Annual Report 2019

TANDLIANWALA SUGAR MILLS LTD.

31st Annual Report

CONTENTS

COMPANY INFORMATION

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

VISION, MISSION & STRATEGY

Mission

- To be the market leader and a world-class organization by meeting and proactively anticipating customer needs.
- To maximize the wealth of stakeholders by optimizing the long term returns and growth of the business.
- To be amongst the most efficient and lowest cost producers in the industry.
- To ensure a safe, harmonious and challenging working environment for the employees.

Corporate Strategy

- To grow our base business in sugar and build those related activities where there is opportunity to smooth the impact of sugar price cycles.
- To produce sugar which is of highest international standards.
- To make investment in sugarcane crop to ensure regular supply of cane and profitability of growers.
- To establish modern corporate sugarcane farm of international standards.
- To offer equal and fair growth opportunities to all employees.
- To undertake and support community development and welfare projects in order to fulfill social commitments.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirty first Annual General Meeting of the Shareholders of the Company will be held on Tuesday February 18, 2020 at 10:00 A.M. at Chandni Banquet Halls 43-N, Gulberg-III, Lahore to transact the following business:

1. To confirm the minutes of Annual General Meeting of the Company held on October 04, 2019.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2019 together with Directors' and Auditors' Reports thereon.

3. To appoint Auditors for the year 2019-2020 and fix their remuneration. The present Auditors M/s UHY Hassan Naeem & Co. Chartered Accountants, retire and being eligible have offered themselves for reappointment.

4. To elect seven Directors of the Company, as fixed by the Board of Directors for a period of three years commencing from 2nd March 2020 in accordance with the provision of the Companies Act, 2017. The names of retiring Directors are:

1-Mr.Ghazi Khan	2-Mr.Akbar Khan	3-Mr.Haroon Khan
4-Mr.Humayun Akhtar Khan	5-Mrs.Rasheeda Begum	6-Mrs.Mobina Akbar Khan
7-Mr. Tahir Farooq Malik		

5. To transact any other ordinary business with the permission of the Chair.

Lahore: January 27, 2020.

By order of the Board
Ahmad Jehanzeb Khan
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from 10-02-2020 to 18-02-2020 (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 09-02-2020 at the Company's Share Registrar M/s Corplink (Pvt) Ltd, Wing Arcade, 1-K Commercial Area Model Town Lahore attending of the meeting.

2. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote on his/her behalf, Forms of Proxy to be valid must be properly fitted 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. The Corporate shareholders shall nominate someone to represent them at the meeting. The nomination in order to be effective must be received by the Company not later than forty eight (48) hours before the meeting. Representative of corporate members should be bringing the usual documents required for such purpose.
4. Any individual beneficial owner of Central Depository Company (CDC) entitled to attend and vote at this meeting must bring his / her original National Identity card (CNIC) or Passport. Account and Participant ID number to prove him / her identity, and in case of proxy must enclose and attested copy of his / her CNIC or passport.
5. Members are advised to promptly notify change in their postal address, if any, to the Company's Share Registrar.

اطلاع برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ درج ذیل کاروباری امور کی انجام دہی کیلئے کمپنی کے حصص داران کا 31 واں سالانہ اجلاس عام بروز منگل مورخہ 18 فروری 2020ء بوقت 10:00 بجے چاندنی بینکوٹ ہالز 43۔این، گلبرگ-III، لاہور میں منعقد کیا جارہا ہے۔

1- مورخہ 04 اکتوبر 2019ء کو ہونے والے سالانہ اجلاس عام کے نکات کی توثیق

2- مورخہ 30 ستمبر 2019ء کو اختتام پذیر ہونے والے سال کیلئے سالانہ آڈٹ فنانشل سٹیٹمنٹس اور ان کے حوالے سے آڈیٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، ان پر غور وخوض اور منظوری

3- سال 2020-2019ء کیلئے آڈیٹرز کی تعیناتی اور ان کے مشاہرہ کا تعین۔ موجودہ آڈیٹرز میسرز یو ایچ وائے حسن نعیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے ریٹائرمنٹ کے بعد بطور اہلیت کے حامل اپنی خدمات کی فراہمی کی دوبارہ سے پیشکش کی ہے۔

4- کمپنیز ایکٹ 2017ء کے تحت بورڈ آف ڈائریکٹرز کی جانب سے مختص کردہ کمپنی کے 7 عدد ڈائریکٹرز کی مورخہ 2 مارچ 2020ء سے عرصہ تین سال کیلئے تعیناتی۔ ریٹائر ہونے والے ڈائریکٹرز کے نام حسب ذیل ہیں:

1- مسٹر غازی خان 2- مسٹر اکبر خان 3- مسٹر ہارون خان 4- مسٹر ہمایوں اختر خان

5- مسز رشیدہ بیگم 6- مسز مبینہ اکبر خان 7- مسٹر طاہر فاروق ملک

5- چیئرمین کی اجازت سے کسی دیگر امور کی انجام دہی

بحکم بورڈ

احمد جہانزیب خان

(کمپنی سیکرٹری)

لاہور

27 جنوری 2020ء

نوٹس

1- کمپنی کی شیئر ٹرانسفر بکس مورخہ 10 فروری 2020ء تا 18 فروری 2020ء (بشمول دونوں دنوں) برائے استحقاق، سالانہ اجلاس عام میں ووٹ ڈالنے اور شمولیت کیلئے بند رہیں گی۔ اجلاس میں شرکت کیلئے مورخہ 09 فروری 2020ء تک کمپنی کے شیئرز رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، وِنگ آرکیڈ، K-1، کمرشل ایریا ماڈل ٹاؤن، لاہور میں فزیکل ٹرانسفرز/سی ڈی ایس ٹرانزیکشنز آئی ڈی ایس وصول ہوجانی چاہئیں۔

2- اجلاس ہذا میں شمولیت اور ووٹ کا حقدار ممبر اپنی جگہ پر بطور پراکسی کسی دیگر ممبر کو بھی اپنی جگہ پر اجلاس میں شمولیت اور ووٹ دینے کیلئے تعین کرسکتا ہے۔ اس مقصد کیلئے مستند پراکسی فارم اجلاس ہذا کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس واقع 66۔ایل، گلبرگ-II، لاہور میں وصول کئے جائیں گے۔

3- کارپوریٹ شیئر ہولڈرز اجلاس میں کسی کو اپنے نمائندہ کو طور پر بھی نامزد کرسکتے ہیں۔ اس ضمن میں نامزد کئے جانے والے شخص کی کاغذات نامزدگی اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوجانے چاہئیں۔ کارپوریٹ ممبران کے نمائندگان کو اس مقصد کیلئے ضروری دستاویزات ہمراہ لانا ہوں گے۔

4- اس اجلاس میں شمولیت اور ووٹ دینے کے حقدار سنٹرل ڈیپازٹری کمپنی (سی ڈی سی) کے کسی انفرادی مالک کو اپنی شناخت کی تصدیق کیلئے اپنا اصل قومی شناختی کارڈ یا پاسپورٹ، اکاؤنٹ اور شمولیت کنندہ آئی ڈی نمبر ہمراہ لانا ہوگا اور یہ کہ پراکسی کی صورت میں اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل منسلک کرنا ہوگی۔

5- ممبران کو ہدایت کی جاتی ہے کہ وہ اپنے ڈاک کے پتہ میں کسی بھی قسم کی تبدیلی کی صورت میں کمپنی کے شیئر رجسٹرار کو فوری طور پر مطلع کریں۔

REVIEW REPORT BY THE CHAIRMAN

I am pleased to present this report to the shareholders of Tandlianwala Sugar Mills Limited in relation to the overall performance and effectiveness of the Board towards achievement of the Company's goals and targets. The TSML group has performed strongly well against both its financial and operational targets and complies with all the requirements set out in the Companies Act, 2017 ("the Act") and the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under Regulations, an annual evaluation of the Board of the Directors ("the Board") of Tandlianwala Sugar Mills Limited ("the Company") is carried out.

Each year brings its own set of challenges and changes, but I know that I speak for the Board when I express my confidence in the organization's ability to develop further and continue its success.

We are committed to delivering sustainable value for over shareholders. Company has implemented a strong corporate governance framework to meet its aims and objectives under supervision of an efficient Board.

During this year, the Board Committees and management continued to work, together, with a great measure of proficiency. The Board and management as a whole has reviewed the Annual Report and Financial Statements for the year ended 30 September 2019, and is pleased to confirm that in its view the report and financial statements, taken as a whole, are true & fair, balanced, and easy to understand.

The Board carries out a review of its effectiveness and performance each year, on a self-assessment basis and as per the already established board polices to be fuse with the core values of the Company. For the purposes of Board evaluation, a comprehensive criterion has been developed. The Board remains vigilant in ensuring the company's high regard for achievement of a corporate governance environment, which is visible in how the company operates within principles of corporate discipline, ethical leadership, transparency, integrity and accountability. Areas that required improvement were duly considered and suitable action plans were framed. The overall assessment was based on an evaluation of the following integral components:

Vision, Mission and Values

Board members are familiar with the organization's mission, purpose, goals, policies, programs, services, strengths and needs.

Understanding of Organization's Strategic Vision

Board members articulate a shared vision for the future of the organization and evaluate strategic choices in this light. Board members draw on their individual resources to support progress in achieving the vision.

Establishment of Policies and Administrative Procedures

The Board has established organizational and management policies and procedures that cover all essential areas of Board responsibility and operations of the company.

Information on Operational Activities

The Board members are fully aware of both program and operational activities including strengths and weaknesses of the activities through regular reports from the management.

Adequacy of financial resources management

The Board is knowledgeable about key aspects relating to managing the financial resources of the Company and provides appropriate direction and oversight on a timely basis.

Involvement in the Budgeting Process

The Board ensured that the organizational budget for the year reflected the priorities established in the Annual Strategic Plan and it complied with regulations governing the audit or independent examination of accounts and considered all recommendations made in the independent auditor's report.

Employer's Responsibility Requirements

The Board has created necessary policies which ensure that the organization behaves in an equitable and legal manner towards staff, contractors, vendors and any other stakeholders working on its behalf.

Board and Management Relationship

Roles and responsibilities of Board and the Management are clearly defined and understood. A climate of mutual trust and respect exists between both.

Aiding Organization's Public Image

Board members are ambassadors of the organization and promote TSML, wherever they find appropriate and aid the enhancement of its public standing.

Assessment of CEO's Performance

The Board assessed the performance of the CEO in a fair and systematic manner and ensured that CEO's objectives are properly aligned with the organization's performance, stakeholders' interests and its long-term success.

The Board Structure

Size and composition of the Board is adequate to govern the Board procedures. Its members are actively involved and gather frequently enough to efficiently discharge their duties and responsibilities.

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

I would like to take this opportunity to thank the Members of the Board, Management and the Workforce for their hard work, enthusiasm and contributions made to the industry in this challenging year of change. We look forward to everyone's continued support and dedication in coming year 2020 and 2021.

Ghazi Khan
Chairman

January 27, 2020

چیئرمین کی جانب سے جائزہ رپورٹ:

میں تاندلیانوالہ شوگر ملز کے حصص یافتگان کو کمپنی کے اہداف میں کامیابی کیلئے بورڈ کی مجموعی کارکردگی اور تاثیر سے متعلقہ رپورٹ پیش کرتے ہوئے انتہائی خوشی محسوس کر رہا ہوں۔ تاندلیانوالہ شوگر مل گروپ نے اپنے عملی اور مالی دونوں اہداف کیلئے اچھی کارکردگی کا مظاہرہ کیا اور اس دوران بورڈ ڈائریکٹران اور اُنکی کمیٹیوں کی ساخت، طریقہ کار اور اجلاس سے متعلق کمپنیز ایکٹ، 2017 (دی ایکٹ) اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ریگولیشنز) کی تمام احتیاجات کی مکمل پاسداری کی۔ سی سی جی کی ضروریات کے تحت تاندلیانوالہ شوگر ملز لمیٹڈ (دی کمپنی) کے بورڈ آف ڈائریکٹرز (دی بورڈ) کی ایک سالانہ تشخیص کی گئی۔ ہر سال اپنے ساتھ نئے چیلنجز اور تبدیلیاں لے کر آتا ہے، مگر میں جانتا ہوں کہ میں بورڈ کیلئے کلام گو ہوتا ہوں جب میں مزید ترقی اور کامیابی کے سفر کو جاری رکھنے کیلئے ادارہ کی صلاحیت پر اعتماد کرتا ہوں۔

ہم اپنے حصص یافتگان کو دیرپا فوائد کی فراہمی کیلئے پُرعزم ہیں۔ کمپنی نے اپنے اہداف اور مقاصد کے حصول کیلئے ایک موء ثر بورڈ کے زیرنگرانی مضبوط ادارہ جاتی گورننس کا ڈھانچہ تشکیل دیا ہے۔

اس سال کے دوران بورڈ کمیٹیوں اور انتظامیہ نے قابلیت کے بہترین اقدام کے ذریعے مل جل کر کام جاری رکھا۔ بورڈ اور انتظامیہ نے مجموعی طور پر سال مختتمہ 30 ستمبر 2019 کیلئے سالانہ رپورٹ اور مالی گوشواروں کا جائزہ لے لیا اور اس بات کی یقین دہانی کرتے ہیں کہ مجموعی طور پر یہ رپورٹ اور مالی گوشوارے حقائق پر مبنی، موزوں اور قابل فہم ہیں۔

بورڈ ہر سال کمپنی کے بنیادی اقدار پر عمل پیرا ہونے کیلئے اپنی تاثیر اور کارکردگی کا خود تشخیصی بنیادوں اور پہلے سے متعین شدہ بورڈ پالیسیوں کے مطابق ایک جائزہ لیتا ہے۔ بورڈ کی تشخیص کے مقاصد کیلئے ایک جامع معیار قائم کیا گیا ہے۔ بورڈ ادارہ جاتی گورننس ماحول کی کامیابی میں کمپنی کے اعلیٰ آداب یقینی بنانے کیلئے ہر لمحہ چوکنا رہتا ہے جو کہ ادارہ جاتی نظم وضبط، اخلاقی لیڈرشپ، شفافیت، باہمی اتفاق اور احتساب کی مشقوں سے نمایاں طور جھلکتا ہے۔ جن شعبوں میں بہتری کی ضرورت تھی اُنکو زیرغور لایا گیا اور ایک مناسب لائحہ عمل تشکیل دیا گیا۔ مجموعی تشخیص درج ذیل اہم اجزاء پر مشتمل تھی:

نصب العین، مقصد اور اقدار:

بورڈ ممبران ادارہ کے نصب العین، مقاصد، اہداف، حکمت عملیوں، پروگراموں، خدمات، طاقتوں اور ضروریات سے بخوبی آگاہ ہیں۔

کمپنی کے سٹریٹجک نصب العین کی سمجھ بوجھ:

بورڈ ممبران ادارہ کے مستقبل کیلئے مجموعی نصب العین واضح انداز میں سمجھتے ہیں اور اس کی روشنی میں سٹریٹجک انتخابات کی تشخیص کرتے ہیں۔ بورڈ ممبران نصب العین پر عمل پیرا ہونے کیلئے اپنے انفرادی وسائل کو بروئے کار لاتے ہیں۔

حکمت عملیوں اور انتظامی طریقہ کار کا قیام:

بورڈ نے ادارہ جاتی اور انتظامی حکمت عملیاں اور طریقہ کار قائم کیے ہیں جو کہ کمپنی بورڈ کی ذمہ داری اور اُمور کے تمام لازمی پہلوؤں کا احاطہ کرتے ہیں

عملی سرگرمیوں کی معلومات:

بورڈ ممبران انتظامیہ کی مسلسل رپورٹوں کے ذریعے پروگرام اور عملی سرگرمیوں بشمول قوت اور کمزوری سے مکمل طور پر آگاہ ہیں

مالی ذخائر کے انتظامات کی مناسبت:

بورڈ کمپنی کے مالی ذخائر کی دیکھ بھال سے متعلقہ تمام بنیادی پہلوؤں سے واقف ہے اور حسب ضرورت موزوں سمت اور نگرانی فراہم کرتا ہے

بجٹ تیاری کے طریقہ کار میں شمولیت:

بورڈ نے یقین دہانی کی کہ سال کیلئے ادارہ جاتی بجٹ سالانہ سٹریٹجک پلان میں قائم کی گئی ترجیحات کے مطابق ہے

ملازمین سے متعلقہ ذمہ داریاں:

بورڈ نے مناسب حکمت عملیاں قائم کی ہیں جو کہ اس بات کی یقین دہانی کرتی ہیں کہ ادارہ عملہ، کنٹریکٹروں، وینڈرز اور دیگر حصص یافتگان سے منصفانہ اور جائز رویہ رکھتا ہے۔

بورڈ اور انتظامیہ کا تعلق:

بورڈ اور انتظامیہ کی ذمہ داریاں مکمل واضح اور سمجھ لی گئی ہیں۔ دونوں کے مابین اعتماد اور عزت کی فضا قائم ہے۔

ادارہ کے عوامی نقطہ نظر میں مدد:

بورڈ ممبران ادارہ کے سفیر ہیں اور وہ جہاں مناسب سمجھتے ہیں تاندلیانوالہ شوگر مل کے فروغ اور اس کی عوامی مقبولیت میں اضافہ کیلئے کوشش کرتے ہیں

چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ:

بورڈ نے چیف ایگزیکٹو آفیسر کی کارکردگی کا منصفانہ اور انتظامی انداز میں جائزہ لیا ہے اور اس بات کی یقین دہانی کرواتے ہیں کہ چیف ایگزیکٹو آفیسر کے مقاصد ادارہ کی کارکردگی، حصص یافتگان کے مفادات اور اس کی طویل تر کامیابی کیلئے سازگار ہیں۔

بورڈ کی ساخت:

بورڈ کا حجم اور ساخت بورڈ کے طریقہ کاروں کے جائزہ کیلئے جامع ہے۔ اس کے ممبران مکمل فعال اور اپنی ذمہ داریاں اور فرائض سرانجام دینے کیلئے باقاعدگی سے اکٹھے ہوتے ہیں۔

مجموعی بنیادوں پر، میں یہ یقین رکھتا ہوں کہ طویل دورانیہ کیلئے ادارہ کی سٹریٹجک سمت واضح اور مناسب ہے۔ مزید براں مجموعی ادارہ جاتی سٹریٹجی کی تیاری و جائزہ اور ادارہ کی مقاصد میں کامیابی کیلئے اختیار کیے گئے طریقہ کار قابل تحسین ہیں جو کہ موجودہ مالی نتائج اور کارکردگی سے واضح ہیں۔

میں تمام بورڈ ممبران، انتظامیہ اور افرادی قوت کا تبدیلی کے اس مشکل سال کے دوران انڈسٹری کیلئے کی گئی جدوجہد، جوش و خروش اور اعانت پر تہہ دل سے شکرگزار رہوں۔ ہم سال 21-2020 کے دوران بھی اُن سے اسی تعاون اور لگن کی توقع رکھتے ہیں۔

غازی خان
چیئرمین
27 جنوری 2020

Directors' Report

Dear Shareholders,

It is an honour for me to present the 31st annual report, alongwith the Audited Financial Statements and the Auditor's report of Tandlianwala Sugar Mills Ltd. ("The Company") for the year ended September 30, 2019, on behalf of the Board of Directors of the Company.

Operating and Financial Highlights

The Company started the crushing season 2018-19 in the mid of December 2018. In the year under review, the expected target of crushing could not be achieved as the crop size & yield was significantly lower than the previous year. The number of days of crushing also remained low.

The entire sugar sector witnessed an increase in sugarcane cost from the preceeding year due to, shortage of sugar cane, a substantial increase in cost of borrowings by the banks and also an increase in the sales tax rate from 8% to 17%. Sugar prices during the year were higher than the corresponding period, due to lesser production, thus we managed to sell our carryover stocks from previous years production, at much better prices.

The Government again was reluctant to support the sugar industry; the sugarcane procurement prices remained unchanged at Rs 180 per 40 Kg for the season 2018-19. Non payment of already due export subsidy of previous years, from the Government of Pakistan also had an adverse impact on the cash flows of the entire sugar sector. Another discouraging factor for the industry, on the Government front, was in relation to non-settlement of amounts due from TDAP, again pertaining to the previous years.

Your Company still managed to earn a Profit before Tax of Rs.1.680 Billion, as compared to the last comparative years Profit before Tax of Rs 0.849 Billion.

The Finance cost of the Company, during the year also increased to Rs 1.500 billion, as compared to last year Rs 1.092 Billion, due to an enormous increase in discount rates by the SBP, from time to time. We still managed to make payments to the financial institutions and the sugar cane growers, satisfactorily.

Our Ethanol division, as always, continued to contribute towards the overall profitability of the Company. The Ethanol Division, this year achieved the maximum turnover of Rs 5.828 Billion in relation to the last comparative turnover of Rs 4.967 billion which shows the strength, expertise and an increase in international repute of the Company.

The CO2 division faced a tough competition in market, but still performed well.

Future Outlook of the Company

The crushing season 2019-2020 has commenced since the last week of November 2019. The notified support price for sugarcane procurement has been increased from Rs 180 per 40 Kg to Rs 190 per 40Kg for the crushing season 2019-2020 by the Governments of Punjab & KPK.

The estimated sugarcane crop size is again lower than the corresponding last year and sucrose recovery is also showing waning trend. The current year (2019-2020) is again a very difficult year for the entire sugar sector, when Pakistan's economy is at crossroads and is undergoing one of the most challenging economic recessions, inflation, coupled with a very high borrowing cost, which will definitely have an adverse affect on all the industrial sectors, including the sugar sector.

The management of our Company continued to enjoy very cordial relations with its growers.

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

Corporate and Financial Reporting Framework

The Directors are pleased to state that the Company is compliant with the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") as required by Securities & Exchange Commission of Pakistan (SECP). Following are the statements on Corporate and Financial Reporting Framework:

- The financial statements present fairly the state of affairs of the Company, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts about the Company's ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations and properly disclosed in the statement of Compliance with the Code of Corporate Governance except for Paragraph 18 as disclosed in "Statement of compliance with code of corporate governance".
- 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.

Six Years Review at a Glance

The six years review at a glance is annexed.

Pattern of Shareholdings

The pattern of shareholdings as on September 30, 2019 which is required to be disclosed under the reporting framework is annexed herewith in this report.

Audit Committee

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

Human Resource Committee

The Board has constituted a Human Resource Committee in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Human Resource Committee is performing its duties in line with its terms of reference as determined by the Board of Directors.

Board Meetings

There have been 9 meetings during the year and the attendance of each director is stated as under:

Name of Directors	Board		Audit Committee		Human Resource and Remuneration Committee	
	Attended	Required	Attended	Required	Attended	Required
NON – EXECUTIVE DIRECTORS						
Mr. Ghazi Khan	4	4	4	4	1	1
Mr. Tahir Farooq Malik	4	4	4	4	1	1
Mrs. Rasheeda Begum	4	4	4	4	1	1
Mrs. Mobina Akbar Khan	4	4	4	4	1	1
Mr. Humayun Akhtar Khan	4	4	3	4	1	1
EXECUTIVE DIRECTORS						
Mr. Akbar Khan	4	4	4	4	1	1
Mr. Haroon Khan	4	4	4	4	1	1

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

Trading in Shares

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

Outstanding Statutory Dues

Details of outstanding dues towards minimum tax and those relating to other statutory obligations are set out in note 15 and 31 respectively.

Dividend

No dividend is being recommended by the Board of Directors for the year ended September 30, 2019.

Staff Retirement Benefits

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

Auditors

The retiring Auditors, M/s UHY Hassan Naeem & Co, Chartered Accountants, being eligible, offer themselves for re-appointment for the year ending September 30, 2020.

Appreciation

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

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

On behalf of Board of Directors

Akbar Khan
(Chief Executive Officer)
January 27, 2020

ڈائریکٹرز رپورٹ

معزز حصص داران

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2019ء کے اختتام کیلئے تاندلیانوالہ شوگر ملز لمیٹڈ (کمپنی) کی 31 ویں سالانہ رپورٹ بشمول آڈٹ شدہ فنانشل سٹیٹمنٹ اور آڈیٹرز رپورٹ رونمائی میرے لئے باعث مسرت وافتخار ہے۔

عملدرآمدگی اور مالی حیثیت کے چیدہ چیدہ نکات

کمپنی نے کرشنگ سیزن 19-2018 کا آغاز دسمبر 2018ء کے وسط سے کیا۔ نظر ثانی سال کے دوران گزشتہ سال کے مقابلہ میں فصل کا سائز اور پیداوار کم ہونے کی وجہ سے کرشنگ کا مقررہ ہدف حاصل نہیں کیا جاسکا۔ کرشنگ کے دنوں کی تعداد میں بھی خاطر خواہ کمی دیکھنے میں آئی ہے۔

پورا شوگر سیکٹر گواہ ہے کہ گنے کی کمی، بینکوں کے قرضہ جات میں اضافہ، اور سیلز ٹیکس ریٹ کے 8 فیصد سے 17 فیصد تک بڑھنے کے نتیجہ میں گزشتہ سال سے گنے کی قیمت میں اضافہ ہوتا رہا ہے۔ پیداوار میں کمی کی وجہ سے گزشتہ اسی مدت کے مقابلہ میں چینی کی قیمت اس سال بہت زیادہ رہی ہے۔ تاہم ہم نے اپنے گزشتہ سال کا پیداواری ذخیرہ اچھے نرخوں میں فروخت کیا ہے۔

گورنمنٹ شوگر انڈسٹری کی حمایت کرنے سے تاحال گریزاں ہے۔ جس کے تحت گنے کی فراہمی کی قیمت مبلغ 180 روپے فی 40 کلوگرام برائے سیشن 19-2018ء تبدیل نہیں کی جاسکی ہے۔

حکومت پاکستان کی جانب سے گزشتہ سالوں کی پہلے سے واجب الادا ایکسپورٹ سبسڈی کی عدم ادائیگی کی وجہ سے شوگر کے شعبہ کے نقد بہاؤ میں بہت برا اثر پڑا ہے۔ حکومت کی جانب سے صنعت کیلئے ایک اور حوصلہ شکنی کی بات یہ ہوئی ہے کہ ٹی ڈی اے پی کی جانب سے واجب الادا رقم کے عدم تصفیہ ایک دفعہ پھر گزشتہ سال کی طرح ہی ہے۔

کمپنی گزشتہ سال ٹیکس سے پہلے منافع مبلغ 0.849 کے مقابلہ میں اس سال ٹیکس سے پہلے مبلغ 1.680 بلین کا منافع کمانے میں کامیاب ہوئی۔ ایس بی پی کی جانب سے وقتاً فوقتاً رعایتی شرح میں بے پناہ اضافہ کی وجہ سے نظر ثانی سال کے دوران کمپنی کی فنانس لاگت مبلغ 1.500 بلین رہی جبکہ گزشتہ سال کہ مقابلہ میں یہ لاگت مبلغ 1.092 بلین تھی۔ ہم مالی اداروں اور گنے کے کسانوں کو تاحال تسلی بخش ادائیگیاں کر رہے ہیں۔

ہمارا اتھنول ڈویژن کمپنی کی مجموعی منافع میں اپنی بھرپور کردار ادا کرتا رہا ہے۔ اتھنول ڈویژن کا اس سال زیادہ سے زیادہ ٹرن اوور مبلغ 5.828 بلین رہا جبکہ گزشتہ سال ٹرن اوور مبلغ 4.967 بلین تھا اور یہ شاندار ریکارڈ بلاشبہ ہماری طاقت، مہارتوں اور بین الاقوامی سطح پر ہماری ساکھ کو بیان کرتا ہے۔

سی او-2 ڈویژن کو مارکیٹ میں سخت مقابلہ کا سامنا رہا لیکن یہ تاحال بہترین کارکردگی کا مظاہرہ کرتا پایا گیا ہے۔

کمپنی کی مزید آؤٹ لک

کرشنگ سیزن20-2019 کا آغاز نومبر2019ء سے کیا جا چکا ہے۔ گورنمنٹ آف پنجاب اور خیبر پختونخواہ کی جانب سے کرشنگ سیزن20-2019ء کیلئے گنے کی فی40 کلوگرام قیمت مبلغ180 روپے کو بڑھا کر فی 40 کلوگرام190 روپے کر دیا گیا ہے۔

تخمینہ کے مطابق گنے کی فصل کا حجم پچھلے سال کے مقابلہ میں ایک بار پھر کم رہا اور چینی کی ریکوری میں بھی کمی کا رجحان ظاہر ہو رہا ہے۔ موجودہ سال (2019-2020) پورے شوگر سیکٹر کیلئے ایک مشکل ترین سال ثابت ہوگا کیونکہ پاکستان کی معیشت ایک ایسے چوراہے پر کھڑی ہے جہاں اُسے معاشی کساد بازاری، مہنگائی، قرضہ جات میں اضافہ کا سامنا ہے اور یہ حقائق بشمول شوگر سیکٹر مجموعی صنعت پر مضر اثرات مرتب کریں گے۔

کمپنی کی انتظامیہ کاشتکاروں کیساتھ مضبوط اور خوشگوار تعلقات استوار کیے ہوئے ہیں۔

بورڈ سٹاف اور مینجمنٹ ٹیم کے ممبران کی انتھک محنت کو تہہ دل سے سراہتا ہے۔

کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک

ڈائریکٹرز کیلئے یہ امر قابل اطمینان ہے کہ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے مطابق لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز-2019 (ریگولیشنز) کے عین مطابق کام کر رہی ہے۔ کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی سٹیٹمنٹس حسب ذیل ہیں۔:

- ☆ فنانشل سٹیٹمنٹس میں کمپنی کے سٹیٹ آف افیرز، آپریشنز کے نتائج، کیش فلو اور ایکوٹی میں فروق کو شفاف طریقے سے بیان کیا گیا ہے۔
- ☆ کمپنی کے مناسب طریقہ سے بک آف اکاؤنٹس تشکیل دیئے گئے ہیں۔
- ☆ فنانشل سٹیٹمنٹ اور اکاؤنٹنگ کے تخمینہ جات کی تیاری میں غیر جانبدارانہ فیصلہ کی بنیاد پر فنانشل سٹیٹمنٹ کیلئے نوٹس میں دی گئی اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کیا جاتا رہا ہے۔
- ☆ فنانشل سٹیٹمنٹ کی تیاری میں پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز اور کمپنیز ایکٹ 2017ء کی ضروریات کو ملحوظ خاطر رکھا گیا ہے۔
- ☆ انٹرنل کنٹرول کا سسٹم مضبوط ڈیزائن کا حامل ہے اور اسے مؤثر طریقہ سے لاگو اور مانیٹر کیا گیا ہے۔
- ☆ کمپنی کی صلاحیت پر کسی قسم کا کوئی شبہ نہیں کیا جا سکتا ہے۔
- ☆ فہرست کے ضوابط کی تفصیل کے مطابق کارپوریٹ گورننس کی بہترین عملدرآمدگی میں کوئی کثر نہیں اُٹھا رکھی گئی اور پیراگراف 18 کے علاوہ کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کے بیان کے مطابق اس امر کا واضح طور پر اس کا انکشاف بھی کیا گیا ہے۔
- ☆ چھ سالوں کے بنیادی مالی ڈیٹا کے حوالے سے سٹیٹمنٹ رپورٹ ہذا کے ساتھ منسلک کر دی گئی ہے۔
- ☆ فنانشل سٹیٹمنٹ کے نوٹس میں ٹیکسز اور ڈیوٹیز کے حوالے سے معلومات فراہم کر دی گئی ہیں۔

☆ کمپنی کے ذریعہ حاصل کردہ تمام قرضوں کے سلسلے میں تاخیر سے ادائیگی یا پہلے سے طے شدہ ہونے کا کوئی امکان نہیں ہے۔

ایک نظر میں چھ سال کا جائزہ

چھ سالہ جائزہ منسلک ہے

شیئر ہولڈرز کا پیٹرن

30 ستمبر 2019ء تک شیئرز ہولڈنگز کا پیٹرن جو کہ رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے رپورٹ ہٰذا کے ساتھ منسلک کر دیا گیا ہے۔

آڈٹ کمیٹی

بورڈ نے تین ممبران بشمول کمیٹی چیئرمین آڈٹ کمیٹی تشکیل دی ہے۔ کمپنی باقاعدہ طور پر کوڈ کے ضروریات پر پورا اُتر رہی ہے۔ کمیٹی انٹرنل آڈٹ مینول اور انٹرنل آڈٹ سسٹم کے معاملات کے حوالے سے بورڈ کی راہنمائی کرتی ہے۔

ہیومن ریسورس کمیٹی

بورڈ نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز -2019 کے تحت ہیومن ریسورس کمیٹی تشکیل دی ہے۔ یہ کمیٹی بورڈ آف ڈائریکٹرز کے واضح کردہ اپنے ٹرم آف ریفرنس کے مطابق اپنی ڈیوٹیز بخوبی نبھا رہی ہے۔

بورڈ اجلاس

سال کے دوران کل 9 اجلاس منعقد کئے گئے جس میں ڈائریکٹرز کی حاضری کا احوال درج ذیل ہے۔:

ڈائریکٹرز کے نام	بورڈ		آڈٹ کمیٹی		ہیومن ریسورس اور معاوضہ کمیٹی	
	حاضری	مطلوب	حاضری	مطلوب	حاضری	مطلوب
نان ایگزیکٹو ڈائریکٹرز						
مسٹر غازی خان	4	4	4	4	1	1
مسٹر طاہر فاروق ملک	4	4	4	4	1	1
مسز رشیدہ بیگم	4	4	4	4	1	1
مسز مبینہ اکبر خان	4	4	4	4	1	1
مسٹر ہمایوں اختر خان	4	4	3	4	1	1
ایگزیکٹو ڈائریکٹرز						
مسٹر اکبر خان	4	4	4	4	1	1
مسٹر ہارون خان	4	4	4	4	1	1

(تاہم ناگزیر وجوہ کی بنیاد پر بورڈ کے اجلاس میں غیر حاضر رہنے والے ڈائریکٹران کو چھٹی عنایت کر دی گئی ہے)

شیئرز میں ٹریڈنگ

ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور انکے رشتہ دار اور چھوٹے بچوں کی جانب سے حصص کی تجارت کے لئے معلومات فارم 34 میں بیان کی گئی ہیں جو کہ اس سالانہ رپورٹ کے ساتھ منسلک ہیں۔

بقایا قانونی واجبات

کم از کم ٹیکس کی مد میں بقایا جات اور دیگر قانونی ذمہ داریوں سے متعلق تفصیلات بالترتیب نوٹ 15 اور 31 میں درج ہیں۔

منافع

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2019ء کے اختتام پر کوئی منافع تجویز نہیں کیا گیا ہے۔

سٹاف ریٹائرمنٹ پر فوائد

کمپنی چھ ماہ تک کوالیفائنگ سروس کی مدت کے حامل تمام ملازمین کیلیئے غیر مالی اعانت بخش گرانٹ اسکیم فراہم کرتی ہے۔

آڈیٹرز

ریٹائر ہونے والے آڈیٹرز میسرز یو ایچ وائے حسن نعیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، نے اہل ہونے کے ناطے 30 ستمبر 2020ء کو اختتام پذیر ہونے والے مالی سال تک کیلیئے دوبارہ تعیناتی کی درخواست دائر کی ہے۔

اعترافات

بورڈ کمپنی کے ملازمین کی جہد مسلسل کو خراج عقیدت پیش کرتی ہے۔

ہم اپنی صنعت کے فروغ میں کلیدی کردار ادا کرنے والے اپنے کاشتکاروں کی شمولیت کی اہمیت کے بھی معترف ہیں۔

بحکم بورڈ آف ڈائریکٹرز

اکبر خان
(چیف ایگزیکٹو آفیسر)
27 جنوری 2020ء

FORM 34

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

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

2.1. Pattern of holding of the shares held by the shareholders as at **30-09-2019**

	------Shareholdings------		
2.2 No. of Shareholders	**From**	**To**	**Total Shares Held**
126	1	100	3,312
416	101	500	196,123
63	501	1,000	53,185
55	1,001	5,000	118,993
12	5,001	10,000	84,747
5	10,001	15,000	64,861
3	15,001	20,000	53,607
1	20,001	25,000	21,500
1	25,001	30,000	29,420
1	45,001	50,000	45,500
1	140,001	145,000	144,300
1	550,001	555,000	552,500
2	1,390,001	1,395,000	2,789,689
1	1,395,001	1,400,000	1,395,343
1	1,400,001	1,405,000	1,401,747
1	1,890,001	1,895,000	1,894,064
1	3,290,001	3,295,000	3,294,155
1	5,455,001	5,460,000	5,459,419
1	5,745,001	5,750,000	5,745,514
1	10,610,001	10,615,000	10,610,937
1	20,195,001	20,200,000	20,197,535
1	20,250,001	20,255,000	20,253,274
1	21,560,001	21,565,000	21,562,457
1	21,730,001	21,735,000	21,734,118
698			**117,706,300**

2.3 Categories of shareholders	**Share held**	**Percentage**
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	89,348,885	75.9083%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	---	---
2.3.3 Banks, Funds, Development Financial Institutions, Non Banking Financial Institutions.	184,289	0.1566%

2.3.4 Shareholders holding 10% or more	89,346,863	75.9066%
2.3.5 General Public		
a. Local	28,173,126	23.9351%
2.3.6 Others (to be specified)	---	---

Categories of Shareholding required under Code of Corporate Governance (CCG)
As on September 30, 2019

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. AKBAR KHAN	21,592,481	18.3444%
2	MR. HAROON KHAN	23,141,165	19.6601%
3	MR. GHAZI KHAN	22,965,200	19.5106%
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:		184,289	0.1566%

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

S. No.	Name	Holding	Percentage
1	MR. AKBAR KHAN	21,592,481	18.3444%
2	MR. HAROON KHAN	23,141,165	19.6601%
3	MR. GHAZI KHAN	22,965,200	19.5106%
4	MRS. RASHEEDA BEGUM	21,648,017	18.3916%
6	MR. HAMEED ULLAH KHAN PARACHA	7,639,578	6.4904%

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

S.No	NAME	SALE	PURCHASE
1	Mr. Haroon Khan (CDC)	-	3,800

SIX YEARS REVIEW AT A GLANCE

Figures in '000

		2019 (Rupees)	2018 (Rupees)	2017 (Rupees)	2016 (Rupees)	2015 (Rupees)	2014 (Rupees)
FINANCIAL RESULTS							
Sales (Net)		27,295,875	17,522,464	13,903,985	18,675,054	16,520,294	12,999,789
Cost of Sales		23,142,769	14,665,516	11,769,616	16,258,134	14,301,181	11,574,518
Gross profit		**4,153,106**	**2,856,948**	**2,134,369**	**2,416,920**	**2,219,113**	**1,425,271**
Operating, financial and other expenses		2,437,413	2,031,870	1,680,412	1,542,640	1,674,897	1,393,962
		1,715,693	**825,078**	**453,957**	**874,280**	**544,216**	**31,309**
Other income		65,485	79,729	36,246	108,495	70,303	54,161
Net profit before wppf		**1,781,178**	**904,807**	**490,203**	**982,775**	**614,519**	**85,471**
Workers' profit participation fund		100,979	55,596	29,077	49,139	30,726	4,274
Net profit before Taxation		**1,680,199**	**849,211**	**461,126**	**933,636**	**583,793**	**81,197**
Provision for taxation		(234,276)	(41,566)	9,634	(35,669)	7,833	165,927
Net profit after taxation		**1,445,923**	**807,645**	**470,760**	**897,967**	**591,626**	**247,124**
Cash dividend		-	-	-	-	-	-
Earning per share (Rs.)		12.28	6.86	4.00	7.63	5.03	2.10
Authorized capital		1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Paid-up capital		1,177,063	1,177,063	1,177,063	1,177,063	1,177,063	1,177,063
Fixed capital expenditures (Net)		16,100,857	15,683,153	13,082,041	10,686,598	10,941,621	7,974,240
OPERATING RESULTS							
Sugar production - Unit - 1	M. Tons	69,115	57,826	64,441	50,392	45,488	57,405
Sugar production - Unit - 2	M. Tons	105,529	93,139	102,417	76,474	95,011	90,720
Sugar production - Unit - 3	M. Tons	80,731	94,617	136,284	120,512	124,611	121,472

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

Name of Company:	**Tandlianwala Sugar Mills Limited**
Year Ended:	**30 September 2019**

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

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

- **a)** Male: 05
- **b)** Female: 02

2. The composition of the Board is as under:

Category	**Names**
Executive Directors	Mr. Akbar Khan
	Mr. Haroon Khan
Non-Executive Directors	Mr. Ghazi Khan
	Mr. Tahir Farooq Malik
	Mr. Humayun Akhtar Khan
	Mrs. Rasheeda Begum
	Mrs. Mobina Akbar Khan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9. All the Directors on the Board are well conversant with their responsibilities as Directors of corporate bodies as the Company had arranged briefing for its Directors to apprise them of their duties and responsibilities. All the Directors of the Company are exempt from obtaining certification under Directors' training programs per criteria i-e 14 years of education and 15 years of experience on the board of a listed company.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed an audit committee. It comprises of following 03 (Three) Directors :

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

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

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

13. The Terms of Reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as per following:

a) Audit Committee: 04 meetings held during the year ended on September 30, 2019; and

b) HR and Remuneration Committee: 01 meeting held during the year ended on September 30, 2019.

15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced professional for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed, that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan ("ICAP") and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with; except the following:

a) The Company did not have any Independent Director during the year ended 30 September 2019 as per the requirement of clause (1) of Section 6 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

b) None of the members (including Chairman) of the Audit Committee is an Independent Director as per sub-clause (i) & (ii) of clause 1 of Section 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

c) None of the members of the Human Resource & remuneration Committee is an Independent Director as per the 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.

Lahore	**Ghazi Khan**
January 27, 2020	**Chairman**

Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

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 30 September 2019in 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 Director's 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 requires 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 30 September 2019.

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

Paragraph reference	Description
i) Paragraph 18 (a)	*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.*
ii) Paragraph 18 (b)	*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.*
iii) Paragraph 18 (c)	*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.*
iv) Paragraph 18 (d)	*The Chief Financial Officer of the Company also holds the position of Company Secretary.*

Lahore

January 27, 2020

UHY Hassan Naeem & Co
Chartered Accountant
(Mr. Ibne Hassan)

INDEPENDENT AUDITOR'S REPORT
To the members of Tandlianwala Sugar Mills Limited
Report on the Audit of 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, 2019, and the statement of profit or loss, the statement of 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, the statement of profit or loss, the statement of 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, 2019 and of the profit or loss, the other comprehensive income and 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 (I SAs) 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 matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1	**Revenue** Refer to the statement of profit or loss and note 4.12 and 24 to the financial statements. The Company generates revenue from sale of crystalline sugar, ethanol and top gas to domestic as well as export customers. We identified recognition of sales as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.	Our audit procedures to assess recognition of sales, amongst others, included the following: • obtained an understanding of the process relating to recording of sales and tested the design, implementation and operating effectiveness of key internal controls over recording of revenue; • assessed the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • compared a sample of sale transactions recorded around the year with the sales orders, sales invoices and other relevant underlying documentation to assess if the sale was recorded in the appropriate financial period; • reconciled the sales recorded and sales tax paid thereto with the amounts reported in sales tax returns. • assessed the adequacy of disclosures in financial statements with respect to revenue.
2	**Borrowings and finance costs** Refer notes 4.16, 8, 9, 11 and 29 to the financial statements. The Company has obtained a range of financing facilities from various financial institutions with varying terms and tenure against collaterals on stocks and plant & machinery. This was considered to be a key audit matter as these affect Company's gearing, liquidity and solvency. Further, compliance with debt covenants is a key requirement of these	Our audit procedures, amongst others, included the following: • assessed the design and operating effectiveness of the Company's internal controls over recording the terms and conditions of borrowings from financial institutions, including their classification as either current or non-current and associated costs; • obtained confirmations of borrowings as at 30 September 2019 directly from the financial institutions; • recalculated the markup recognized as expense during the year to assess whether these were accounted for in accordance with approved accounting standards as applicable in Pakistan; • assessed whether installments of loans /

	financing arrangements.	leases due or loan / leases maturing within twelve months were classified as current liabilities; and • assessed the adequacy of the Company's compliance with the loan covenants and the disclosure in the financial statements.
3	**Valuation of stock-in-trade** Refer notes 4.7 and 20 to the financial statements. The Company's policy is to value the stock in trade at lower of cost and net realizable value. The stock in trade valuation involves management judgment in determining the appropriate costing basis. Additionally, entity holds its inventory as a collateral against the financing on account of which there is persistent inherent risk. Thus, on account of the significance of stock in trade, complexity in recalculation and involvement of significant management judgement/estimation in application of costing methodology; we consider this to be a key audit matter.	Our audit procedures, amongst others, included the following: • assessed the appropriateness & consistency of Company's accounting policy for valuation of inventories and compliance of the policy with the requirements of the prevailing accounting standards; • obtained understanding of internal controls over valuation of inventories and performed test of controls on a sample basis, to test the design, implementation and operating effectiveness; • performed substantive procedures over purchases and consumptions; • 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 & 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 cost of inventories with their respective net realizable value (NRV); • assessed the adequacy of disclosure in the financial statements to be in accordance with the applicable accounting standards.
4	**Deferred Tax** Refer to note 10 to the Financial Statements. 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 judgment regarding estimation of the future	Our audit procedures, amongst others, included the following: • obtained computation of current tax and reconciled the amounts with relevant tax correspondence and underlying accounting records; • recalculated the deferred tax and evaluated the same in accordance the Income Tax Ordinance, 2001 and International Financial Reporting Standards (IFRS);

	profit of the Company. As at September 30, 2019, the Company estimated that the unused tax losses should not be recognized as sufficient taxable profits are not expected against which the Company can used benefits therefrom. Management is of the view that recognition of deferred tax asset shall be re-assessed on September 30, 2020.	• obtained 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 30 September 2019, 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 disclosures 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, the statement of 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 audit resulting in this independent auditor's report is Ibne Hassan.

Lahore
January 27, 2020

UHY Hassan Naeem & Co.
Chartered Accountants

Statement of Financial Position

EQUITY AND LIABILITIES	Note	2019 Rupees	2018 Rupees
SHARE CAPITAL AND RESERVES			
Authorised share capital			
120,000,000 (September 2018: 120,000,000) ordinary shares of Rs. 10 each		1,200,000,000	1,200,000,000
Issued, subscribed and paid-up share capital	5	1,177,063,000	1,177,063,000
Reserves	6	5,278,965,217	3,841,141,347
Loan from sponsors - *unsecured*	7	3,541,050,170	1,935,050,170
TOTAL EQUITY		9,997,078,387	6,953,254,517
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - *secured*	8	1,926,794,717	2,698,134,997
Liabilities against assets subject to finance lease - *secured*	9	385,913,905	661,213,299
Deferred liabilities			
- *Staff retirement benefits*	10	508,436,982	414,693,881
- *Deferred taxation*	10	-	41,580,597
		2,821,145,604	3,815,622,774
CURRENT LIABILITIES			
Short term borrowings - *secured*	11	5,513,273,317	8,523,389,945
Current portion of non-current liabilities	12	1,366,249,595	1,188,080,201
Trade and other payables	13	3,374,669,386	8,481,337,041
Interest and mark-up accrued	14	246,377,102	268,950,864
Provision for taxation	15	273,819,231	-
		10,774,388,631	18,461,758,051
CONTINGENCIES AND COMMITMENTS	16		
TOTAL EQUITY AND LIABILITIES		23,592,612,622	29,230,635,342

The annexed notes 1 to 43 form an integral part of these financial statements

Lahore
January 27, 2020

Chief Financial Officer

As at September 30, 2019

ASSETS	Note	2019 Rupees	2018 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	17	**16,155,428,659**	15,717,733,700
Long term deposits	18	**82,429,286**	182,397,705
		16,237,857,945	15,900,131,405
CURRENT ASSETS			
Stores, spare parts and loose tools	19	**1,042,085,028**	1,100,061,916
Stock-in-trade	20	**3,022,242,477**	9,662,664,711
Trade debts - considered good	21	**314,759,460**	25,328,463
Advances, deposits, prepayments and other receivables	22	**2,016,746,177**	1,768,251,565
Tax refunds due from Government - net		**782,707,494**	691,128,965
Cash and bank balances	23	**176,214,041**	83,068,317
		7,354,754,677	13,330,503,937
TOTAL ASSETS		**23,592,612,622**	29,230,635,342

Chief Executive **Director**

Statement of Profit or Loss

For the year ended September 30, 2019

	Note	2019 Rupees	2018 Rupees
Sales - *net*	24	**27,295,874,630**	17,522,463,922
Cost of sales	25	**(23,142,769,339)**	(14,665,516,017)
Gross profit		**4,153,105,291**	2,856,947,905
Administrative expenses	26	**(531,118,199)**	(487,004,450)
Distribution expenses	27	**(406,648,748)**	(452,931,835)
Other income	28	**65,485,087**	79,728,679
Profit from operations		**3,280,823,431**	1,996,740,299
Finance cost	29	**(1,499,645,736)**	(1,091,933,322)
Other expenses	30	**(100,979,053)**	(55,596,005)
Profit before taxation		**1,680,198,642**	849,210,972
Taxation	31	**(234,275,988)**	(41,565,770)
Profit after taxation		**1,445,922,654**	807,645,202
Earnings per share - *basic and diluted*	32	**12.28**	6.86

The annexed notes 1 to 43 form an integral part of these financial statements

Lahore
January 27, 2020

Chief Financial Officer	Chief Executive	Director

Statement of Other Comprehensive Income

For the year ended September 30, 2019

	Note	2019 Rupees	2018 Rupees
Profit after taxation		**1,445,922,654**	807,645,202
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Loss on remeasurement of defined benefit liability	*10.1.2*	**(10,136,138)**	(42,824,778)
Related tax impact		**2,037,354**	8,428,901
		(8,098,784)	(34,395,877)
Total comprehensive income for the year		**1,437,823,870**	773,249,325

The annexed notes 1 to 43 form an integral part of these financial statements

Lahore
January 27, 2020

Chief Financial Officer	**Chief Executive**	**Director**

Statement of Cash Flow

For the year ended September 30, 2019

	Note	2019 Rupees	2018 Rupees
Cash flows from operating activities			
Profit before taxation		**1,680,198,642**	849,210,972
Adjustments for non-cash and other items:			
Depreciation on property, plant and equipment	17.1.1	**818,615,913**	690,667,694
Gain on disposal of property, plant and equipment	17.1.2	**(928,173)**	(231,917)
Finance cost	29	**1,499,645,736**	1,091,933,322
Provision for staff retirement benefits	10.1.3	**85,659,287**	62,790,677
Return on bank deposits	28	**(16,999,663)**	(16,635,968)
Worker's Profit Participation Fund	13.2	**88,431,507**	44,695,314
		2,474,424,607	1,873,219,122
Operating profit before working capital changes		**4,154,623,249**	2,722,430,094
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		**57,976,888**	(67,415,805)
Stock-in-trade		**6,640,422,234**	(848,263,583)
Advances, deposits, prepayments and other receivables		**(248,494,612)**	(924,528,497)
Trade debts - *considered good*		**(289,430,997)**	(5,214,475)
		6,160,473,513	(1,845,422,360)
Increase / (decrease) in current liabilities:			
Trade and other payables		**(5,150,404,111)**	4,013,316,802
Cash generated from operations		**5,164,692,651**	4,890,324,536
Finance cost paid		**(1,522,219,498)**	(1,083,297,768)
Staff retirement benefits paid	10.1.1	**(2,052,324)**	(1,482,133)
Taxes paid		**(91,578,529)**	(161,577,623)
Worker's Profit Participation Fund paid	13.2	**(45,461,299)**	(23,744,160)
		(1,661,311,650)	(1,270,101,684)
Net cash generated from operating activities		**3,503,381,001**	3,620,222,852
Cash flows from investing activities			
Capital expenditure		**(1,255,826,451)**	(2,079,257,640)
Proceeds from disposal of property, plant and equipment	17.1.2	**1,210,000**	1,420,000
Long term deposits		**99,968,419**	(58,324,517)
Income received from bank deposits		**16,999,663**	16,635,968
Net cash (used in) investing activities		**(1,137,648,369)**	(2,119,526,189)
Cash flows from financing activities			
Long term finances repaid		**(614,629,728)**	(432,446,972)
Long term finances obtained		**88,447,993**	699,013,448
Loan from sponsors		**1,606,000,000**	-
Advance from customers		**-**	(554,036,748)
Finance lease liabilities - *net*		**(342,288,545)**	(145,289,032)
Short term borrowings - *net*		**(3,009,619,647)**	(1,612,635,286)
Net cash (used in) financing activities		**(2,272,089,927)**	(2,045,394,590)
Net increase / (decrease) in cash and cash equivalents		**93,642,705**	(544,697,927)
Cash and cash equivalents at the beginning of the year		**(16,930,819)**	527,767,108
Cash and cash equivalents at the end of the year	33	**76,711,886**	(16,930,819)

The annexed notes 1 to 43 form an integral part of these financial statements

Lahore
January 27, 2020

Chief Financial Officer | **Chief Executive** | **Director**

Statement of Changes in Equity

For the year ended September 30, 2019

		Reserves				
		Capital	Revenue			
	Share Capital	Share premium	Un-appropriated profits	Total reserves	Loan from Sponsors	Total
	Rupees					
Balance as at October 01, 2017	1,177,063,000	290,741,640	2,777,150,382	3,067,892,022	1,935,050,170	**6,180,005,192**
Total comprehensive income for the year:						
Profit for the year ended 30 September 2018	-	-	807,645,202	807,645,202	-	**807,645,202**
Other comprehensive loss for the year ended 30 September 2018 - net of tax	-	-	(34,395,877)	(34,395,877)	-	**(34,395,877)**
	-	-	773,249,325	773,249,325	-	**773,249,325**
Balance as at September 30, 2018	**1,177,063,000**	**290,741,640**	**3,550,399,707**	**3,841,141,347**	**1,935,050,170**	**6,953,254,517**
Transactions with owners of the Company						
Loan received during the period	-	-	-	-	1,606,000,000	1,606,000,000
Total comprehensive income for the year:						
Profit for the year ended 30 September 2019	-	-	1,445,922,654	1,445,922,654	-	**1,445,922,654**
Other comprehensive loss for the year ended 30 September 2019 - net of tax	-	-	(8,098,784)	(8,098,784)	-	**(8,098,784)**
	-	-	1,437,823,870	1,437,823,870	1,606,000,000	3,043,823,870
Balance as at September 30, 2019	**1,177,063,000**	**290,741,640**	**4,988,223,577**	**5,278,965,217**	**3,541,050,170**	**9,997,078,387**

The annexed notes 1 to 43 form an integral part of these financial statements

Lahore
January 27, 2020

Chief Financial Officer | **Chief Executive** | **Director**

Notes to the Financial Statements

For the year ended September 30, 2019

1 Corporate and general information

1.1 Reporting entity

Tandlianwala Sugar Mills Limited ("the Company") was incorporated in Pakistan on 01 November 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

1.2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance were particularly affected by the following events and transactions during the reporting period:

- After promulgation of Finance Act, 2019, rate of sales tax chargeable on crystalline sugar was increased to 17% which was previously at 8%. Thus, a significant increase in sale was observed in the month of June primarily to purchase at lesser applicable input tax to date.
- During the year, the Company incurred capital expenditure of Rs. 1.2 billion for balancing and modernization of existing manufacturing facilities to increase efficiency.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

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

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

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

2.4 Use of judgements and estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, 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 judgment about 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 judgment was exercised in application of accounting policies are as follows:

2.4.1 Employees' retirement benefits and other obligations

The Company operates approved unfunded gratuity scheme covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of 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 independent actuary on annual basis.

2.4.2 Taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law and the outcome is expected in favour of the Company, are shown as contingent liabilities.

2.4.3 Provisions and contingencies

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

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

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

2.4.5 Inventories

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

2.4.6 Expected Credit Loss (ECL) / loss allowances against trade debts, deposits, advances and other 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 assets' original effective interest rate.

The Company has elected to measure loss allowances for trade debts other than due from 'Government of Pakistan' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The financial assets due from 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 as explained in note 3.2. 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 amortised 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)

During the year, the Company has adopted IFRS 15 and IFRS 9 which became applicable for the financial year ended September 30, 2019.

3.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services.

Based on the assessment performed by the management, there is no significant impact of the changes laid down by IFRS 15 on these financial statements of the Company.

3.2 IFRS 9 - Financial instruments

IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces the incurred loss impairment model included in IAS 39.

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021.

The Company's financial assets mainly includes term deposits, trade debts, loans, other receivables, cash and bank balances held with commercial banks. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.2.1 Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through Other Comprehensive Income (FVOCI), or through Profit or Loss (FVTPL); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within 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 principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in the statement of profit or loss.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. Dividend income is recognized in the statement of profit or loss. The Company's accounting policy relating to financial instruments is explained in note 4.8 of these financial statements.

3.2.2 Impact of change in classification and measurement of financial assets due to adoption of IFRS 9

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets at 01 October 2018:

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Long term deposits	Loans & receivables	Amortized cost	182,397,705	182,397,705
Trade debts - considered good	Loans & receivables	Amortized cost	25,328,463	25,328,463
Advances, deposits, prepayments and other receivables	Loans & receivables	Amortized cost	894,181,079	894,181,079
Bank balances	Loans & receivables	Amortized cost	81,515,266	81,515,266

3.2.3 Impairment

The adoption of IFRS 9 has changed the Company's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9 other than due from the Government of Pakistan. As explained in note 3.2, the SECP has granted exemption with respect to application of ECL for companies holding financial assets due from the Government of Pakistan. Accordingly Company's receivables of Rs. 1,009.69 million (2018: Rs. 874.07 million) that are due from Government of Pakistan continues to be assessed for impairment under the requirements of IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 requires the Company to recognize ECLs for trade debts earlier than IAS 39. Cash and bank balances, deposits (other than from Government of Pakistan) and other receivables are subject to ECLs model but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following basis:

- 12 months ECLs, these are the ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs, these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables other than due from Government of Pakistan. Trade and other receivables are written off when there is no reasonable expectation of recovery.

Loss allowance on bank balances and other receivables is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore, no credit loss is expected on these balances.

Impact of ECL

The Company has applied IFRS 9 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 9 is recognized in retained earnings at the date of initial application. Considering the quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information, the Company has no material expected credit loss under IFRS 9 on trade debts at initial application date and at the year end.

3.3 Other changes in IFRS's

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

Standards or Interpretation		Effective date
IFRS-3	Business Combination (Amendments)	January 1, 2020
IFRS-9	Prepayments features with Negative compensation- (Amendments)	January 1, 2019
IFRS-16	Leases	January 1, 2019
IAS-1	Presentation of financial statements- (Amendments)	January 1, 2020
IAS-8	Accounting Policies, Changes in Accounting Estimates and errors- (Amendments)	January 1, 2020
IAS-19	Plan amendment curtailment or settlement (Amendments)	January 1, 2019
IAS-28	Long term interests in associates and joint ventures (Amendments)	January 1, 2019
IFRIC-23	Uncertainty over income tax treatments	January 1, 2019

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 amortised on a straight-line basis over the vesting period.

The Company's obligation in respect of 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 recognised 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 then 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 defined benefit plan are recognized in profit or 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 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 recognised 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 realisation 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 recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised.

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 Leases

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease

Finance leases are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance cost is charged to statement of profit or loss.

Operating lease / 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 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

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 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 reducing balance method, which reflects the patterns in which the economic benefits are consumed by the Company, at the rates specified in note 17.1.

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 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 profit or loss account.

Leased

Assets held under finance 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 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 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 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 realisable value
Finished goods	at lower of weighted average cost and net realisable value
By products	net realisable value

Net realisable 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 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 investment 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 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 as 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 as 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 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 recognises 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 good and services. The Company recognises 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;
- Recognise revenue when the entity satisfies a performance obligation.

Revenue is measured at the fair value of consideration received or receivable, and represents amount receivable for goods supplied. Revenue from 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 impact on the timing and amount of revenue recognition of the Company.

4.13 Interest income

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

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 incentive 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 ruling 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 statement of profit or loss.

4.16 Borrowing costs

Borrowing costs are recognised 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 capitalised 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 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 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 "Accounting Directors' Loan" ("TR 32") issued by 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 as equity at face value. This is not subsequently remeasured*".

4.22 Government grants

Government grants relating to export support are recognised 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, distillery and top gas.

	2019	2018
5 Share capital	**Rupees**	Rupees
5.1 Authorized share capital		
112,000,000 (2018: 112,000,000) voting 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 (2018: 117,706,300) voting ordinary shares of Rs. 10 each fully paid in cash	**1,177,063,000**	1,177,063,000

	Note	**2019**	2018
6 Reserves		**Rupees**	Rupees
Share premium	*6.1*	**290,741,640**	290,741,640
Un-appropriated profit		**4,988,223,577**	3,550,399,707
		5,278,965,217	3,841,141,347

6.1 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 loans amounting to Rs. 3,541 million (2018: Rs. 1,935 million) obtained from the sponsors of the Company and are repayable at the discretion of the Company.

8	Long Term finance - secured	Note	2019 Rupees	2018 Rupees
	Mark up bearing finances from conventional bank:			
	MCB Bank Limited - *Led Syndicated loan*	8.1	272,760,754	545,521,422
	National Bank of Pakistan - *Syndicated term finance*	8.2	2,221,875,000	2,370,000,000
	The Bank of Panjab - *Term finance*	8.3	13,750,000	41,250,000
	Pak Oman Investment Company Limited - *Term finance*	8.4	175,000,000	275,000,000
	Samba Bank Limited - *Term finance*	8.5	214,275,430	249,988,000
			2,897,661,184	3,481,759,422
	Islamic mode of financing:			
	Al Baraka Bank Limited - *Diminishing Modaraba*	8.6	41,754,304	59,018,597
	Sindh Modaraba - *Diminishing Modaraba*	8.7	75,180,796	-
	First Punjab Modaraba - *Diminishing Modaraba*	8.8	1,768,852	1,768,852
			118,703,952	60,787,449
			3,016,365,136	3,542,546,871
	Less: current portion of non-current liabilities			
	Conventional banks		(1,050,435,898)	(844,411,874)
	Islamic banks		(39,134,521)	-
			1,926,794,717	2,698,134,997

	Sanctioned Limit	Tenure and basis of principal repayment	Mark-up as per Agreement	Security
8.1	1,250,000,000	18 equal instalments payable at the end of each quarter beginning from 31 March 2016	3MK plus 275 bps	This loan is secured by way of pari passu hypothecation charge over all the present and future fixed assets of sugar Unit - I located at Kanjwani and exclusive charge of distillery at Unit - II located at Muzaffargarh respectively; with the sum of Rs. 1,667 million in favour of security agent. This loan is also secured by way of lien and over the collection account in favour of security agent in terms of collection arrangement entered into between the Company and security agent and personal guarantees of all the Directors of the Company.
8.2	2,400,000,000	16 equal Instalments payable at the end of each quarter beginning from 27 September 2019	3MK 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, Directors and the associated companies till the entire liabilities of the Company towards the syndicate are repaid.
8.3	110,000,000	16 equal instalments payable at the end of each quarter beginning from 31 March 2016	3MK plus 350 bps	This loan is secured by way of token registered Mortgage of Rs. 0.1 million along with equitable mortgage of marked-up amount over Head Office land and building measuring 2 Kanals 16 Marlas 111 Sqft situated at 66-L, Gulberg II, Lahore and personal guarantees of all sponsor Directors of the Company.
8.4	300,000,000	12 equal instalments payable at the end of each quarter beginning from 27 July 2018	6MK plus 250 bps	This 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.

8.5	250,000,000	14 equal instalments payable at the end of each quarter beginning on 11 April 2019	1MK plus 250 bps	This loan is secured by way of pari passus charge over fixed assets located at Unit-III in Muzaffargarh amounting to Rs. 400 million. and personal guarantees of all sponsor Directors of the Company.
8.6	63,995,140	12 equal instalments payable at the end of each quarter beginning from December 2018	6MK plus 350 bps	This loan is secured by way of registered first pari-passu charge for Rs. 100 million over all fixed assets including land, building & machinery of Unit - III located in Muzaffargarh. Exclusive charge for Rs. 86.667 million over imported machinery through LC's at Unit-I, Kanjwani, Faisalabad with Bank's share at Rs. 65 million. This loan is also secured by personal guarantee of all the Directors of the Company.
8.7	88,447,993	60 equal instalments payable at the end of each month beginning from 1st January 2019	6MK plus 350 bps	Title documents of the assets are exclusively in the name of Sindh Modaraba for the entire tenor of the facility.
8.8	17,688,500	36 equal instalments payable at the end of each month beginning from January 2015	6MK plus 400 bps	Asset is registered in the name of First Punjab Modaraba as security . This is also secured by personal guarantee of all the Directors of the Company.

9 Liabilities against assets subject to finance lease - *secured*

The liability against assets subject to finance lease represents the lease entered into with financial institutions.

	Note	2019 Rupees	2018 Rupees
Present value of minimum lease payments		**662,593,081**	1,004,881,626
Less: Current portion of non-current liabilities	12	**(276,679,176)**	(343,668,327)
		385,913,905	661,213,299

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

		2019		
		Future minimum lease payments	**Finance cost for future periods**	**Present value of future minimum lease payments**
Particulars	*Note*	**Rupees**		
Not later than one year	12	**346,720,443**	**70,041,267**	**276,679,176**
Later than one year and not later than five years		**453,651,924**	**67,738,019**	**385,913,905**
		800,372,367	**137,779,286**	**662,593,081**

		2018		
		Future minimum lease payments	Finance cost for future periods	Present value of future minimum lease payments
Particulars		Rupees		
Not later than one year	12	426,608,240	82,939,913	343,668,327
Later than one year and not later than five years		781,788,687	120,575,388	661,213,299
		1,208,396,927	203,515,301	1,004,881,626

Salient features of the leases are as follows:	2019	2018
Discount factor (%)	**9.29 - 17.59**	8.65 - 11.78
Term of lease (years)	**3 - 5**	3 - 5
Security deposits (%)	**10 - 30**	10 - 22.83

9.1 The Company has entered into various lease agreements with financial institutions for plant & machinery and vehicles. Lease rentals are payable on monthly basis. 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. All leases are secured against personal guarantees of Directors and different amounts of post dated cheques. Residual value of the leased assets has already been paid at the inception of the lease in the form of security deposits. There are no financial restrictions imposed by lessors and the taxes, repairs, replacements and insurance costs are borne by the lessee.

10 Deferred liabilities	*Note*	**2019 Rupees**	2018 Rupees
Staff retirement benefits - *Gratuity*	*10.1*	**508,436,982**	414,693,881
Deferred taxation	*10.2*	**-**	41,580,597
		508,436,982	456,274,478

10.1 Staff retirement benefits - *Gratuity*

The latest actuarial valuation of the Company's defined benefit plan was conducted at September 30, 2019 using Projected Unit Credit Method. Detail of obligation for defined benefit plan is as follows:

	Note	**2019 Rupees**	2018 Rupees
Present value of defined benefit obligation	*10.1.1*	**508,436,982**	414,693,881
Liability as at 30 September		**508,436,982**	414,693,881

10.1.1 Movement in defined benefit obligation	*Note*	**2019 Rupees**	2018 Rupees
Present value of defined benefit obligation as at 01 October		**414,693,881**	310,560,559
Current service cost for the year	*10.1.3*	**50,938,892**	41,290,336
Interest cost for the year	*10.1.3*	**34,720,395**	21,500,341
Benefits paid during the year		**(2,052,324)**	(1,482,133)
Actuarial loss on present value of defined benefit obligation	*10.1.2*	**10,136,138**	42,824,778
Present value of defined benefit obligation as at 30 September		**508,436,982**	414,693,881

10.1.2 Changes in actuarial gains	*Note*	**2019 Rupees**	2018 Rupees
Opening actuarial gain		**-**	-
Actuarial loss during the year		**(10,136,138)**	(42,824,778)
Charge to other comprehensive income	*10.1.3*	**10,136,138**	42,824,778
Unrecognized actuarial gains		**-**	-

10.1.3 Charge for the year

		2019	2018
Statement of profit or loss			
Current service cost		**50,938,892**	41,290,336
Interest cost for the year		**34,720,395**	21,500,341
Net amount chargeable to profit and loss account		**85,659,287**	62,790,677
Statement of other comprehensive income			
Actuarial loss on defined benefit obligation		**10,136,138**	42,824,778
		95,795,425	105,615,455

	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees
Historical Information					
Present value of defined benefit obligations	**508,436,982**	414,693,881	310,560,559	245,194,213	187,602,200
Experience adjustment arising on plan liability losses / (gains)	**10,136,138**	42,824,778	26,243,582	9,711,211	(6,096,992)

10.1.4 Assumptions used for valuation of defined benefit schemes

	2019	2018
Discount rate used for interest cost	**10.00%**	8.00%
Discount rate used for year end obligation	**12.50%**	10.00%
Expected rates of salary increase in future	**N/A**	9.00%
Expected mortality rate	**SLIC 2001-2005 Setback 1 Year**	SLIC 2001-2005 Setback 1 Year
Withdrawal Rates	**Age-Based (per appendix)**	Age-Based (per appendix)
Retirement age	**60 years**	60 years

10.1.5 Expected expense for next year

The expected gratuity expense the year ending 30 September 2020 is estimated at Rs. 99 million.

10.1.6 The Plan exposes the Company to the 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 pontential 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 basic salary for each year of service.

10.1.8 The average duration of the defined benefit obligation is 6 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 2019 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase 100 bps	Decrease 100 bps
	------------ **Rupees** ------------	
Discount rate movement	**403,034,008**	451,946,471
Salary growth rate	**452,369,959**	402,269,885

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*	**2019 Rupees**	2018 Rupees
Deferred tax liability as at September 30, 2019 on taxable temporary differences arising in respect of:			
- Accelerated tax depreciation on operating fixed assets		**1,670,044,129**	1,524,893,498
- Leased assets - net		**115,530,786**	61,277,834
Deferred tax asset as at September 30, 2019 on deductible temporary differences arising in respect of:			
- Unused tax losses and tax credits	*10.2.2*	**(1,665,604,945)**	(1,454,021,612)
- Staff retirement benefits		**(102,195,325)**	(81,621,294)
- Provision for Worker's Profit Participation Fund		**(17,774,645)**	(8,947,829)
		-	41,580,597

10.2.1 Movement in deferred tax balances is as follows:

As at 01 October	**41,580,597**	8,443,728
Recognized in statement of profit and loss:		
- Accelerated tax depreciation on operating fixed assets	**145,150,631**	162,664,477
- Leased assets - *net*	**54,252,952**	17,942,072
- Unused tax losses and tax credits	**(211,583,333)**	(129,275,829)
- Staff retirement benefits	**(18,536,677)**	(6,111,312)
- Provision for Worker's Profit Participation Fund	**(8,826,816)**	(3,653,638)
	(39,543,243)	41,565,770
Recognized in other comprehensive income:		
- Staff retirement benefits	**(2,037,354)**	(8,428,901)
	-	41,580,597

10.2.2 As at 30 September 2019 deferred tax asset amounting to Rs. 457.94 million (2018: Rs. 692.07 million) on unused tax losses has not been recognized in these financial statements as sufficient taxable profits are not expected to be probable against which the Company can use benefits therefrom. Management is of the view that recognition of deferred tax asset shall be re-assessed on 30 September 2020. Tax losses amounting to Rs. 981.82 million and Rs. 588.88 million will expire in tax year 2021 and 2022 respectively.

11 Short term borrowings - *secured*

Banking & Financial Institutions	**Interest rate %**	**2019 Rupees**	2018 Rupees
Mark-up based borrowings from conventional banks: Secured			
Cash finance	**9.04 - 16.97**	**2,149,412,162**	6,149,888,807
Running finance	**12.06 - 17.05**	**99,502,155**	99,999,136
Export refinance	**3.00**	**3,204,359,000**	2,168,502,002
		5,453,273,317	8,418,389,945
Islamic mode of financing: Secured			
Bai-Salam	**8.98 - 14.36**	**60,000,000**	105,000,000
		5,513,273,317	8,523,389,945

The Company has availed short term borrowing facilities from various commercial banks under mark-up arrangements having aggregate sanctioned limits of Rs. 11,200 million (2018: Rs. 13,160 million). These facilities are secured against different securities including 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. The pledge based outstanding borrowings out of the above outstanding borrowings are secured against pledge of stock-in-trade amounting to Rs. 2,536 million (2018: Rs 9,492 million).

12 Current portion of non-current liabilities	*Note*	**2019 Rupees**	2018 Rupees
Long term finances - *conventional loan*	*8*	**1,050,435,898**	844,411,874
Long term finances - *Islamic loan*	*8*	**39,134,521**	-
Liabilities against assets subject to finance lease - *secured*	*9*	**276,679,176**	343,668,327
		1,366,249,595	1,188,080,201

13 Trade and other payables		**2019 Rupees**	2018 Rupees
Trade and other creditors		**854,154,215**	916,944,725
Creditors for capital expenditure		**1,258,066,173**	1,128,022,653
Advances from customers	*13.1*	**707,274,683**	5,997,062,860
Retention money payable		**24,445,297**	25,722,787
Federal Excise Duty and Sales Tax payable		**82,166,417**	96,373,376
Income tax deducted at source		**7,306,484**	10,108,537
Withholding Sales Tax Payable		**6,014,864**	2,623,292
Workers' Profit Participation Fund	*13.2*	**88,431,507**	45,461,299
Accrued liabilities		**69,046,413**	74,339,806
Other liabilities		**277,763,333**	184,677,706
		3,374,669,386	8,481,337,041

13.1 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.

	2019	2018
13.2 Workers' Profit Participation Fund	**Rupees**	Rupees
Balance as at 01 October	**45,461,299**	24,510,145
Provision for the year	**88,431,507**	44,695,314
Payments made during the year	**(45,461,299)**	(23,744,160)
	88,431,507	45,461,299

	2019	2018
14 Interest and mark-up accrued	**Rupees**	Rupees
Mark-up on borrowings from conventional banks:		
Long term loans - *secured*	**111,665,285**	69,879,754
Short term borrowings - *secured*	**130,085,896**	199,071,110
	241,751,181	268,950,864
Rental on Islamic mode of financing:		
Short term borrowings - *secured*	**4,625,921**	-
	246,377,102	268,950,864

	Note	2019	2018
15 Provision for taxation		**Rupees**	Rupees
Balance at beginning of the year		**-**	-
Add: provision for the year	*31.2*	**273,819,231**	-
		273,819,231	-
Less: adjustments/payments		**-**	-
Balance at end of the year		**273,819,231**	-

16 Contingencies and commitments

16.1 Contingencies

16.1.1 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. 290 million with the Deputed Registrar (Judicial), Lahore High Court which is disclosed in note 22 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 favourable outcome regarding this case, hence no provision has been recognised in these financial statements.

16.1.2 The Deputy Commission Inland Reveune has passed an order under section 161/205 of the Income Tax Ordinance, 2001 dated 30-06-2019 creating tax demand amounting to Rs. 584,898,382/-. The Company, being aggrieved, filed an appeal before Commissioner Inland Revenue (Appeals) which was heard on 20/11/2019 & 4/12/2019. We are hopeful that the order of learned DCIR will be annulled by CIR (A).

Based on the opinion of the Company's tax consultant, the management is confident of favourable outcome regarding this case, hence no provision has been recognised in these financial statements.

16.2 Commitments

16.2.1 Commitments in respect of imports contracted but not incurred at year end amounted to approximately Rs. 3.5 million (2018: Rs.7.5 million).

16.2.2 The Company has given a bank guarantee with 100% cash margin of Rs. 2 million (2018: Rs. 2 million) to the Excise and Taxation Department for the export of ethanol in relation to contingency as discussed in note 16.1.1.

16.2.3 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:

	2019	2018
	Rupees	Rupees
Not later than one year	**36,845,725**	53,605,716
Later than one year and not later than five years	**100,351,393**	143,962,039
	137,197,118	197,567,755

		Note	2019 Rupees	2018 Rupees
17	**Property, plant and equipment**			
	Operating fixed assets	17.1	16,100,857,286	15,683,152,864
	Capital work in progress	17.2	54,571,373	34,580,836
			16,155,428,659	15,717,733,700

17.1 Operating fixed assets

	COST 2019					DEPRECIATION				
	As at 01 October 2018	Additions / (disposals) during the year	Transfer	As at 30 September 2019	Rate	As at 01 October 2018	Expense/ (disposal) for the year	Transfer	As at 30 September 2019	Net book value as at 30 September 2019
	Rupees				%	Rupees				
Owned										
Land	277,638,444	-	-	277,638,444	-	-	-	-	-	277,638,444
Building and roads on land	2,901,621,144	247,086,183	-	3,148,707,327	5	773,672,886	114,190,857	-	887,863,743	2,260,843,584
Plant and machinery	15,104,813,784	973,591,186	-	16,078,404,970	5	3,417,418,791	599,448,063	-	4,016,866,854	12,061,538,116
Furniture and fittings	21,589,355	516,105	-	22,105,460	10	10,860,759	1,095,472	-	11,956,231	10,149,229
Telephone installations	6,676,675	18,650	-	6,695,325	10	3,296,170	338,536	-	3,634,706	3,060,619
Vehicles	214,841,873	167,378	1,524,000	214,952,246	20	162,509,939	10,554,007	1,252,335	173,017,103	41,935,143
		(1,581,005)	-	-			(1,299,178)	-	-	-
Office equipment	89,502,334	2,041,342	-	91,543,676	10	44,066,473	4,654,979	-	48,721,452	42,822,224
Electrical equipment	196,984,751	12,474,943	-	209,459,694	10	74,066,280	12,574,659	-	86,640,939	122,818,755
Workshop and agricultural implements	45,266,175	-	-	45,266,175	10	26,263,278	1,900,290	-	28,163,568	17,102,607
Tube wells	14,003,468	19,000	-	14,022,468	10	8,271,830	574,272	-	8,846,102	5,176,366
Arms and ammunitions	2,183,939	-	-	2,183,939	10	1,114,323	106,962	-	1,221,285	962,654
Laboratory equipment	34,674,812	687,375	-	35,362,187	10	13,839,340	2,089,275	-	15,928,615	19,433,572
	18,909,796,754	1,236,602,162	1,524,000	20,146,341,911		4,535,380,069	747,527,372	1,252,335	5,282,860,598	14,863,481,313
		(1,581,005)					(1,299,178)			
Leased										
Vehicles	67,351,461	-	(1,524,000)	65,827,461	20	29,531,201	7,542,745	(1,252,335)	35,821,611	30,005,850
Plant and machinery	1,459,261,487	-	-	1,459,261,487	5	188,345,568	63,545,796	-	251,891,364	1,207,370,123
	1,526,612,948	-	(1,524,000)	1,525,088,948		217,876,769	71,088,541	(1,252,335)	287,712,975	1,237,375,973
	20,436,409,702	1,236,602,162	-	21,671,430,859		4,753,256,838	818,615,913	-	5,570,573,573	16,100,857,286
		(1,581,005)					(1,299,178)			

17.1 Operating fixed assets

	2018									
	COST					DEPRECIATION				
	As at 01 October 2017	Additions / (disposals) during the year	Transfer	As at 30 September 2018	Rate	As at 01 October 2017	Expense/ (disposal) for the year	Transfer	As at 30 September 2018	Net book value as at 30 September 2018
	Rupees				%	Rupees				
Owned										
Land	277,638,444	-	-	277,638,444	-	-	-	-	-	277,638,444
Building and roads on land	2,715,249,192	186,371,952	-	2,901,621,144	5	669,470,409	104,202,477	-	773,672,886	2,127,948,258
Plant and machinery	12,600,997,758	2,503,816,026	-	15,104,813,784	5	2,916,217,680	501,201,111	-	3,417,418,791	11,687,394,993
Furniture and fittings	19,941,206	1,648,149	-	21,589,355	10	9,741,717	1,119,042	-	10,860,759	10,728,596
Telephone installations	6,675,575	21,100	-	6,676,675	10	2,944,855	371,315	-	3,296,170	3,380,505
		(20,000)	-				(20,000)			
Vehicles	168,560,322	22,418,428	26,798,000	214,841,873	20	136,882,435	8,405,677	18,968,621	162,509,939	52,331,934
		(2,934,877)					(1,746,794)			
Office equipment	77,950,381	11,551,953	-	89,502,334	10	39,708,834	4,357,639	-	44,066,473	45,435,861
Electrical equipment	185,547,366	11,437,385	-	196,984,751	10	61,165,241	12,901,039	-	74,066,280	122,918,471
Workshop and agricultural implements	45,116,175	150,000	-	45,266,175	10	24,167,123	2,096,155	-	26,263,278	19,002,897
Tube wells	13,478,886	524,582	-	14,003,468	10	7,681,368	590,462	-	8,271,830	5,731,638
Arms and ammunitions	2,183,939	-	-	2,183,939	10	995,477	118,846	-	1,114,323	1,069,616
Laboratory equipment	32,954,812	1,720,000	-	34,674,812	10	11,579,102	2,260,238	-	13,839,340	20,835,472
	16,146,294,056	2,739,659,575	26,798,000	18,909,796,754		3,880,554,241	637,624,001	18,968,621	4,535,380,069	14,374,416,685
		(2,954,877)					(1,766,794)			
Leased										
Vehicles	81,841,578	12,307,883	(26,798,000)	67,351,461	20	38,618,370	9,881,452	(18,968,621)	29,531,201	37,820,260
Plant and machinery	918,261,487	541,000,000	-	1,459,261,487	5	145,183,327	43,162,241	-	188,345,568	1,270,915,919
	1,000,103,065	553,307,883	(26,798,000)	1,526,612,948		183,801,697	53,043,693	(18,968,621)	217,876,769	1,308,736,179
	17,146,397,121	3,292,967,458	-	20,436,409,702		4,064,355,938	690,667,694	-	4,753,256,838	15,683,152,864
		(2,954,877)					(1,766,794)			

17.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2019 Rupees	2018 Rupees
Cost of sales	*25*	**794,430,174**	666,532,569
Administrative expenses	*26*	**24,185,739**	24,135,125
		818,615,913	690,667,694

17.1.2 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain	Mode of disposal	Particulars of the buyer
	----------	----------	Rupees	----------	----------		
Toyota Saloon	**1,581,005**	**1,299,178**	**281,827**	**1,210,000**	**928,173**	Auction	Aman ul Haq
2019	**1,581,005**	**1,299,178**	**281,827**	**1,210,000**	**928,173**		
Honda City	1,560,700	1,022,238	538,462	750,000	211,538	Negotiation	Mr. Imran Hameed
Suzuki Ravi	652,137	305,452	346,685	400,000	53,315	Auction	Mr. Idrees Jenyal
Suzuki Bolan	722,040	419,104	302,936	270,000	(32,936)	Auction	Mr. Idrees Jenyal
Telephone installation	20,000	20,000	-	-	-	Scrap	N/A
2018	2,954,877	1,766,794	1,188,083	1,420,000	231,917		

		2019	2018
17.2 Capital work in progress		**Rupees**	Rupees
Owned			
Civil works		**49,681,649**	31,474,096
Plant and machinery		**3,106,740**	3,106,740
Others		**1,782,984**	-
		54,571,373	34,580,836

17.2.1 Movement in the accounts is as follows:

Opening balance as at 01 October	**34,580,836**	713,792,836
Additions made during the year:		
Civil works	**225,759,790**	169,226,944
Plant and machinery	**40,122,857**	2,426,686,108
Electric equipment	**254,507**	41,831,137
Others	**3,282,984**	154,843,753
	269,420,138	2,792,587,942
Capitalized during the year:		
Advances	**-**	(218,376,145)
Civil works	**(207,552,237)**	(137,752,848)
Plant and machinery	**(40,122,857)**	(2,715,619,598)
Electric equipment	**(254,507)**	(208,965,376)
Others	**(1,500,000)**	(191,085,975)
	(249,429,601)	(3,471,799,942)
Closing balance as at 30 September	**54,571,373**	34,580,836

	Note	2019	2018
18 Long term deposits		**Rupees**	Rupees
Deposits against leased assets		**63,456,111**	163,424,530
Others	*18.1*	**18,973,175**	18,973,175
		82,429,286	182,397,705

18.1 These mainly comprise of security deposits against utilities.

	2019	2018
19 Stores, spare parts and loose tools	**Rupees**	Rupees
Stores and spare parts	**1,014,859,426**	1,071,220,513
Oil and lubricants	**27,225,602**	28,841,403
	1,042,085,028	1,100,061,916

	Note	2019	2018
20 Stock-in-trade		**Rupees**	Rupees
Raw materials		**425,236,201**	546,092,806
Finished goods	*20.1*	**2,597,006,276**	9,116,571,905
		3,022,242,477	9,662,664,711

20.1 This includes stock in transit amounting to Rs. 107.61 million (2018: 295.01 million).

21 Trade debts - *considered good*	Note	2019 Rupees	2018 Rupees
Foreign - *secured*	21.1	**299,109,756**	-
Local - *unsecured*	21.2	**15,649,704**	25,328,463
		314,759,460	25,328,463

21.1 This represent amounting receivable against the sale of Ethanol secured through letter of credit.

21.2 These include amount due from Lotte Akhtar Beverages (Pvt.) Limited, an associated company against the sale of Top Gas amounting to Rs. 2.11 million (2018: Rs. 7.76 million) in the normal course of business and is over due by less than 180 days.

22 Advances, deposits, prepayments and other receivables	Note	2019 Rupees	2018 Rupees
Advances to sugar cane growers - *unsecured, considered good*		**6,418,144**	6,887,665
Advances to suppliers and contractors - *unsecured, considered good*	22.1	**852,272,979**	656,507,100
Advances to staff - *unsecured, considered good*			
- against expenses		**2,744,916**	3,617,311
- against salaries	22.2	**5,369,813**	5,143,406
Lease and other deposits		**110,842,216**	174,062,568
Advances against Letter of Credits - *secured*		**294,737**	22,154,635
Prepayments		**12,842,351**	13,697,918
Inland export subsidy	22.3	**133,187,750**	133,187,750
Export support on sugar	22.4	**586,491,010**	602,541,010
Deposits with the Deputy Registrar (Judicial), Lahore High Court		**290,016,686**	138,341,726
Other receivables		**16,265,575**	12,110,476
		2,016,746,177	1,768,251,565

22.1 This represents unsecured interest free advances to contractors and suppliers for normal repair and maintenance.

22.2 This includes amount receivable from executives of the Company, amounting to Rs. 1.01 million (2018: 6.10 million) respectively.

22.3 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 30 September 2013.

22.4 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 03 October 2017. During the year, the Company has received a sum of Rs. 16.05 million in this regard.

23 Cash and bank balances	Note	2019 Rupees	2018 Rupees
Cash in hand		**3,523,088**	1,553,051
Cash at bank			
- *current accounts*		**135,530,222**	60,681,361
- *saving accounts*	23.1	**37,160,731**	20,833,905
		172,690,953	81,515,266
		176,214,041	83,068,317

23.1 The balances in saving accounts carry mark-up ranging from 7.06% to 12.23% per annum (2018: 4.50% to 7.15% per annum).

24 Sales - *net*	Note	2019 Rupees	2018 Rupees
Local:			
Sugar		23,947,114,185	11,342,493,072
Ethanol		142,835,037	139,056,141
Top Gas		141,536,062	195,263,216
		24,231,485,284	11,676,812,429
Export:			
Sugar		-	2,309,397,941
Ethanol		5,648,959,858	4,721,886,068
		5,648,959,858	7,031,284,009
		29,880,445,142	18,708,096,438
Less:			
Sales tax		(2,584,570,512)	(1,185,632,516)
		27,295,874,630	17,522,463,922

24.1 Sales tax on crystalline sugar is charged at normal tax rate i.e 17% from July-19 onwards. Previously the sales tax was chargeable at a reduce rate of 8%. All other products of the Company are chargeable at normal sales tax rate.

25 Cost of sales	Note	2019 Rupees	2018 Rupees
Raw material consumed		13,892,919,741	13,139,706,018
Salaries, wages and other benefits	25.1	587,330,175	553,817,262
Depreciation	17.1.1	794,430,174	666,532,569
Stores and spare parts consumed		448,240,535	467,670,695
Fuel and power		150,229,123	150,439,443
Repair and maintenance		493,298,790	402,169,351
Vehicle running expenses		19,120,981	18,950,543
Insurance		41,352,604	37,832,331
Ijarah rentals		53,945,966	40,055,890
Other expenses		21,479,016	36,605,498
		16,502,347,105	15,513,779,600
Add: Opening stock			
- raw material		546,092,806	873,608,865
- finished goods		9,116,571,905	7,940,792,263
		26,165,011,816	24,328,180,728
Less: Closing stock			
- raw material	20	(425,236,201)	(546,092,806)
- finished goods	20	(2,597,006,276)	(9,116,571,905)
		23,142,769,339	14,665,516,017

25.1 Salaries, wages and other benefits include Rs. 53.1 million (2018: Rs. 42.1 million) in respect of staff retirement benefits.

26 Administrative expenses	Note	2019 Rupees	2018 Rupees
Salaries, wages and other benefits	26.1	317,997,384	279,040,263
Rent, rates and taxes		4,209,539	3,502,410
Depreciation	17.1.1	24,185,739	24,135,125
Utilities expenses		1,865,644	1,587,134
Printing and stationery		10,689,048	11,235,143
Insurance		2,306,656	3,210,001
Postage, telephone and telegrams		8,641,342	5,915,709
Repair and maintenance		6,300,160	7,663,056
Travelling and conveyance		93,308,359	76,738,711
Subscription, books and periodicals		6,249,298	7,855,295
Legal and professional charges		6,871,655	10,250,282
Auditors' remuneration	26.2	3,316,175	2,126,250
Entertainment		13,294,283	13,441,941
Other expenses		31,882,917	40,303,130
		531,118,199	487,004,450

26.1 Salaries, wages and other benefits include Rs. 32.5 million (2018: Rs. 20.6 million) in respect of staff retirement benefits.

			2019	2018
26.2	**Auditors' remuneration**		**Rupees**	Rupees
	Audit fee		**2,340,000**	2,126,250
	Half yearly review		**976,175**	-
			3,316,175	2,126,250

		Note	2019	2018
27	**Distribution expenses**		**Rupees**	Rupees
	Handling and distribution		**110,792,513**	131,090,633
	Transportation		**248,740,457**	252,741,245
	Sugar stacking charges		**39,278,008**	52,813,804
	Others	*27.1*	**7,837,770**	16,286,153
			406,648,748	452,931,835

27.1 This includes salaries paid to Excise Department staff present at the Company's premises to monitor the distribution of Ethanol.

		Note	2019	2018
28	**Other income**		**Rupees**	Rupees
	Income from financial assets			
	Profit on saving accounts		**16,999,663**	16,635,968
	Income from non-financial assets			
	Profit on disposal of property, plant and equipment	*17.1.2*	**928,173**	231,917
	Foreign exchange gain		**46,844,459**	62,572,303
	Miscellaneous income		**712,792**	288,491
			65,485,087	79,728,679

		2019	2018
29	**Finance cost**	**Rupees**	Rupees
	Mark-up based loans from conventional banks		
	- Long term loans - *secured*	**422,236,811**	287,253,932
	- Short term borrowings - *secured*	**897,863,455**	846,231,378
	- Finance leases - *secured*	**84,901,815**	46,752,801
		1,405,002,081	1,180,238,111
	Islamic mode of financing		
	- Long term finances - *secured*	**22,348,677**	4,778,954
	- Short term borrowings - *secured*	**54,505,208**	25,463,725
		76,853,885	30,242,679
	Bank charges	**3,256,071**	2,883,109
	Other charges	**14,533,699**	32,478,263
		17,789,770	35,361,372
		1,499,645,736	1,245,842,162
	Less: Borrowing costs capitalized	**-**	(153,908,840)
		1,499,645,736	1,091,933,322

		Note	2019	2018
30	**Other expenses**		**Rupees**	Rupees
	Donations	*30.1*	**12,547,546**	10,900,691
	Workers' Profit Participation Fund	*13.2*	**88,431,507**	44,695,314
			100,979,053	55,596,005

30.1 During the year, the Company has made donation to Institute of 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.

31 Taxation	Note	2019 Rupees	2018 Rupees
Income tax			
- current	*31.2 & 31.3*	**273,819,231**	-
Deferred tax	*10.2.1*	**(39,543,243)**	41,565,770
		234,275,988	41,565,770

31.1 Tax Charge Reconciliation	2019 Percentage	2018 Percentage
Numerical reconciliation between tax expense and accounting profit		
Applicable tax rate as per Income Tax Ordinance, 2001	**29%**	29%
Effect of tax credits	**-11.39%**	-31.81%
Effect of minimum tax	**8.71%**	2.22%
Effect of final tax regime	**-15.02%**	-4.41%
Effect of (taxable) / temporary differences	**-2.35%**	4.89%
Effect of tax on undistributed reserves	**5.00%**	5.00%
	-15.05%	-24.11%
Average effective tax rate charged to profit and loss account	**13.95%**	4.89%

31.2 In view of available tax losses, the provision for current tax includes tax under 'Final Tax Regime' (FTR) and minimum tax on turnover u/s 113, of the Income Tax Ordinance, 2001. Tax charge (both normal tax and final tax) for the current year amounting to Rs. 381.19 million has been partially adjusted against the tax credit of Rs. 191.38 million, related to balancing, modernisation and replacement of plant and machinery already installed, as available u/s 65B of the Income Tax Ordinance, 2001. Last year's tax charge was completely adjusted against the said credit. Minimum tax is available for set off for five years against any normal tax liabilities arising in future years.

Tax under 'Final Tax Regime' represents tax on export of ethanol which is treated as a full and final discharge of tax liability u/s 154 of Income Tax Ordinance, 2001. Current tax includes tax under FTR amounting to Rs. 56.48 million (2018: Rs. 70.31 million).

31.3 Through Finance Act, 2017 provisions of section 5A of the Income Tax Ordinance, 2001 have been substituted to the effect that for Tax Year 2017 and onwards a tax at the rate of 5% of accounting profit before tax is leviable to a Public Limited company other than scheduled bank or a modaraba that derives profit for a tax year but does not distribute (by way of cash or bonus shares) at least 40% of after tax profits within six months of end of tax year.

Tax on undistributed reserves amounting to Rs. 84.01 million (2018: Rs. 42.46 million) has been adjusted against the credits of minimum tax available for set off against this tax liability.

31.4 Super tax under section 4 (a) of the Income Tax Ordinance, 2001 is not applicable to the Company as the imputable income does not meet the threshold of Rs. 500 million.

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

32 Earnings per share

32.1 Earnings per share - *basic and diluted*		2019	2018
Profit after taxation	*Rupees*	**1,445,922,654**	807,645,202
Weighted average number of ordinary shares	*No. of shares*	**117,706,300**	117,706,300
Basic earnings per share	*Rupees*	**12.28**	6.86

32.2 Diluted earnings per share

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 2019.

33 Cash and cash equivalents	Note	2019 Rupees	2018 Rupees
Cash and bank balances	*23*	**176,214,041**	83,068,317
Running finance	*11*	**(99,502,155)**	(99,999,136)
		76,711,886	(16,930,819)

34 Financial risk management

The Company has exposure 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.

34.1 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 analyse 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.

34.2 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 are 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:

		2019	2018
	Note	**Rupees**	Rupees
Long term deposits	*18*	**18,973,175**	18,973,175
Trade debts - *considered good*		**314,759,460**	25,328,463
Advances, deposits and other receivable		**1,007,050,731**	894,181,079
Bank balances	*23*	**172,690,953**	81,515,266
		1,513,474,319	1,019,997,983

Trade debts

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

	2019	2018
	Rupees	Rupees
Export - *secured*	**299,109,756**	-
Local - *unsecured, considered good*	**15,649,704**	25,328,463
	314,759,460	25,328,463

The aging of trade receivables at the reporting date is:

	Related Parties	Others	Total
	2019	2019	2019
	Rupees	Rupees	Rupees
1 to 30 days	**1,614,694**	**2,676,306**	**4,291,000**
31 to 90 days	**497,486**	**10,861,218**	**11,358,704**
	2,112,180	**13,537,524**	**15,649,704**

	Related Parties	Others	Total
	2018	2018	2018
	Rupees	Rupees	Rupees
1 to 30 days	6,155,019	11,473,272	17,628,291
31 to 90 days	1,613,547	6,086,625	7,700,172
	7,768,566	17,559,897	25,328,463

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 necessary.

Bank balances

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

	Rating		Rating	2019	2018
	Short term	Long term	Agency	Rupees	Rupees
Al-Baraka Bank	A1	A	PACRA	**2,148,667**	1,519,510
Allied Bank Limited	A1+	AAA	PACRA	**4,418,809**	1,174,288
Askari Bank Limited	A1+	AA+	PACRA	**103,205**	103,205
Bank Alfalah Limited	A1+	AA+	PACRA	**1,919,277**	3,803,767
Dubai Islamic Bank	A1+	AA	JCR-VIS	**3,957,353**	431,576
Faysal Bank Limited	A1+	AA	PACRA	**831,932**	828,145
Habib Bank Limited	A1+	AAA	JCR-VIS	**8,490,132**	4,993,076
KASB Bank Limited (Bank Islami)	A1	A+	PACRA	**23**	23
MCB Bank Limited	A1+	AAA	PACRA	**(51,644,649)**	(57,174,273)
Meezan Bank Limited	A-1+	AA+	JCR-VIS	**11,197,787**	2,138,034
National Bank of Pakistan	A1+	AAA	JCR-VIS	**5,466,509**	3,238,220
Samba Bank Limited	A-1	AA	JCR-VIS	**427,457**	107,298
Sindh Bank Limited	A-1	A+	JCR-VIS	**30,921,037**	36,350,095
Soneri Bank Limited	A1+	AA-	PACRA	**4,872,756**	17,139,811
Summit Bank Limited	Suspended		JCR-VIS	**80**	114
The Bank of Khyber	A1	A	JCR-VIS	**783,300**	47,034
The Bank of Punjab	A1+	AA	PACRA	**6,861,398**	2,513,165
United Bank Limited	A-1+	AAA	JCR-VIS	**42,433,720**	64,302,178
				73,188,793	81,515,266

34.3 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 year
September 30, 2019					
Long term finances - *secured*	**3,016,365,136**	**3,773,920,196**	**1,456,676,926**	**2,317,243,270**	**-**
Liabilities against asset subject to finance lease - *secured*	**662,593,081**	**800,372,367**	**346,720,443**	**453,651,924**	**-**
Short term borrowings-*secured*	**5,513,273,317**	**5,982,775,331**	**5,982,775,331**	**-**	**-**
Trade and other payables	**2,458,816,384**	**2,458,816,384**	**2,458,816,384**	**-**	**-**
Interest and markup accrued	**246,377,102**	**246,377,102**	**246,377,102**	**-**	**-**
	11,897,425,020	**13,262,261,380**	**10,491,366,186**	**2,770,895,194**	**-**

	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five year
September 30, 2018					
Long term finances - *secured*	3,542,546,871	4,357,446,244	1,086,307,065	3,271,139,179	-
Liabilities against asset subject to finance lease - *secured*	1,004,881,626	1,208,396,927	426,608,240	781,788,687	-
Short term borrowings-*secured*	8,523,389,945	9,236,859,026	9,236,859,026	-	-
Trade and other payables	2,303,984,890	2,303,984,890	2,303,984,890	-	-
Interest and markup accrued	268,950,864	268,950,864	268,950,864	-	-
	15,643,754,196	17,375,637,951	13,322,710,085	4,052,927,866	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30, 2019. The rates of mark up have been disclosed in relevant notes to these financial statements.

34.4 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.

34.4.1 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

The following figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the statement of financial position date:

	2019 USD	2018 USD
Assets		
Trade debts	**1,914,916**	-
Off statement of financial position items		
Outstanding letters of credit	**(22,046)**	(48,559)
Net exposure	**1,892,870**	(48,559)

Exchange rates applied during the year

The following exchange rate has applied during the year on transactions involving foreign currency.

	2019		
	Spot rate Dollar		Average rate for the year
	Buying	Selling	
	---------- USD to PKR ----------		
Exchange rate during the year on transactions involving foreign currency	**156.7**	**156.2**	**156.45**

	2018		
	Spot rate Dollar		Average rate for the year
	Buying	Selling	
	---------- USD to PKR ----------		
Exchange rate during the year on transactions involving foreign currency	115.4	114.4	115.74

Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the US dollar would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss by the amounts shown below at the statement of financial position date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2019	2018
	USD	USD
Effect on profit or loss account	**189,287**	(4,856)

Currency risk management

Since the maximum amount exposed to currency risk is only 1.26% (2018: 0.03%) of the Company's total assets, any adverse / favourable movement in the functional currency with respect to US dollar will not have any material impact on the operational results.

34.4.2 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:

	2019	2018	2019	2018
	Effective rate in		Carrying amount	
	----- Percentage -----		-------- Rupees -------	
- **Financial assets**				
Fixed rate instruments				
Bank balances - *saving accounts*	**7.06% to 12.23%**	4.5% to 7.15%	**37,160,731**	20,833,905

	2019	2018	2019	2018
	Effective rate in		Carrying amount	
- **Financial liabilities**	----- Percentage -----		-------- Rupees -------	
Floating rate instrument				
Long term finances - *secured*	**10.92% to 16.47%**	8.15% to 11.07%	**3,016,365,136**	3,542,546,871
Liabilities against assets subject to finance lease - *secured*	**8.76% to 13.43%**	8.76% to 13.43%	**662,593,081**	1,004,881,626
Short term borrowings - *secured*	**12.06% to 17.05%**	8.15% to 12.01%	**2,248,914,317**	6,249,887,943
Fixed rate instruments				
Export refinance facility - *secured*	**3.00%**	3.00%	**3,204,359,000**	2,168,502,002

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

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

	2019	2018
	Rupees	Rupees
Effect on profit - (Increase)	**59,278,725**	107,973,164
Effect on profit - (Decrease)	**(59,278,725)**	(107,973,164)

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 by the Company have variable rate pricing that is mostly dependent on KIBOR as indicated in respective notes.

34.4.3 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.

35 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 entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

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

The debt-to-equity ratios as at 30 September are as follows:

	2019	2018
	Rupees	Rupees
Debt	**3,678,958,217**	4,547,428,497
Equity	**9,997,078,387**	6,953,254,517
Total	**13,676,036,604**	11,500,683,014
Gearing ratio	**27%**	40%

The Company is not highly geared as compared to previous year.

September 30, 2019	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	-	-	18,973,175	18,973,175	-	-	-
Trade debts - *considered good*	-	-	314,759,460	314,759,460	-	-	-
Advances,deposits, prepayments & other receivables	-	-	1,007,050,731	1,007,050,731	-	-	-
Cash and bank balances	-	-	172,690,953	172,690,953	-	-	-
	-	-	1,513,474,319	1,513,474,319	-	-	-
Financial liabilities							
Long term finances - *secured*	-	-	1,926,794,717	1,926,794,717	-	-	-
Liabilities against assets subject to finance lease - *secured*	-	-	385,913,905	385,913,905	-	-	-
Short term borrowings - *secured*	-	-	5,513,273,317	5,513,273,317	-	-	-
Current portion of non-current liabilities	-	-	1,366,249,595	1,366,249,595	-	-	-
Trade and other payables	-	-	2,459,030,134	2,459,030,134	-	-	-
Interest and markup accrued	-	-	246,377,102	246,377,102	-	-	-
	-	-	11,897,638,770	11,897,638,770	-	-	-

September 30, 2018	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	-	-	18,973,175	18,973,175	-	-	-
Trade debts - *considered good*	-	-	25,328,463	25,328,463	-	-	-
Advances,deposits, prepayments & other receivables	-	-	894,181,079	894,181,079	-	-	-
Cash and bank balances	-	-	83,068,317	83,068,317	-	-	-
	-	-	1,021,551,034	1,021,551,034	-	-	-
Financial liabilities							
Long term finances - *secured*	-	-	2,698,134,997	2,698,134,997	-	-	-
Liabilities against assets subject to finance lease - *secured*	-	-	661,213,299	661,213,299	-	-	-
Short term borrowings - *secured*	-	-	8,523,389,945	8,523,389,945	-	-	-
Current portion of non-current liabilities	-	-	1,188,080,201	1,188,080,201	-	-	-
Trade and other payables	-	-	2,303,984,890	2,303,984,890	-	-	-
Interest and markup accrued	-	-	268,950,864	268,950,864	-	-	-
	-	-	15,643,754,196	15,643,754,196	-	-	-

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.

36 Business segments information

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

Reportable Segments	***Operation of reportable segments***
Sugar segment	Production of White Sugar & Molasses from sugar cane
Distillery segment	Production of Ethanol from molasses
Top Gas segment	Production of Top Gas

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

Segment revenue and results

Following is the information about reportable segments of the Company:

	Sugar		Distillery		Top Gas		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Sales - Net								
- External	**21,403,835,382**	12,514,834,823	**5,771,068,273**	4,840,737,488	**120,970,975**	166,891,611	**27,295,874,630**	17,522,463,922
- Intersegment	**1,888,930,480**	1,313,397,327	**56,756,376**	126,422,935	**-**	-	**1,945,686,856**	1,439,820,262
	23,292,765,862	13,828,232,150	**5,827,824,649**	4,967,160,423	**120,970,975**	166,891,611	**29,241,561,486**	18,962,284,184
Cost of sales								
- External	**(21,015,001,898)**	(12,931,237,270)	**(2,068,377,365)**	(1,693,855,625)	**(59,390,076)**	(40,423,122)	**(23,142,769,339)**	(14,665,516,017)
- Intersegment	**-**	-	**(1,888,930,480)**	(1,313,397,327)	**(56,756,376)**	(126,422,935)	**(1,945,686,856)**	(1,439,820,262)
	(21,015,001,898)	(12,931,237,270)	**(3,957,307,845)**	(3,007,252,952)	**(116,146,452)**	(166,846,057)	**(25,088,456,195)**	(16,105,336,279)
Gross Profit / (loss)	**2,277,763,964**	896,994,880	**1,870,516,804**	1,959,907,471	**4,824,523**	45,554	**4,153,105,291**	2,856,947,905
- Administrative expenses	**(278,871,229)**	(358,982,895)	**(243,033,224)**	(117,541,870)	**(9,213,746)**	(10,479,685)	**(531,118,199)**	(487,004,450)
- Distribution expenses	**(46,463,494)**	(73,796,234)	**(344,761,178)**	(362,408,062)	**(15,424,076)**	(16,727,539)	**(406,648,748)**	(452,931,835)
- Finance cost	**(1,274,786,980)**	(899,862,545)	**(224,858,756)**	(192,068,341)	**-**	(2,436)	**(1,499,645,736)**	(1,091,933,322)
	(1,600,121,703)	(1,332,641,674)	**(812,653,158)**	(672,018,273)	**(24,637,822)**	(27,209,660)	**(2,437,412,683)**	(2,031,869,607)
Segment results	**677,642,261**	(435,646,794)	**1,057,863,646**	1,287,889,198	**(19,813,299)**	(27,164,106)	**1,715,692,608**	825,078,298
Profit from operations							**1,715,692,608**	825,078,298
Other operating expenses							**(100,979,053)**	(55,596,005)
Other income							**65,485,087**	79,728,679
Profit before taxation							**1,680,198,642**	849,210,972
Taxation							**(234,275,988)**	(41,565,770)
Profit after taxation							**1,445,922,654**	807,645,202

36.2 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		Distillery		Top Gas		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
36.3 Segment assets	**11,602,878,275**	21,538,344,959	**11,833,336,230**	7,583,140,435	**156,398,117**	109,149,948	**23,592,612,622**	29,230,635,342
36.4 Segment liabilities	**7,340,874,078**	17,327,333,740	**6,247,432,569**	4,945,198,915	**7,227,588**	4,848,169	**13,595,534,235**	22,277,380,824
36.5 Capital expenditure	**1,207,352,572**	3,010,439,034	**16,752,932**	220,135,400	**12,496,658**	22,849,363	**1,236,602,162**	3,253,423,797
36.6 Depreciation on property, plant and equipment	**538,970,878**	428,293,888	**196,892,501**	198,718,119	**11,663,993**	10,611,994	**747,527,372**	637,624,001
36.7 Depreciation on leased assets	**61,232,911**	41,357,577	**9,855,630**	11,686,116	**-**	-	**71,088,541**	53,043,693

36.8 Secondary reporting format

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

	Sugar		Distillery		Top Gas		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Export sales (Asia)	**-**	2,309,397,941	**5,648,959,858**	4,721,886,068	**-**	-	**5,648,959,858**	7,031,284,009
Local sales	**21,403,835,382**	10,205,436,882	**122,108,415**	118,851,420	**120,970,975**	166,891,611	**21,646,914,772**	10,491,179,913
	21,403,835,382	12,514,834,823	**5,771,068,273**	4,840,737,488	**120,970,975**	166,891,611	**27,295,874,630**	17,522,463,922

Export sales are 20.70% (2018: 40.1%) of total sales made by the Company.

36.9 Reconciliations of reportable segment revenues, profit and loss, assets and liabilities

	2019 Rupees	2018 Rupees
36.9.1 Revenues		
Total revenue for reportable segments	**29,241,561,486**	18,962,284,184
Elimination of inter-segment revenue	**(1,945,686,856)**	(1,439,820,262)
Consolidated revenue	**27,295,874,630**	17,522,463,922
36.9.2 Profit and loss before tax and other expenses		
Total profit for reportable segments	**1,715,692,608**	825,078,298
Unallocated corporate expenses		
- *Other expenses*	**(100,979,053)**	(55,596,005)
- *Other income*	**65,485,087**	79,728,679
- *Taxation*	**(234,275,988)**	(41,565,770)
Consolidated profit after tax	**1,445,922,654**	807,645,202
36.9.3 Assets		
Total assets for reportable segments	**23,592,612,622**	29,230,635,342
Elimination of inter-segment assets	**-**	-
Consolidated assets	**23,592,612,622**	29,230,635,342
36.9.4 Liabilities		
Total liabilities for reportable segments	**13,595,534,235**	22,277,380,824
Elimination of inter-segment liabilities	**-**	-
Consolidated liabilities	**13,595,534,235**	22,277,380,824

37 Capacity and production

Sugar plant	2019			
	Unit I	**Unit II**	**Unit III**	**Total**
Crushing capacity (Metric tons) based on 125 days - *(Season 2018-2019)*	**1,312,500**	**1,875,000**	**1,906,250**	**5,093,750**
Sugar produced (Metric tons)	**69,115**	**105,529**	**80,731**	**255,375**
Recovery ratio	**8.97%**	**9.90%**	**9.28%**	**9.44%**

Under utilisation of capacity is due to low production of sugar-cane.

Sugar plant	2018			
	Unit I	Unit II	Unit III	Total
Crushing capacity (Metric tons) based on 125 days - *(Season 2017-2018)*	1,312,500	1,875,000	1,906,250	5,093,750
Sugar produced (Metric tons)	57,826	93,139	94,617	245,582
Recovery ratio	8.73%	8.99%	9.41%	9.08%

	2019	2018
Ethanol - Distillery plant I	**Based on 330 days**	Based on 330 days
Rated capacity (Litres)	**41,250,000**	41,250,000
Actual production (Litres)	**33,694,266**	38,879,055
Ethanol - Distillery plant II		
Rated capacity (Litres)	**42,900,000**	42,900,000
Actual production (Litres)	**39,704,276**	42,690,347

	2019	2018
Top Gas - Carbon dioxide plant	**Based on 300 days**	Based on 300 days
Rated capacity (Metric tons)	**14,400**	14,400
Actual production (Metric tons)	**8,826**	9,992

38 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:

	2019			
		Directors		Executives
	Chief Executive	Executive	Non - executive	
	Rupees			
Managerial remuneration	-	21,000,000	-	70,905,874
Medical allowance	-	8,400,000	-	17,918,521
House rent allowance	-	2,100,000	-	26,686,385
Bonus	-	-	-	1,144,695
Staff retirement benefits	-	3,000,000	-	5,772,667
	-	34,500,000	-	122,428,142
Number of persons	1	1	5	35

	2018			
		Directors		Executives
	Chief Executive	Executive	Non - executive	
	Rupees			
Managerial remuneration	-	12,200,000	363,000	52,276,176
Medical allowance	-	1,220,000	36,300	5,227,617
House rent allowance	-	4,880,000	145,200	20,910,471
Bonus	-	-	-	-
Staff retirement benefits	-	2,500,000	45,375	6,534,522
	-	20,800,000	589,875	84,948,786
Number of persons	1	1	5	38

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

No meeting fee was paid to Directors during the year (2018: Nil).

39 Number of employees

The average and total number of employees are as follows:

	Total employees	
	2019	2018
Average number of employees during the year	1825	1812
Total number of employees as at 30 September	1830	1820

	Factory employees	
	2019	2018
Average number of employees during the year	1733	1720
Total number of employees as at 30 September	1736	1730

40 Transactions with related parties

The related parties comprise associated companies, Directors of the Company, key management personnel and other related parties. The Company in the normal course of business carries out transactions with various related parties amounts due from related parties are shown under receivables. The amount due to related parties are shown under remuneration of Directors and key management personnel are disclosed in note 21, 22 & 38. Other significant transactions with related parties are as follows:

Name of party	Relationship	Nature of Transaction	2019 Rupees	2018 Rupees
Lotte Akhtar Beverages (Pvt) Limited	Common directorship	Sale of Top Gas	**35,407,918**	59,557,427
		Receipts against sale of Top Gas	**41,064,304**	60,929,919
The Institute for Policy Reforms	Common directorship	Donation	**12,547,546**	10,900,691
Mrs. Rasheeda Begum	Directors	Guest house rent expense	-	4,800,000

41 Events after the statement of financial position date

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

42 Date of authorisation for issue

These financial statements were authorised for issue on January 27, 2020 by the Board of Directors of the Company.

43 General

43.1 Figures have been rounded off to the nearest Rupee.

43.2 Correspondence figures have been rearranged and reclassified and descriptions are amended, wherever necessary for the purpose of comparison and better presentation.

Lahore
January 27, 2020

Chief Financial Officer	Chief Executive	Director

Proxy Form

Tandlianwala Sugar Mills Ltd.

31st 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 31st Annual General Meeting of the Company to be hold at Chandni Banquet Hall 43-N Gulberg-III, Lahore on Tuesday, February 18, 2020 at 10:00 am and at any adjournment thereof or of any ballot to be taken in consequence thereof,

Signed this ________________ day of February, 2020

Witnesses:

1. Signature: ________________________
   Name: ________________________
   CNIC: ________________________
   Address: ________________________
   ____

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

2. Signature: ________________________
   Name: ________________________
   CNIC: ________________________
   Address: ________________________
   ____

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

تاندلیانوالہ شوگر ملز لمیٹڈ کا 31 واں (اکتیسواں) سالانہ اجلاس عام

فولیو/سی ڈی سی اکاؤنٹ نمبر ________________

میں/ہم ________________ ساکن ________________

ضلع ________________ بحیثیت رُکن تاندلیانوالہ شوگر ملز لمیٹڈ حامل ________________ عام حصص مبلغ 10 روپے ہر ایک شیئر،

مسمی/مسماۃ ________________ ساکن ________________ کمپنی رکن بروئے رجسٹرڈ فولیو /سی ڈی سی اکاؤنٹ

نمبر ________________ یا اُس کی عدم موجودگی میں ________________ کو بطور مختار (پراکسی) مقرر کرتا/ کرتے ہیں تا کہ وہ میری/ ہماری طرف سے کمپنی کے

31 ویں سالانہ اجلاسِ عام بتاریخ 18 فروری 2020ء بروز منگل بوقت صبح 10:00 بجے بمقام چاندنی بینکوئٹ ہال N-43 گلبرگ III لاہور پر منعقد ہو رہا ہے اور اس کے کسی ملتوی شدہ اجلاس میں حق رائے دہی استعمال کرے۔

آج مورخہ فروری ________________ 2020 کو میرے دستخط سے جاری ہوا۔

پانچ روپے کی
ریونیو ٹکٹ
چسپاں کریں

ممبر کے دستخط

گواہان:

-1 ________________	-2 ________________
نام ________________	نام ________________
شناختی کارڈ نمبر: ________________	شناختی کارڈ نمبر: ________________
پتہ: ________________	پتہ: ________________

نوٹ:

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