



Tandlianwala Sugar Mills Ltd.

Directors' Report

Dear Shareholders,

On behalf of "The Board of Directors" of the TSML Group, I am pleased to present the Company's 33rd Annual Statutory Report together with the Audited Financial Statements for the year ended 30th September 2021.

Operating and Financial Highlights:

The sugarcane support price fixed by the government of the Punjab & KPK for the crushing season 2020-21 touched highest ever levels at Rs 200/40Kg, as against the last seasons sugarcane support price of Rs190/40Kg. We faced exceptional circumstances from the beginning of the crushing season 2020-21 as the demand of sugarcane growers also touched their highest levels ever in the history. The demands of growers, during the season ranged between Rs 240 to Rs 280 per 40 Kg, depending from area to area.

The crushing season started after the mid of November 2020, as the Government intervened and forced the sugar mills to start crushing before the intended time frame, when the sucrose recovery was at the lowest ebb.

The forced start of crushing season 2020-21 badly affected sucrose recoveries at all our sugar producing units. The averaged combined recovery for the season was at 8.88%, as compared to 9.33% during the corresponding year. The company however managed to crush around 25% more sugarcane as compared to last season due to better management decision to crush aggressively in order to obtain more indigenous molasses for our distillery division, being a more viable option. This also increased our sugar production by around 19% in comparison to the last year.

The Company even under difficult circumstances, was able to achieve good financial results and managed to earn a profit before tax of Rs 1.033 Billion and an after tax profit to the tune 712 Million, during the year.

Allied Division:

The Ethanol Division of the Company, as always has again contributed tremendously during this year and with huge exports, we were, for the third calendar year declared as the largest exporter of ethanol from Pakistan.

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



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

This year TSML exported US \$ 42.885 million (PKR 6.621 Billion) worth ethanol and contributed towards increase in the foreign exchange reserves of the national exchequer.

In liaison with the Ethanol Division, our Top Gas (CO₂) segment also proved to be a true alliance in company's operations'.

Season 2021-22 & Future Outlook:

In the current financial year 2021-22, which concluded in the first week of April 2022, the growers were not willing to supply sugarcane at prices less than Rs 300 per 40 kg, as against Governments notified support price of Rs 225 per 40 kg, thus making the situation even more challenging than the year 2020-21, which is under review.

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

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

Corporate and Financial Reporting Framework:

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

Following are the statements on Corporate and Financial Reporting Framework;

- The financial statements present fairly the state of affairs of the Company, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements;



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- 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, except as mentioned in paragraph 18 of the "Statement of compliance with listed Companies (CCG) regulation, 2019" as Annexed to this report.
- A statement regarding key financial data for the last six years is annexed to this report;
- Information about taxes and levies is given in the notes to the financial statements;
- There is no likelihood of any delayed payments or default in respect of all loans availed by the Company;
- During the year 8 Board meetings were held. The minutes of the meetings were appropriately recorded and circulated Attendance was as under:

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

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

Six Years Review at a Glance

The six years review at a glance is annexed.



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Pattern of Shareholdings

The pattern of shareholdings as on September 30, 2021 which is required to be disclosed under the reporting framework is annexed herewith in this report.

Audit Committee

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

Human Resource Committee

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

Nomination Committee

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

Risk Management Committee

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

Board Meetings

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

Trading in Shares

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

Outstanding Statutory Dues

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

Dividend

No dividend is being recommended by the Board of Directors for the year ended September 30, 2021.



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Staff Retirement Benefits

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

Auditors

The retiring Auditors, M/s UHY Hassan Naeem & Co, Chartered Accountants, being eligible, offer themselves for appointment for the Statutory External Audit of the year ending September 30, 2022.

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)
July 13, 2022


Director