

EQUITY AND LIABILITIES	Note	2023 Rupees	2022 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital			
120,000,000 (September 2022: 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		7,495,117,955	5,963,048,710
Loan from sponsors - <i>unsecured</i>	7	<u>3,635,214,057</u>	<u>3,635,214,057</u>
TOTAL EQUITY		12,598,136,652	11,066,067,407
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - <i>secured</i>	8	-	393,529,554
Lease liability	9	314,238,148	2,412,260
Deferred liabilities	10	886,288,209	776,438,046
Deferred income - Government grant	11	-	-
		<u>1,200,526,357</u>	<u>1,172,379,860</u>
CURRENT LIABILITIES			
Short term borrowings - <i>secured</i>	12	8,433,218,407	9,997,040,575
Current portion of non-current liabilities	13	761,092,236	1,307,230,534
Trade and other payables	14	6,664,033,363	7,457,575,122
Mark-up accrued	15	359,291,779	431,127,753
Provision for taxation	16	790,976,460	467,065,454
		<u>17,008,612,245</u>	<u>19,660,039,438</u>
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		<u><u>30,807,275,254</u></u>	<u><u>31,898,486,705</u></u>

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

Chief Financial Officer

Chief Executive

TANGLIANWALA SUGAR MILLS LTD.

ASSETS	<i>Note</i>	2023 Rupees	2022 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	18	14,972,450,176	15,385,603,599
Long term deposits	19	289,409,122	154,606,251
		15,261,859,298	15,540,209,850
 CURRENT ASSETS			
Stores, spare parts and loose tools	20	1,735,372,446	1,282,815,097
Stock-in-trade	21	5,131,402,809	7,959,386,723
Trade debts - <i>considered good</i>	22	3,843,118	18,486,272
Advances, deposits, prepayments and other receivables	23	6,873,082,982	5,798,251,593
Tax refunds due from Government		791,721,744	654,559,825
Cash and bank balances	24	1,009,992,857	644,777,345
		15,545,415,956	16,358,276,855
 TOTAL ASSETS		30,807,275,254	31,898,486,705

Director

TANLIANWALA SUGAR MILLS LTD.

Statement of Profit or Loss For the year ended September 30, 2023

	Note	2023 Rupees	2022 Rupees
Sales -net	25	42,290,087,513	32,299,965,782
Cost of sales	26	(36,617,314,126)	(28,536,941,441)
Gross profit		5,672,773,387	3,763,024,341
Administrative expenses	27	(738,008,233)	(683,726,881)
Distribution expenses	28	(485,264,526)	(413,833,042)
Other income	29	287,041,015	69,346,782
Profit from operations		4,736,541,643	2,734,811,200
Finance cost	30	(2,458,504,826)	(1,677,105,219)
Other expenses	31	(128,946,521)	(69,217,639)
Profit before taxation		2,149,090,296	988,488,342
Taxation	32	(639,873,279)	(470,776,805)
Profit after taxation		1,509,217,017	517,711,537
Earnings per share - <i>basic and diluted</i>	33	12.82	4.40

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

Chief Financial Officer

Chief Executive

Director

TANGLIANWALA SUGAR MILLS LTD.

Statement of Other Comprehensive Income For the year ended September 30, 2023

	2023	2022
<i>Note</i>	Rupees	Rupees
Profit after taxation	1,509,217,017	517,711,537
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Gain/(loss) on remeasurement of defined benefit liability	10.1.2 29,267,035	(16,932,735)
Related tax impact	(6,414,807)	3,711,351
	22,852,228	(13,221,384)
Total comprehensive income for the year	<u>1,532,069,245</u>	<u>504,490,153</u>

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, 2023

	Note	2023 Rupees	2022 Rupees
Cash flows from operating activities			
Profit before taxation		2,149,090,296	988,488,342
<i>Adjustments for non-cash and other items:</i>			
Depreciation on property, plant and equipment	18.1.1	790,099,885	811,550,562
Gain on disposal of property, plant and equipment	18.1.2	(8,513,804)	(93,083)
Finance cost	30	2,458,504,826	1,677,105,219
Provision for staff retirement benefits	10.1.3	149,105,036	112,223,647
Profit on saving accounts	29	(33,395,263)	(3,956,230)
Grant income	11	(822,248)	(10,459,335)
Workers' Profit Participation Fund	14.2	113,110,016	56,355,112
		3,468,088,448	2,642,725,892
Operating profit before working capital changes		5,617,178,744	3,631,214,234
<i>(Increase) / decrease in current assets:</i>			
Stores, spare parts and loose tools		(452,557,349)	(158,162,913)
Stock-in-trade		2,827,983,914	(1,698,442,768)
Advances, deposits, prepayments and other receivables		(1,074,831,389)	(2,309,803,643)
Trade debts - <i>considered good</i>		14,643,154	(4,242,556)
		1,315,238,330	(4,170,651,880)
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		(850,296,663)	3,448,646,175
Net Cash generated from operations		6,082,120,411	2,909,208,529
Finance cost paid		(2,530,340,800)	(1,473,202,194)
Staff retirement benefit paid		(9,987,838)	(9,966,489)
Taxes paid		(459,538,999)	(586,917,558)
Workers' Profit Participation Fund paid		(56,355,112)	(50,006,909)
		(3,056,222,749)	(2,120,093,150)
Net cash generated from operating activities		3,025,897,662	789,115,379
Cash flows from investing activities			
Capital expenditure		(309,672,599)	(257,335,582)
Proceeds from disposal of property, plant and equipment	18.1.2	356,300,741	126,588
Long term deposits		(134,802,871)	20,047,578
Income received from bank deposits		33,395,263	3,956,230
Net cash used in investing activities		(54,779,466)	(233,205,186)
Cash flows from financing activities			
Long term finance paid - <i>net</i>		(888,445,195)	(1,056,913,378)
Lease liabilities - <i>net</i>		(153,635,321)	(194,939,345)
Short term borrowings - <i>net</i>		(1,563,822,168)	1,238,971,396
Net cash used in financing activities		(2,605,902,684)	(12,881,327)
Net increase in cash and cash equivalents		365,215,512	543,028,866
Cash and cash equivalents at the beginning of the year		545,275,190	2,246,324
Cash and cash equivalents at the end of the year	34	910,490,702	545,275,190

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, 2023

	Reserves					Total
	Share capital	Capital	Revenue	Total reserves	Loan from Sponsors	
		Share premium	Un-appropriated profits			
Balance as at October 01, 2021	1,177,063,000	290,741,640	5,458,558,557	5,749,300,197	3,635,214,057	10,561,577,254
Total comprehensive income / (loss) for the year:						
Profit for the year ended September 30, 2022	-	-	517,711,537	517,711,537	-	517,711,537
Other comprehensive income for the year ended September 30, 2022 - net of tax	-	-	(13,221,384)	(13,221,384)	-	(13,221,384)
Balance as at September 30, 2022	1,177,063,000	290,741,640	5,963,048,710	6,253,790,350	3,635,214,057	11,066,067,407
Total comprehensive income / (loss) for the year:						
Profit for the year ended September 30, 2023	-	-	1,509,217,017	1,509,217,017	-	1,509,217,017
Other comprehensive income for the year ended September 30, 2023 - net of tax	-	-	22,852,228	22,852,228	-	22,852,228
Balance as at September 30, 2023	1,177,063,000	290,741,640	7,495,117,955	7,785,859,595	3,635,214,057	12,598,136,652

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, 2023

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

2 Basis of preparation

2.1 Statement of compliance

These 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 of:

- 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 or IFAS, 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 current and future periods.

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 an approved unfunded gratuity scheme covering all 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 prevailing Income Tax Law and the decisions taken by Appellate Authorities. Where, at the assessment stage, the taxation authorities have adopted a different tax treatment and the Company considers that the most likely outcome will be in favor of the Company, the amounts 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. In making a judgement and / or estimate relating to probability of outcome, the management considers laws, statutory rules, regulations and the advice of the legal advisors for the estimated financial outcome and where, based on management's estimate, a provision is required, the same is recorded in the financial statements. 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.

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 receivables

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 refunds 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, 2022 except for the adoption of new standards effective as of October 01, 2022 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 there to will be effective for accounting periods beginning on or after 01 January 2024:

Standards or Interpretation	'Effective date
IAS-1 - Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
IAS-7 & IFRS-7 - Amendments to IAS 7 & IFRS 7 "Supplier Finance Arrangements"	January 1, 2024
IFRS-16 - Amendments to IFRS 15 "Lease liability in a Sale & Leaseback agreement"	January 1, 2024

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 to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the statement of financial position date.

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

4.3 Ijarah contracts

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to 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, advance, 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 de-recognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity instrument - FVOCI

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

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

Fair value through profit or loss (FVTPL)

All financial assets not classified 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 for.

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

4.9 Offsetting of financial instruments

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

4.10 Impairment

Non-Financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in 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 changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.21 Loan from sponsors

Loan from sponsors is accounted for as per Technical Release 32 "Director's Loan" ("TR 32") issued by the Institute of Chartered Accountants of Pakistan ("ICAP"), on 25 January 2016 which provides specific guidance on Director's loans that are interest free and repayable at the discretion of the entity. Loans are accounted for as per clause 3.3.1 of TR 32 which states that "A loan to an entity by the director which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded at 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.

	2023	2022
	Rupees	Rupees
5 Share capital		
5.1 Authorized share capital		
120,000,000 (2022: 120,000,000) ordinary shares of Rs. 10 each	1,200,000,000	1,200,000,000
5.2 Issued, subscribed and paid-up share capital		
117,706,300 (2022: 117,706,300) voting ordinary shares of Rs. 10 each fully paid in cash	<u>1,177,063,000</u>	<u>1,177,063,000</u>

6 Share premium

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.

7 Loan from sponsors - unsecured

This represents interest free loan amounting to Rs. 3,635 million (2022: Rs. 3,635 million) obtained from the sponsors of the Company and is repayable at the discretion of the Company.

TANGLIANWALA SUGAR MILLS LTD.

8 Long term finances - secured	Note	2023 Rupees	2022 Rupees
Islamic mode of financing:			
Sindh Modaraba - <i>Diminishing Musharaka</i>	8.1	4,422,412	22,112,008
		4,422,412	22,112,008
Mark-up bearing finances from conventional bank:			
National Bank of Pakistan - <i>Syndicated term finance</i>	8.2	444,374,987	1,036,874,991
The Bank of Punjab - <i>Term finance</i>	8.3	60,000,000	180,000,000
Pak Oman Investment Company Limited - <i>Term finance</i>	8.4	62,857,144	125,714,289
Allied Bank Limited	8.5	-	95,398,450
		567,232,131	1,437,987,730
		571,654,543	1,460,099,738
Less: Current portion of non-current liabilities			
Conventional banks	13	(567,232,131)	(1,048,880,588)
Islamic banks	13	(4,422,412)	(17,689,596)
		-	393,529,554

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 tenor 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 ways of assignment of all insurances as co-loss payee or assignee, lien on project accounts and personal guarantees of all Sponsors / Directors along with all net worth statements. The lenders have subordinated the repayment of any debts or finance facilities availed from the Sponsors and Directors till the entire liabilities of the Company towards the syndicate are repaid.
8.3 300,000,000	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.
8.5 400,000,000	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., 0% 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 unconsolidated 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.

TANGLIANWALA SUGAR MILLS LTD.

		2023	2022
	Note	Rupees	Rupees
9 Lease liability			
Lease liability	9.1	503,675,841	242,250,362
Less: Current portion		(189,437,693)	(239,838,102)
Closing balance		314,238,148	2,412,260
9.1			
Opening balance		242,250,362	433,233,707
Add: Assets acquired during the year		415,060,800	3,956,000
		657,311,162	437,189,707
Less: Payments / adjustments		(153,635,321)	(194,939,345)
		503,675,841	242,250,362
Less: Current portion	13	(189,437,693)	(239,838,102)
Closing balance		314,238,148	2,412,260

9.1.1 The principal payment due under the lease agreements aggregate to Rs. 503.7 million (2022: Rs. 242.3 million) and are payable in monthly installments under various agreements, latest by September 2026. The present values of minimum lease payments have been discounted at interest rate implicit in the lease, which ranges from 21.37% to 28.49% per annum (2022: 9.94% to 19.50% 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.

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

	2023		
	Future minimum lease payments	Finance cost for future periods	Present value of future minimum lease payments
	----- Rupees -----		
Not later than one year	251,504,232	62,066,539	189,437,693
Later than one year and not later than five years	366,868,680	52,630,532	314,238,148
	618,372,912	114,697,071	503,675,841

Particulars

	2022		
	Future minimum lease payments	Finance cost for future periods	Present value of future minimum lease payments
	----- Rupees -----		
Not later than one year	252,979,243	13,141,141	239,838,102
Later than one year and not later than five years	2,836,919	424,659	2,412,260
	255,816,162	13,565,800	242,250,362

Salient features of the leases are as follows:

	2023	2022
Discount factor (%)	21.37% - 28.49%	9.94 - 19.50
Term of lease (years)	3 - 5	3 - 5
Security deposits (%)	10 - 30	10 - 30

	Note	2023	2022
		Rupees	Rupees
10 Deferred liabilities			
Staff retirement benefits - Gratuity	10.1	886,288,209	776,438,046
Deferred taxation	10.2	-	-
		886,288,209	776,438,046

10.1 Staff retirement benefits - Gratuity

The latest actuarial valuation of the Company's defined benefit plan was conducted at September 30, 2023 using Projected Unit Credit Method. Detail of obligation for defined benefit plan is as follows:

	Note	2023	2022
		Rupees	Rupees
Present value of defined benefit obligation	10.1.1	886,288,209	776,438,046
Liability as at 30 September		886,288,209	776,438,046
10.1.1 Movement in defined benefit obligation	Note		
Present value of defined benefit obligation as at 01 October		776,438,046	657,248,153

TANGLIANWALA SUGAR MILLS LTD.

Current service cost for the year	10.1.3	72,386,261	59,361,423
Interest cost for the year	10.1.3	76,718,775	52,862,224
Benefits paid during the year		(9,987,838)	(9,966,489)
Actuarial (gain) / loss on present value of defined benefit obligation	10.1.2	(29,267,035)	16,932,735
Present value of defined benefit obligation as at 30 September		886,288,209	776,438,046
		2023	2022
10.1.2 Changes in actuarial gains	<i>Note</i>	Rupees	Rupees
Opening actuarial gain		-	-
Actuarial (loss)/gain during the year		29,267,035	(16,932,735)
Charge to other comprehensive income	10.1.3	(29,267,035)	16,932,735
Unrecognized actuarial gains		-	-
10.1.3 Charge for the year			
<u>Statement of Profit or Loss</u>			
Current service cost		72,386,261	59,361,423
Interest cost for the year		76,718,775	52,862,224
Net amount chargeable to profit or loss account		149,105,036	112,223,647
<u>Statement of Other Comprehensive Income</u>			
Actuarial loss/(gain) on defined benefit obligation		(29,267,035)	16,932,735
		119,838,001	129,156,382

	2023	2022	2021	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees
<u>Historical Information</u>					
Present value of defined benefit obligations	886,288,209	776,438,046	657,248,153	508,436,982	414,693,881
Experience adjustment arising on plan liability loss	(29,267,035)	16,932,735	(3,966,387)	10,136,137	42,824,778

10.1.4 Assumptions used for valuation of defined benefit schemes	2023	2022
Discount rate used for interest cost	13.25%	10.50%
Discount rate used for year end obligation	16.75%	13.25%
Expected rates of salary increase in future	15.75%	12.25%
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, 2024 is estimated at Rs. 173.03 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 2023 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase 100 bps	Decrease 100 bps
	----- Rupees -----	
Discount rate movement	635,221,050	691,389,008
Salary growth rate	692,310,799	633,927,403

TANGLIANWALA SUGAR MILLS LTD.

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	2023 Rupees	2022 Rupees
Deferred tax liability as at September 30, 2023 on taxable temporary differences arising in respect of:			
- Accelerated tax depreciation on operating fixed assets		2,488,051,478	1,688,839,220
- Leased assets - net		209,821,701	171,897,618
Deferred tax asset as at September 30, 2023 on deductible temporary differences arising in respect of:			
- Unused tax losses and tax credits	10.2.2	(2,408,047,693)	(1,698,200,597)
- Staff retirement benefits		(257,023,581)	(151,537,413)
- Provision for Worker's Profit Participation Fund		(32,801,905)	(10,998,828)
		<u>-</u>	<u>-</u>

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

Recognized in Statement of Other Comprehensive Income:

- Staff retirement benefits

799,212,258	(242,338,527)
37,924,083	(24,485,683)
(709,847,096)	274,342,873
(111,900,975)	(3,769,097)
(21,803,077)	(38,215)
(6,414,807)	3,711,351
<u>6,414,807</u>	<u>(3,711,351)</u>
<u>-</u>	<u>-</u>

10.2.2 As at 30 September 2023 deferred tax asset amounting to Rs. 1,222.3 million (2022: Rs. 2,015.5 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 2024.

11 Deferred income - Government grant

Deferred income - Government grant

Opening balance

Recognized during the year

Grant amortized during the year

Closing balance

Less: Current portion shown under current liabilities

Note	2023 Rupees	2022 Rupees
8.5	-	-
	822,248	11,281,583
	-	-
29	(822,248)	(10,459,335)
	-	822,248
	-	(822,248)
	<u>-</u>	<u>-</u>

12 Short term borrowings - secured

Banking & Financial Institutions

Mark-up based borrowings from conventional banks-secured

Cash finance

Running finance

Export re-finance/EAPC

Interest rate %	2023 Rupees	2022 Rupees
18.51 - 27.91	2,026,216,252	4,861,926,418
18.76 - 25.86	99,502,155	99,502,155
3 - 10/12.78 - 25.67	6,307,500,000	5,035,612,002
	8,433,218,407	9,997,040,575

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 (2022: Rs. 13,775 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. 4,751 million. (2022: Rs. 6,014.3 million).

TANGLIANWALA SUGAR MILLS LTD.

		2023	2022
		Rupees	Rupees
13 Current portion of non-current liabilities	<i>Note</i>		
Long term finances - <i>Conventional loan</i>	8	567,232,131	1,048,880,588
Long term finances - <i>Islamic loan</i>	8	4,422,412	17,689,596
Lease liability	9	189,437,693	239,838,102
Deferred grant	11	-	822,248
		<u>761,092,236</u>	<u>1,307,230,534</u>
14 Trade and other payables	<i>Note</i>	2023	2022
		Rupees	Rupees
Trade and other creditors - <i>unsecured</i>		617,614,299	196,962,863
Creditors for capital expenditure - <i>unsecured</i>		582,859,281	1,855,956,214
Advances from customers - <i>Local</i>	14.1	3,731,157,088	3,794,259,358
Retention money payable		11,127,122	10,324,620
Federal Excise Duty and Sales Tax payable		383,290,359	422,315,627
Income Tax deducted at source		156,902,487	100,942,977
Withholding Sales Tax payable		-	4,103,782
Workers' Profit Participation Fund	14.2	113,110,016	56,355,112
Accrued liabilities		115,291,276	137,339,859
Other liabilities		952,681,435	879,014,710
		<u>6,664,033,363</u>	<u>7,457,575,122</u>
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.			
14.2 Workers' Profit Participation Fund	<i>Note</i>	2023	2022
		Rupees	Rupees
Balance as at 01 October		56,355,112	50,006,909
Provision for the year	31	113,110,016	56,355,112
Mark-up on Workers' Profit Participation Fund		-	-
Payments made during the year		(56,355,112)	(50,006,909)
		<u>113,110,016</u>	<u>56,355,112</u>
15 Mark-up accrued		2023	2022
		Rupees	Rupees
<i>Mark-up on borrowings from conventional banks:</i>			
Long term loans - <i>secured</i>		45,712,595	65,161,882
Short term borrowings - <i>secured</i>		313,579,184	365,965,871
		<u>359,291,779</u>	<u>431,127,753</u>
16 Provision for taxation	<i>Note</i>	2023	2022
		Rupees	Rupees
Balance at beginning of the year		467,065,454	321,862,481
Add: Provision for the year	32	790,976,460	467,065,454
		<u>1,258,041,914</u>	<u>788,927,935</u>
Less: Adjustments		(467,065,454)	(321,862,481)
Balance at the end of the year		<u>790,976,460</u>	<u>467,065,454</u>

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 Deputy 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** The learned DCIR vide order dated 04-05-2023 passed an order for recovery of advance tax amounting to Rs. 79,026,739/- Taxpayer being aggrieved with the order filled an appeal before CIR (A). The appeal has been heard on 19-12-2023 and decision is awaited. In this regards, a favourable outcome is expected
- 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. The Company's Management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 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. Being aggrieved with the decision of ATIR, company filed a writ petition having number WP 68259/2019 and hearing of the same is pending for listing before Honourable Lahore High Court. Management is confident of a favourable outcome in this regard.
- 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, and favourable outcome is expected.
- 17.1.6** The learned DCIR initiated proceedings u/s 11(1)/26(1) of the Sales Tax Act, 1990 whereby 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/ST/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. The CIR (A) confirmed the order of DCIR. Being aggrieved, the company filed an appeal before honourable ATIR. The honourable ATIR in STA No. 1803/LB/2022 deleted the penalty of Rs. 156,660,695 whereas, confirmed the default surcharges of Rs. 28,768,046/- Being aggrieved with order of ATIR, the CIR LTO (Legal) filed an appeal having reference no. 60369/2023 and the same has not been fixed for hearing. Management is confident of a favourable outcome in this regard.

- 17.1.7** 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/ST/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.
- The learned DCIR issued reminder notice dated 04.03.2022 in response to which RP duly replied . But Unfortunately without considering the reply , the learned DCIR issued order u/s 11(2) in which learned DCIR again disallowed input tax amounting to Rs. 14,384,754/- Being aggrieved with said order RP filed an appeal before CIR(A). The same has been heard and favourable outcome is expected.
- 17.1.8** 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.39649/2021dated 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 04-11-2021 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 intra-court appeal stands withdrawn as per order of the Honorable Lahore High Court dated 19-10-2023.The main appeal before ATIR is heard and favorable outcome is expected.
- 17.1.9** The learned DCIR initiated proceedings u/s 33(5) 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.LTU/ST/E&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.
- 17.1.10** 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/ST/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.
- The learned DCIR finalized the re-assessment proceedings vide order having reference No. LTO /Unit-27/ST/8(1)/582 dated 15.06.2023 in which DCIR again disallowed input tax amounting to Rs. 24,680,164/- Being aggrieved with said order RP filed an appeal before CIR(A). The CIR (A) made the decision in favor of RP regarding allowance of input tax claim of Rs. 18,928,876/- against the acquisition of Pipes of Iron &Fittings while confirmed the learned DCIR decision regarding the remaining input tax claim of Rs. 5,751,288/-. The company as well as the tax advisor being confident in favourable outcome is in process of filing appeal before ATIR .
- 17.1.11** The learned OIR finalized the proceedings by making addition of Rs 310,704,739 on account of Export 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. Management is confident of a favourable outcome in this regard.
- 17.1.12** 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 FBR 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.
- The said interim relief was challenged by the Commissioner Inland Revenue vide C.P 3508-1/2022 before August Supreme Court of Pakistan (SCP). The SCP disposed off the civil petition, directing the taxpayer to deposit 50% of Super Tax Liability under protest after adjustment of refunds (if any).
- The writ petition was later fixed for hearing before Honourable Lahore High Court whom vide its judgement date June 27,2023 allowed the Writ petition partially to the extent that the First Proviso to Division IIB of Part-I of the First Schedule to the Ordinance was declared to be discriminatory; hence, ultra-vires to the constitution whereas rest of prayer i.e., imposition/levy of Super tax retrospectively on the doctrine of past & closed transactions were dismissed. Being aggrieved with the above order, cross Intra Court Appeal before Honourable Lahore High court is filed by both parties i.e. Company and FBR which is pending for hearing.

- 17.1.13** The learned DCIR initiated proceedings u/s 11(1)/26(1) of the Sales Tax Act, 1990 where he imposed the penalty of Rs. 50,238,011/- u/s 33 on account of late filing of sales tax returns along with default surcharge of Rs. 11,537,956/- u/s 34(1) vide order bearing no. ST/14 dated 27-07-2023. The RP being aggrieved has filed an appeal before CIR (A) on 27-07-2023 against the said order. The CIR (A) confirmed the demand created by the DCIR vide order no 22-A/V dated 25-09-2023. Being aggrieved with the order of CIR (A), the RP filed an appeal before the honorable ATIR, which is pending for adjudication. Based on tax advisor's opinion, Company's Management expects a favourable outcome of the matter.
- 17.1.14** The learned DCIR initiated proceedings u/s 11(2) & 11(4A) of the Sales Tax Act, 1990 on account of non payment of sales tax payable amounting to Rs. 282,148/- and sales tax withheld payable amounting to Rs. 4,428,921/- and also imposed penalty and default surcharge u/s 33(5) & 34 respectively on it. The RP being aggrieved with the decision of the DCIR filed an appeal before CIR(A) which is pending for hearing. Based on tax advisor's opinion, Company's Management expects a favourable outcome of the matter.

17.2 Commitments

- 17.2.1** Commitments in respect of imports contracted but not incurred at year end amounted to approximately Rs. Nil (2022: Rs. Nil).
- 17.2.2** The Company has given a bank guarantee with 100% cash margin of Rs. 2 million (2022: Rs. 2 million) to the Excise and Taxation Department for the export of Ethanol 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:

	2023 Rupees	2022 Rupees
Not later than one year	-	4,198,215
Later than one year and not later than five years	-	-
	<u>-</u>	<u>4,198,215</u>

TANGLIANWALA SUGAR MILLS LTD.

18 Property, plant and equipment

Operating fixed assets
Capital work-in-progress

Note	2023	2022
	Rupees	Rupees
18.1	14,916,954,630	15,330,108,053
18.2	55,495,546	55,495,546
	<u>14,972,450,176</u>	<u>15,385,603,599</u>

18.1 Operating fixed assets

	C O S T				D E P R E C I A T I O N				Net book value as at 30 September 2023
	As at 01 October 2022	Additions / (disposals) during the year	Transfers/Adjus tments	As at 30 September 2023	Rate	As at 01 October 2022	Expense / (disposal) for the year	Transfers/Adjustments	
	Rupees				%	Rupees			
Owned									
Land	278,123,443	-	-	278,123,443	-	-	-	-	278,123,443
Building and roads on land	3,251,105,463	37,916,564	-	3,289,022,027	5	1,217,148,443	102,766,915	-	1,319,915,358
Plant and machinery	17,424,357,314	247,765,165	283,000,000	17,955,120,479	5	5,862,448,148	588,390,872	63,491,132	6,514,330,152
	-	(371,311,633)	-	(371,311,633)		-	(24,593,678)	-	(24,593,678)
Furniture and fittings	23,674,510	404,107	-	24,078,617	10	14,857,384	890,412	-	15,747,996
Telephone installations	7,665,228	92,038	-	7,757,266	10	4,637,433	305,748	-	4,943,181
Vehicles	313,165,022	2,610,479	9,543,000	325,318,501	20	243,725,751	14,108,887	4,638,322	262,472,900
	-	(6,327,379)	-	(6,327,379)		-	(5,838,397)	-	(5,838,397)
Office equipment	105,706,509	2,844,979	-	108,551,488	10	61,457,120	4,536,738	-	65,993,858
Electrical equipment	308,539,496	28,379,594	-	336,919,090	10	135,230,880	18,384,462	-	153,615,342
Workshop and agricultural implements	45,266,175	-	-	45,266,175	10	32,798,375	1,246,780	-	34,046,155
Tube wells	14,703,118	-	-	14,703,118	10	10,359,573	434,355	-	10,793,928
Arms and ammunition	2,183,939	-	-	2,183,939	10	1,482,165	70,177	-	1,552,342
Laboratory equipment	37,998,708	19,843,718	-	57,842,426	10	21,242,169	2,680,509	-	23,931,678
	<u>21,812,486,925</u>	<u>339,854,644</u>	<u>292,543,000</u>	<u>22,066,645,587</u>		<u>7,605,387,641</u>	<u>733,824,855</u>	<u>68,129,484</u>	<u>8,376,889,875</u>
		<u>(378,239,012)</u>					<u>(30,452,075)</u>		
Right-of-use Assets									
Vehicles	16,008,626	37,560,800	(9,543,000)	44,026,426	20	7,073,006	2,990,767	(4,638,322)	5,425,471
Plant and machinery	1,528,915,014	347,317,955	(283,000,000)	1,593,233,969	5	414,842,845	53,284,263	(63,491,132)	404,635,976
	<u>1,544,924,640</u>	<u>384,878,755</u>	<u>(292,543,000)</u>	<u>1,637,260,395</u>		<u>421,915,871</u>	<u>56,275,030</u>	<u>(68,129,484)</u>	<u>410,061,447</u>
	<u>23,357,411,565</u>	<u>724,733,399</u>	<u>-</u>	<u>23,703,905,942</u>		<u>8,027,303,512</u>	<u>790,099,885</u>	<u>-</u>	<u>8,786,951,322</u>
		<u>(378,239,012)</u>					<u>(30,452,075)</u>		
									<u>14,916,954,630</u>

2022

	C O S T				D E P R E C I A T I O N				Net book value as at 30 September 2022	
	As at 01 October 2021	Additions / (disposals) during the year	Transfers / Adjustments	As at 30 September 2022	Rate	As at 01 October 2021	Expense / (disposal) for the year	Transfers / Adjustments		As at 30 September 2022
	Rupees				%	Rupees				
<i>Qasaf</i>										
Land	278,123,443	-	-	278,123,443	-	-	-	-	-	278,123,443
Building and roads on land	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	5,234,428,970	593,960,694	34,058,484	5,862,448,148	11,561,909,166
Furniture and fittings	22,932,810	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	313,084,666	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
Tube wells	14,703,118	-	-	14,703,118	10	9,876,957	482,616	-	10,359,573	4,343,545
Arms and ammunition	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
	21,379,989,755	257,335,582	176,823,309	21,812,486,925		6,828,775,715	744,151,659	34,058,484	7,605,887,641	34,207,099,284
		(1,631,721)	-				(1,598,217)	-		
<i>Right of use Assets</i>										
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	1,123,008,769
	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
		(1,631,721)	-				(1,598,217)	-		
					Note	2023	2022			
						Rupees	Rupees			
18.1.1 The depreciation charge for the year has been allocated as follows:										
Cost of sales					26	770,347,388	787,665,779			
Administrative expenses					27	19,752,497	23,884,783			
						790,099,885	811,550,562			

TANGLIANWALA SUGAR MILLS LTD.

18.1.2 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain/(loss)	Mode of disposal	Particulars of the buyer
Two Digester Tanks	232,830,000	22,658,684	210,171,316	210,171,316	-	Transferred to Third Party	OLP Financial Services
Digester Tank	111,363,223	1,388,174	109,975,049	109,975,049	-	Transferred to Third Party	OLP Financial Services
Two Solar Systems	14,850,205	493,202	14,357,003	14,357,003	-	Transferred to Third Party	OLP Financial Services
Solar System	12,868,205	53,618	12,814,587	12,814,587	-	Transferred to Third Party	OLP Financial Services
Toyota Prado	2,917,045	2,857,614	59,431	5,850,000	5,790,569	Transferred to Third Party	Mian Waheed
Honda Civic	1,459,720	1,414,951	44,769	993,000	950,231	Transferred to Third Party	Naveed Ahmed
Suzuki Alto	485,305	388,870	96,435	550,000	453,365	Transferred to Third Party	M. Asif Jameel
Suzuki Alto	488,703	399,260	89,443	573,000	483,557	Transferred to Third Party	M. Asif Jameel
Suzuki Alto	488,203	398,851	89,352	503,000	413,648	Transferred to Third Party	M. Asif Jameel
Suzuki Alto	488,203	398,851	89,352	507,786	418,434	Transferred to Third Party	M. Asif Jameel
2023	378,239,012	30,452,075	347,786,937	356,300,741	8,513,804		
Toyota Corolla	1,034,130	1,016,432	17,698	17,698	-	Transferred to Third Party	Mr. Sanaullah 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	Waqeel 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
2022	1,631,721	1,598,217	33,504	126,588	93,083		

TANGLIANWALA SUGAR MILLS LTD.

		2023	2022
		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	Throughout the year, there has been no activity or movement in the Capital Work in Progress (CWIP) account.		
19 Long term deposits	<i>Note</i>	2023	2022
		Rupees	Rupees
Deposits against leased assets		257,719,239	123,230,388
Others	<i>19.1</i>	31,689,883	31,375,863
		289,409,122	154,606,251
19.1	These mainly comprise of security margins of Rs. 21.2 million (2022: Rs. 50 million) deposited against long term financing facilities.		
20 Stores, spare parts and loose tools		2023	2022
		Rupees	Rupees
Stores and spare parts		1,681,364,887	1,249,337,970
Oil and lubricants		54,007,559	33,477,127
		1,735,372,446	1,282,815,097
21 Stock-in-trade		2023	2022
		Rupees	Rupees
Raw materials		1,940,460,778	2,260,439,821
Finished goods		3,190,942,031	5,698,946,902
		5,131,402,809	7,959,386,723
22 Trade debts - considered good			
	These include amount due from Lotte Akhtar Beverages (Pvt.) Limited, an associated company, against the sale of Top Gas amounting to Rs. 0.7 million (2022: Rs. 4.30 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. 11,336,278 (2022: Rs. 6,107,261).		
23 Advances, deposits, prepayments and other receivables	<i>Note</i>	2023	2022
		Rupees	Rupees
Advances to sugar cane growers - <i>unsecured, considered good</i>		1,873,675,239	1,898,461,267
Advances to suppliers and contractors - <i>unsecured, considered good</i>	<i>23.1</i>	3,612,211,910	2,599,772,713
Advances to staff - <i>unsecured, considered good:</i>			
- against expenses		8,710,241	3,365,232
- against salaries	<i>23.2</i>	2,925,576	3,079,819
Advances against letter of credit	<i>23.3</i>	36,086,598	35,661,329
Pre-payments		27,833,082	12,931,154
Inland export subsidy	<i>23.4</i>	133,187,750	133,187,750
Export support on sugar	<i>23.5</i>	586,491,010	586,491,010
Deposits with the Deputy Registrar (Judicial), Lahore High Court		291,220,809	291,220,809
Other receivables	<i>23.6</i>	300,740,767	234,080,510
		6,873,082,982	5,798,251,593
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. 0.88 million (2022: Rs. 0.83 million) respectively.		
23.3	This includes advances against letter of credit amounting to Rs. 36.08 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-E-III (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 interest free loan receivable from Superior Textile Mills Limited, an associated company, amounting to Rs. 101.2 million (2022: Rs. 30 million) respectively. The maximum aggregate amount outstanding at any time during the year amounts to Rs. 101.2 million (2022: Rs. 30 million).		

TANGLIANWALA SUGAR MILLS LTD.

	Note	2023 Rupees	2022 Rupees
24 Cash and bank balances			
Cash in hand		2,484,362	14,773,116
Cash at bank - <i>local currency</i>			
- <i>current accounts</i>		108,136,947	607,681,187
- <i>saving accounts</i>	24.1	899,371,548	22,323,042
		1,007,508,495	630,004,229
		1,009,992,857	644,777,345

24.1 The balances in saving accounts carry mark-up ranging from 18% to 22.5% per annum (2022: 10% to 13.2% per annum).

	Note	2023 Rupees	2022 Rupees
25 Sales - net			
<i>Local:</i>			
Sugar		31,674,780,348	24,830,130,367
Ethanol		229,504,806	231,414,616
Top Gas & others	25.1	376,742,685	372,696,273
		32,281,027,839	25,434,241,256
<i>Export:</i>			
Sugar	25.2	1,545,033,290	-
Ethanol		13,273,074,257	10,560,507,469
		14,818,107,547	10,560,507,469
		47,099,135,386	35,994,748,725
<i>Less:</i>			
Sales tax		(4,809,047,873)	(3,694,782,943)
		42,290,087,513	32,299,965,782

25.1 These include sale to Lotte Akhtar Beverages (Pvt.) Limited, an associated company, of Top Gas amounting to Rs. 43.5 million (2022: Rs. 34.88 million).

25.2 During the year sugar was exported as per the quota allocated by SBP. There was no export of sugar in the previous year.

25.3 The amount of Rs. 3.04 billion included in contract liabilities at September 30, 2022 has been recognized as revenue in 2023 (2022: Rs. 696.6 million).

	Note	2023 Rupees	2022 Rupees
26 Cost of sales			
Raw material consumed		30,514,681,442	27,105,081,886
Salaries, wages and other benefits	26.1	918,347,529	730,347,873
Depreciation	18.1.1	770,347,388	787,665,779
Stores and spare parts consumed		846,808,900	837,308,852
Fuel and power		240,524,168	235,133,867
Repair and maintenance		343,355,155	372,634,605
Vehicle running expenses		45,956,673	33,896,696
Insurance		71,146,433	46,415,998
Ijarah rentals		4,198,215	35,510,076
Other expenses		33,964,309	51,388,577
		33,789,330,212	30,235,384,209
<i>Add: Opening stock</i>			
- Raw material		2,260,439,821	1,738,154,556
- Finished goods		5,698,946,902	4,522,789,399
		41,748,716,935	36,496,328,164
<i>Less: Closing stock</i>			
- Raw material	21	(1,940,460,778)	(2,260,439,821)
- Finished goods	21	(3,190,942,031)	(5,698,946,902)
		36,617,314,126	28,536,941,441

26.1 Salaries, wages and other benefits include Rs. 102.83 million (2022: Rs. 154.2 million) in respect of staff retirement benefits.

TANGLIANWALA SUGAR MILLS LTD.

	Note	2023 Rupees	2022 Rupees
27 Administrative expenses			
Salaries, wages and other benefits	27.1	435,574,115	375,247,789
Rent, rates and taxes		8,462,741	9,266,698
Depreciation	18.1.1	19,752,497	23,884,783
Utilities expenses		4,084,734	3,470,526
Printing and stationery		17,013,975	16,698,125
Insurance		4,063,909	2,875,587
Postage, telephone and telegrams		10,571,082	9,868,301
Repair and maintenance		7,468,370	8,862,796
Travelling and conveyance		136,300,100	128,876,940
Subscription, books and periodicals		9,893,136	12,194,233
Legal and professional charges		19,433,857	29,060,578
Auditor's remuneration	27.2	6,195,200	4,355,300
Entertainment		21,537,448	19,031,955
Other expenses		37,657,069	40,033,270
		738,008,233	683,726,881
27.1 Salaries, wages and other benefits include Rs. 46.2 million (2022: Rs. 60.8 million) in respect of staff retirement benefits.			
27.2 Auditor's remuneration		2023 Rupees	2022 Rupees
Audit fee		4,800,000	2,960,100
Half yearly review		1,395,200	1,395,200
		6,195,200	4,355,300
28 Distribution expenses	Note	2023 Rupees	2022 Rupees
Handling and distribution		193,298,756	104,181,574
Transportation		235,858,017	248,776,734
Sugar stacking charges		46,962,416	47,855,221
Others	28.1	9,145,337	13,019,513
		485,264,526	413,833,042
28.1 This includes salaries paid to Excise Department staff present at the Company's premises to monitor the distribution of Ethanol.			
29 Other income	Note	2023 Rupees	2022 Rupees
<i>Income from financial assets</i>			
Profit on saving accounts		33,395,263	3,956,230
<i>Income from non-financial assets</i>			
Gain on disposal of property, plant and equipment	18.1.2	8,513,804	93,083
Foreign exchange gain		244,080,221	47,930,272
Miscellaneous income		229,479	6,907,862
Amortization of deferred income	11	822,248	10,459,335
		287,041,015	69,346,782
30 Finance cost		2023 Rupees	2022 Rupees
<i>Mark-up based loans from conventional banks</i>			
- Long term finances - secured		184,416,039	245,818,690
- Short term borrowings - secured		2,228,455,682	1,324,452,514
- Mark-up on lease liability		29,813,426	26,678,111
		2,442,685,147	1,596,949,315

TANLIANWALA SUGAR MILLS LTD.

Islamic mode of financing

- Long term finances - *secured*

Bank charges

Other charges

2,875,336	4,624,283
2,875,336	4,624,283
5,615,262	3,901,143
7,329,081	71,630,478
12,944,343	75,531,621
2,458,504,826	1,677,105,219

	<i>Note</i>	2023	2022
		Rupees	Rupees
31 Other expenses			
Donations	31.1	15,836,505	12,862,527
Workers' Profit Participation Fund	14.2	113,110,016	56,355,112
		128,946,521	69,217,639

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

	<i>Note</i>	2023	2022
		Rupees	Rupees
32 Taxation			
Income tax			
- Current	32.2 to 32.3	790,976,460	467,065,454
- Prior period		(144,688,374)	-
		646,288,086	467,065,454
Deferred tax	10.2.1	(6,414,807)	3,711,351
		639,873,279	470,776,805

32.1 Tax Charge Reconciliation

A numerical reconciliation between tax expense and the product of accounting profit multiplied by tax rate.

	2023	2022
	Rupees	Rupees
Accounting Profit	2,149,090,296	988,488,342
Tax at the applicable rate of 29% plus super tax (2022: 29%)	741,436,152	-
Tax for the prior year	(144,688,374)	-
Tax effect of super tax	853,727	-
Inadmissible expense	4,592,586	-
Exempt income	(238,452)	-
Others	44,332,447	-
Tax Expense	646,288,086	-

Reconciliation between tax expense and accounting profit for the prior year is not presented as the last year provision for current taxation was based on turnover tax and final tax under section 113 & 154 of the Income Tax Ordinance, 2001, respectively.

32.2 During the year minimum tax is adjusted against the normal tax liability calculated at the rate of 29% as normal tax liability is greater than minimum tax this year.

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 - basic and diluted

		2023	2022
Profit after taxation	<i>Rupees</i>	1,509,217,017	517,711,537
Weighted average number of ordinary shares	<i>Number of shares</i>	117,706,300	117,706,300
Basic earnings per share	<i>Rupees</i>	12.82	4.40

33.1 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 2023.

34 Cash and cash equivalents

Cash and bank balances

Short term borrowings - Running finance

	<i>Note</i>	2023	2022
		Rupees	Rupees
Cash and bank balances	24	1,009,992,857	644,777,345
Short term borrowings - Running finance	12	(99,502,155)	(99,502,155)
		910,490,702	545,275,190

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:

	2023	2022
	Rupees	Rupees
Long term deposits	31,689,883	31,375,863
Trade debts - <i>considered good</i>	3,843,118	18,486,272
Advances, deposits and other receivables	1,046,986,167	1,046,560,898
Bank balances	1,007,508,495	630,004,229
	2,090,027,663	1,726,427,262

Trade debts

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

	2023	2022
	Rupees	Rupees
Export - <i>secured</i>	-	-
Local - <i>unsecured, considered good</i>	3,843,118	18,486,272
	3,843,118	18,486,272

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

	Related Parties	Others	Total
	2023	2023	2023
	Rupees	Rupees	Rupees
1 to 30 days	708,177	1,657,357	2,365,534
31 to 90 days	-	1,477,584	1,477,584
	708,177	3,134,941	3,843,118

TANGLIANWALA SUGAR MILLS LTD.

	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
	4,349,171	14,137,101	18,486,272

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

Bank balances

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

	Rating		Rating	2023	2022
	Short term	Long term	Agency	Rupees	Rupees
Al-Baraka Bank	A-1	A+	PACRA	535,057	535,059
Allied Bank Limited	A1+	AAA	PACRA	229,666,443	5,440,227
Askari Bank Limited	A1+	AA+	PACRA	748,519	131,016,313
Bank Alfalah Limited	A1+	AA+	PACRA	939,112	112,479
Dubai Islamic Bank	A1+	AA	JCR-VIS	642,062	2,479,528
Faysal Bank Limited	A1+	AA	PACRA	2,237,937	157,049
Habib Bank Limited	A1+	AAA	JCR-VIS	8,480,848	4,444,878
MCB Bank Limited	A1+	AAA	PACRA	71,757,052	170,909,976
Meezan Bank Limited	A1+	AAA	JCR-VIS	22,572,513	2,595,152
National Bank of Pakistan	A1+	AAA	JCR-VIS	3,446,128	2,871,560
Samba Bank Limited	A-1	AA	JCR-VIS	1,841,786	385,221
Sindh Bank Limited	A-1	A+	JCR-VIS	35,171,023	121,044,802
Soneri Bank Limited	A1+	AA-	PACRA	2,037,473	1,527,692
Summit Bank Limited		Suspended	JCR-VIS	80	80
The Bank Of Khyber	A-1	A+	JCR-VIS	1,303,979	78,768
The Bank of Punjab	A1+	AA+	PACRA	7,510,774	2,982,179
United Bank Limited	A-1+	AAA	JCR-VIS	618,617,709	183,423,266
				1,007,508,495	630,004,229

35.3 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
September 30, 2023					
Long term finances - <i>secured</i>	571,654,543	602,237,045	602,237,045	-	-
Lease liabilities	503,675,841	618,372,912	251,504,232	366,868,680	-
Short term borrowings- <i>secured</i>	8,433,218,407	8,433,218,407	8,433,218,407	-	-
Trade and other payables	2,279,573,413	2,279,573,413	2,279,573,413	-	-
Mark-up accrued	359,291,779	359,291,779	359,291,779	-	-
	12,147,413,983	12,292,693,556	11,925,824,876	366,868,680	-
September 30, 2022					
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	-	-
	15,210,116,694	15,737,872,379	14,966,597,811	771,274,568	-

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, 2023. 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 (2022: 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:

	2023	2022	2023	2022
	Effective rate		Carrying amount	
	----- Percentage -----		----- Rupees -----	
- Financial assets				
<u>Fixed rate instruments</u>				
Bank balances - <i>saving accounts</i>	18% to 22.5%	10% to 13.2%	899,371,548	22,323,042
- Financial liabilities				
<u>Floating rate instrument</u>				
Long term finances - <i>secured</i>	5.00% - 25.76%	5.00% to 18.74%	571,654,543	1,460,099,738
Lease liability	21.37% - 28.49%	9.94%-15.50%	503,675,841	242,250,362
Short term borrowings - <i>secured</i>	18.51% - 27.91%	10.28% - 19.16%	2,125,718,407	4,961,428,573
<u>Fixed rate instruments</u>				
Export refinance facility - <i>secured</i>	3% - 10%/	3%-10%/	6,307,500,000	5,035,612,002
	12.78% - 25.67%	10.54%-19.01%		

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.

	2023	2022
	Rupees	Rupees
Effect on profit - Increase	32,010,488	66,637,787
Effect on profit - Decrease	(32,010,488)	(66,637,787)

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 30th September are as follows:

	2023 Rupees	2022 Rupees
Debt	1,075,330,384	1,703,172,348
Equity	12,598,136,652	11,066,067,407
Total	13,673,467,036	12,769,239,755
Gearing ratio	8%	13%

The Company is less geared as compared to last year.

36.1 Accounting classification and fair values

September 30, 2023	Carrying amount				Fair value		
	Fair value through Profit or Loss	Fair value through OCI	At Amortized cost	Total	Level 1	Level 2	Level 3
Financial assets							
Long term deposits	-	-	31,689,883	31,689,883	-	-	-
Trade debts - <i>considered good</i>	-	-	3,843,118	3,843,118	-	-	-
Advances, deposits, prepayments & other receivables	-	-	1,046,986,167	1,046,986,167	-	-	-
Cash and bank balances	-	-	1,009,992,857	1,009,992,857	-	-	-
	-	-	2,092,512,025	2,092,512,025	-	-	-
Financial liabilities							
Long term finances - <i>secured</i>	-	-	571,654,543	571,654,543	-	-	-
Lease liabilities	-	-	503,675,841	503,675,841	-	-	-
Short term borrowings - <i>secured</i>	-	-	8,433,218,407	8,433,218,407	-	-	-
Trade and other payables	-	-	2,279,573,413	2,279,573,413	-	-	-
Mark-up accrued	-	-	359,291,779	359,291,779	-	-	-
	-	-	12,147,413,983	12,147,413,983	-	-	-

TANGLIANWALA SUGAR MILLS LTD.

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
Financial assets							
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 & bank balances	-	-	644,777,345	644,777,345	-	-	-
	-	-	1,741,200,378	1,741,200,378	-	-	-
Financial liabilities							
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	-	-	-

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

Sugar segment

Ethanol segment

Top Gas & other segment

Operation of reportable segments

Production of White Sugar & Molasses from sugar cane

Production of Ethanol from molasses

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			Ethanol			Top Gas & Others			Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Sales - Net											
- External	28,505,192,226	21,191,649,426	13,466,996,904	10,756,493,851	317,898,383	351,822,505	42,290,087,513	32,299,965,782			
- Inter-segment											
28,505,192,226	21,191,649,426	13,466,996,904	10,756,493,851	317,898,383	351,822,505	42,290,087,513	32,299,965,782				
Cost of sales											
- External	(34,836,455,727)	(24,330,917,754)	(1,736,995,790)	(4,142,768,946)	(43,862,609)	(63,254,741)	(56,617,314,126)	(28,536,941,441)			
- Inter-segment	9,817,978,550	5,089,146,662	(9,799,936,886)	(5,079,962,145)	(18,041,664)	(9,184,516)					
(25,018,477,177)	(19,241,771,092)	(11,536,932,676)	(9,222,731,091)	(61,904,273)	(72,439,257)	(56,617,314,126)	(28,536,941,441)				
Gross profit	3,486,715,049	1,949,878,334	1,930,064,228	1,533,762,760	255,994,110	279,883,248	5,672,773,387	3,763,024,341			
- Administrative expenses	(618,872,802)	(587,350,174)	(117,095,342)	(94,603,838)	(2,040,089)	(1,772,869)	(738,008,233)	(683,726,881)			
- Distribution expenses	(116,698,868)	(55,468,152)	(342,091,192)	(337,567,552)	(26,474,466)	(20,797,338)	(485,264,526)	(413,833,042)			
- Finance cost	(1,938,595,267)	(1,201,573,536)	(519,909,559)	(475,531,683)	-	-	(2,458,504,826)	(1,677,105,219)			
(2,674,166,937)	(1,844,391,862)	(979,096,093)	(907,703,073)	(28,514,555)	(22,570,207)	(3,681,777,585)	(2,774,665,142)				
Segment results	812,548,112	106,486,472	950,968,135	626,059,687	227,479,555	256,813,041	1,990,995,802	988,359,199			
Profit from operations							1,990,995,802	988,359,199			
Other expenses							(128,946,521)	(69,217,639)			
Other income							287,041,015	69,346,782			
Profit before taxation							2,149,090,296	988,488,342			
Taxation							(639,873,279)	(470,776,805)			
Profit after taxation							1,509,217,017	517,711,537			

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	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
37.3 Segment assets	18,615,606,200	19,743,437,461	11,012,242,051	11,047,007,016	1,179,427,003	1,108,042,228	30,807,275,254	31,898,486,705
37.4 Segment liabilities	11,619,729,239	14,842,377,540	6,515,783,746	5,923,109,379	73,625,617	66,932,379	18,209,138,602	20,832,419,298
37.5 Additions in property, plant and equipment	630,350,346	247,808,647	91,781,145	13,482,935	2,601,908	-	724,733,399	261,291,582
37.6 Depreciation on property, plant and equipment	593,513,004	602,676,720	186,152,405	197,777,167	10,434,476	11,096,675	790,099,885	811,550,562

37.7 Secondary reporting format

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

	Sugar		Ethanol		Top Gas & Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Export sales / Asia	1,545,033,290	-	13,273,074,257	10,560,507,469	-	-	14,818,107,547	10,560,507,469
Local sales	26,960,158,936	21,191,649,426	193,922,647	195,986,382	317,898,383	351,822,505	27,471,979,966	21,739,458,313
	28,505,192,226	21,191,649,426	13,466,996,904	10,756,493,851	317,898,383	351,822,505	42,290,087,513	32,299,965,782

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

	2023 Rupees	2022 Rupees
37.8.1 Revenues		
Total revenue for reportable segments	42,290,087,513	32,299,965,782
Elimination of inter-segment revenue	-	-
Consolidated revenue	<u>42,290,087,513</u>	<u>32,299,965,782</u>
37.8.2 Profit or loss before tax and other expenses		
Total profit for reportable segments	1,990,995,802	988,359,199
Un-allocated corporate expenses		
- Other expenses	(128,946,521)	(69,217,639)
- Other income	287,041,015	69,346,782
- Taxation	(639,873,279)	(470,776,805)
Consolidated profit after tax	<u>1,509,217,017</u>	<u>517,711,537</u>
37.8.3 Assets		
Total assets for reportable segments	30,807,275,254	31,898,486,705
Elimination of inter-segment assets	-	-
Consolidated assets	<u>30,807,275,254</u>	<u>31,898,486,705</u>
37.8.4 Liabilities		
Total liabilities for reportable segments	18,209,138,602	20,832,419,298
Elimination of inter-segment liabilities	-	-
Consolidated liabilities	<u>18,209,138,602</u>	<u>20,832,419,298</u>

TANGLIANWALA SUGAR MILLS LTD.

38 Capacity and production

	2023			
	Unit I	Unit II	Unit III	Total
<i>Sugar plant</i>				
Crushing capacity (Metric tons) based on 125 days - (Season 2022-2023)	1,562,500	2,000,000	2,500,000	6,062,500
Sugar produced (Metric tons)	90,299	130,516	112,848	333,663
Recovery ratio	7.76%	8.43%	9.73%	8.64%
	2022			
	Unit I	Unit II	Unit III	Total
<i>Sugar plant</i>				
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%
	2023		2022	
	Based on 330 days			
<i>Ethanol - Distillery plant I</i>				
Rated capacity (Litres)			41,250,000	41,250,000
Actual production (Litres)			30,870,000	35,823,750
<i>Ethanol - Distillery plant II</i>				
Rated capacity (Litres)			46,200,000	46,200,000
Actual production (Litres)			44,481,538	39,152,500
	2023		2022	
	Based on 300 days			
<i>Top Gas - Carbon dioxide plant</i>				
Rated capacity (Metric tons)			14,400	14,400
Actual production (Metric tons)			5,398	6,136

38.1 Reduced capacity utilization is due to the less availability of sugarcane at the start and end of crushing season, which resulted in the operations of the company below the crushing capacity.

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:

	2023		
	Chief Executive	Directors	Executives
	----- Rupees -----		
Managerial remuneration	-	24,800,000	76,176,959
Medical allowance	-	2,480,000	6,490,356
House rent allowance	-	9,920,000	23,479,822
Staff retirement benefits	-	3,100,000	8,351,051
	-	40,300,000	114,498,188
Number of persons	1	2	42
	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

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 (2022: Nil).

39.3 Executives are employees whose basic salaries exceed Rs. 1.2 million in a financial year.

40 Number of employees

	2023	2022
	Number	Number

The average and total number of employees are as follows:

Total employees

Average number of employees during the year	1,785	1,851
Total number of employees as at 30 September	1,775	1,795

Factory employees

Average number of employees during the year	1,687	1,754
Total number of employees as at 30 September	1,677	1,697

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	2023	2022
			Rupees	Rupees
Lotte Akhtar Beverages (Pvt.) Limited	Common directorship	Sale of Top Gas	43,498,117	34,877,927
		Receipts against sale of Top Gas	47,139,110	33,896,672
The Institute for Policy Reforms	Common directorship	Donation	15,836,505	12,862,527
Superior Textile Mills Limited	Common directorship	Advances provided	76,288,000	30,000,000
		Advances received	5,000,000	-
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 December 29, 2023

These financial statements were authorized for issue on **December 29, 2023** by the Board of Directors of the Company.

44 General

44.1 Figures have been rounded off to the nearest Rupee.

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

Chief Financial Officer

Chief Executive

Director

Proxy Form
Tandlianwala Sugar Mills Ltd.
35th 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 35th Annual General Meeting of the Company to be hold at Marina
Event Complex 333-AA off Raiwind Road, Lahore on Saturday January 20, 2024 at 10:00 am and at any adjournment
thereof or of any ballot to be taken in consequence thereof,

Signed this _____ day of January, 2024

Witnesses:

1. Signature: _____
Name: _____
CNIC: _____
Address: _____

2. Signature: _____
Name: _____
CNIC: _____
Address: _____

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

Note:

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

پراکسی فارم
تانڈلیا نوالہ شوگر ملز لمیٹڈ کا 35 واں سالانہ اجلاس عام

فولیو اسی ڈی سی اکاؤنٹ نمبر _____

میں / ہم _____ ساکن _____

ضلع _____ بحیثیت رکن تانڈلیا نوالہ شوگر ملز لمیٹڈ حامل _____ عام حصص مبلغ 10 روپے ہر ایک شیئر،

مسماة _____ ساکن _____ کمپنی رکن بروئے رجسٹرڈ فولیو اسی ڈی سی اکاؤنٹ

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

35 ویں سالانہ اجلاس عام بتاریخ 20 جنوری 2024ء بروز ہفتہ بوقت صبح 10:00 بجے بمقام مرینڈ ایونٹ مہلس AA-333 آف رانیونڈ روڈ، لاہور پر

منعقد ہو رہا ہے اور اس کے کسی ملتوی شدہ اجلاس میں حق رائے وہی استعمال کرے۔

آج مورخہ جنوری _____ 2024 کو میرے دستخط سے جاری ہوا۔

پانچ روپے کی

ریویوننگٹ

چسپاں کریں

ممبر کے دستخط

گواہان:

1- دستخط _____ 2- دستخط _____

نام: _____ نام: _____

شناختی کارڈ نمبر: _____ شناختی کارڈ نمبر: _____

پتہ: _____ پتہ: _____

نوٹ:

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

