ANNUAL REPORT 2017

THAL INDUSTRIES
CORPORATION

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Company Information

BOARD OF DIRECTORS	**CHIEF EXECUTIVE**	
	Mr. Muhammad Shamim Khan	
	MANAGING DIRECTOR	
	Mr. Nauman Ahmed Khan	
	DIRECTORS	
	Mrs. Qaiser Shamim Khan	
	Mr. Adnan Ahmed Khan	
	Ms. Farrah Khan	
	Mr. Muhammad Khan	
	Mr. Muhammad Ashraf Khan Durani	(Independent Director)
AUDIT COMMITTEE	Mr. Muhammad Ashraf Khan Durani	(Chairman)
	Mrs. Qaiser Shamim Khan	(Member)
	Mr. Adnan Ahmed Khan	(Member)
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Muhammad Ashraf Khan Durani	(Chairman)
	Mr. Muhammad Shamim Khan	(Member)
	Mr. Adnan Ahmed Khan	(Member)
CHIEF FINANCIAL OFFICER	Mr. Hafiz Muhammad Arif	
COMPANY SECRETARY	Mr. Wasif Mahmood	
AUDITORS	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants, Lahore	
LEGAL ADVISOR	Mr. Shehzad Ata Elahi, Advocate Ch. Altaf Hussain Advocate	
BANKERS	Albaraka Bank Pakistan Limited Allied Bank Limited Askari Bank Limited Bank Al-Habib Limited Bank Alfalah Limited DubaiIslamic Bank (Pakistan) Limited Faysal Bank Limited Habib Bank Limited Habid Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited NIB Bank Limited Standard Chartered Bank (Pakistan) Limited Soneri Bank Limited United Bank Limited	

SHARE REGISTRAR	M/s. CORPLINK (Pvt) Ltd Wings Arcade, 1-K- Commercial Model Town, Lahore Tel: 042-35839182, 35887262 Fax: 042-35869037
REGISTERED OFFICE	23- Pir Khurshid Colony Gulgasht, Multan Tel: 061-6524621, 6524675 Fax: 061-6524675
LAHORE OFFICE	2-D-1 Gulberg-III, Lahore – 54600 Tel: 042-35771066-71 Fax: 042-35771175
FACTORY ADDRESSES	**Unit 1:** Layyah Sugar Mills, Layyah Tel: 0606-411981-4, 0606-410014 Fax: 0606-411284 **Unit 2:** Safina Sugar Mills, Lalian District Chinniot. Tel: 047-6610011-6 Fax: 047-6610010
WEBSITE	www.thalindustries.com

Notice of Annual General Meeting

Notice is hereby given that the 64th Annual General Meeting of the Shareholders of The Thal Industries Corporation Limited will be held on Monday, the 22nd January, 2018 at 12:30 p.m. at Registered Office, 23-Pir Khurshid Colony Gulgasht, Multan to transact the following business:-

ORDINARY BUSINESS:

1. Confirmation of the minutes of the 63rd Annual General Meeting of the Thal Industries Corporation Limited held on 28-01-2017.

2. To receive, consider and adopt Annual Audited Accounts alongwith Balance Sheet for the year ended 30th September 2017 together with Auditors' and Directors' reports thereon.

3. To consider and approve cash dividend @ of Rs. 10.00 per share i.e. 100% for the year ended 30th September, 2017.

4. To appoint Auditors for the year ending 30th September, 2018 and to fix their remuneration. M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants retire and are eligible for re-appointment of the Company for the year ending 30-09-2018.

5. To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD

WASIF MAHMOOD
Company Secretary

Lahore: 26th December 2017

Note:

1. Closure of Shares Transfer Books:

Share Transfer Books of the Company will remain closed from 16-01-2018 to 22-01-2018 (both days inclusive). No transfer of shares will be accepted for registration during the closed period. However, transfer received at the office of the Company's Share Registrar Office at M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore by the close of business hours on 15th January, 2018 will be treated in time for the entitlement of payout of cash dividend.

2. Participation in the Annual General Meeting

Members are requested to attend in person alongwith national identity card or appoint some other member as proxy and send their proxy duly witnessed so as to reach at 2D-1 Gulberg III, Lahore not later than 48 hours before the time of holding the meeting.

Copies of Memorandum and Articles of Association of the Company, Listing Regulations of the Stock Exchanges, Companies Ordinance 1984 and other relevant laws/record may be inspected during the business hours on any working day at 2D-1, Gulberg III, Lahore from the date of the publication of the notice till the conclusion of the general meeting. A Corporate member of the Company may by a resolution of its Board of Directors authorize a person to act as its representative at the meeting.

3. Change of Address:

Shareholders are requested to promptly notify the change in their address, if any to the Company's Share Registrar M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and also furnish attested photocopy of their computerized National Identity Card as per Listing Regulations, if not provided earlier.

4. Further Guidelines for CDC Account Holders:

CDC shareholders are requested to bring with them their CNICs, Participants' ID numbers and their account numbers duly verified by the CDC at the time of attending the Annual General Meeting in order to facilitate identification. In case of corporate entity, a certified copy of the resolution passed by the Board of Directors/ valid Power of Attorney with specimen signatures of the nominee be produced at the time of meeting.

5. Submission of Copy of CNIC (Mandatory):

Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP) through its Notification No. SRO 831 (1) 2012 dated July 5, 2012 r/w SRO 19(1)/2014 dated January 10, 2014, dividend warrants cannot be issued without valid CNICs. All the shareholders were advised to submit copies of their valid CNICs. In the absence of shareholders valid CNIC the company will be constrained to withhold dispatch of dividend to such shareholders. Those shareholders who have not yet submitted their valid CNICs are once again advised to provide attested copies of their valid CNICs with their folio numbers to the company's Share Registrar if they hold physical shares, to ensure timely disbursement of dividend.

6. Revision of Withholding Tax on dividend income under Section 150 of Income Tax Ordinance, 2001:

It is further being informed that pursuant to the provisions of Finance Act, 2017 the rate of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as: for filers of Income Tax return 15.00% and Non-filers of Income Tax return 20.00% respectively. You are therefore advised to check and ensure your Filer status from Active Tax Payer List (ATL) available to FBR, website www.fbr.gov.pk as well as ensure that your CNIC/ Passport number has been recorded by your Participant/ Investor Account Services (in case your shareholding is in book entry form) or by Company's Share Registrar M/s. Corplink (Pvt.) Ltd. (in case of physical shareholding).

7. Payment of Dividend Electronically (Optional)

In order to enable a more efficient method of cash dividend through its Circular No. 8(4)SM/CDC 2008 of April 05, 2013, the SECP has announced an e-dividend mechanism where shareholders can get their dividend credited directly into their respective bank accounts electronically by authorizing the Company to electronically credit their dividend to their accounts. Accordingly, all non CDC shareholders are requested to send their bank account details to the Company's Registrar, Shareholders who hold shares with CDC or Participants/Stock Brokers are advised to provide the mandate to CDC or their Participants/ Stock Brokers.

8. Audited Financial Statements through e-mail (Optional)

SECP through its Notification SRO No. 787 (1) 2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to the members of the Company through email. Therefore, all members of the Company who wish to receive soft copy of Annual Report are requested to send their email addresses. The Consent Form for electronic transmission could be downloaded from Company's website: www.thalindustries.com. The Company has already dispatched hard copy of the Audited Financial Statement to its shareholders.

9. Zakat Declarations (CZ-50)

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/-each) under Zakat and Ushar Laws and will be deposited within the prescribed period with the relevant authority, Please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 form, in case you want to claim exemption, with your brokers or the Central Depository Company Ltd(In case the shares held in Investor Accounts Services on the CDC) or to our Registrars, M/s. Corplink (Pvt.) Limited 1-K, commercial Model Town, Lahore (In case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote company name and respective folio numbers.

Director's Report to the Members

The Directors of your Company are pleased to present the 64th Annual Report together with Audited Accounts and Auditor's Report thereon for the Financial Year ended 30th September 2017.

INDUSTRY OVERVIEW

Sugarcane crop acreage had been higher compared to last year all over the country but particularly in our areas due to interest free credit given to our farmers so they could replant the crop destroyed in the 2015 floods. It was our pleasure to note that per acre yield had also improved significantly this year, perhaps as a result of better fertilization by farmers and more favorable weather. As this yield increase is being seen all across Punjab and KPK, at a country level we have had an all time high bumper cane crop and the highest ever sugar production in the country's history.

Despite the expectation of surplus sugar production in the local and international markets, the sugarcane minimum price was maintained by the Punjab Government at Rs. 180/mound for the crushing season 2016-17 and the price notified by the Sindh Government was at Rs. 182/mound. While the big increase in per acre yield was not anticipated, there was a higher sugarcane acreage compared to last year and so cane purchase price competition remained minimal from the start of the crushing season amongst sugar mills of Punjab & KPK.

PERFORMANCE OF THE COMPANY

Your company was able to crush 2,869,699 M. Tons sugarcane and produced 279,307.850 M. Tons white refined sugar at an average recovery of 9.736% during the current year as compared to last year's sugarcane crushing of 1,839,916 M. Tons and production of 178,912.150 M. Tons white refined sugar at an average recovery of 9.724%. The increased volume of crushing is attained mainly due to a longer season, bumper cane crop and uninterrupted operation of the mills. The new installation of energy efficient FFEs (Falling Film Evaporators) at both our plants helped to improve the throughput of mixed juice, which resulted in better utilization of our milling capacity.

FINANCIAL HIGHLIGHTS

During the financial year under review, your Company was able to earn pretax profit of Rs. 941.522 million and after tax Rs. 708.395 million as compared to last year's pretax profit of Rs. 666.550 million and after tax of Rs. 660.182 million.

Increase in profitability was only due to the management's proactive approach of selling high sales volume of sugar & molasses at favorable prices and partially due to better cost efficiencies. These factors cumulatively contributed to the substantial increase in the profitability of the company.

	2017	2016
	(Rupees in Million)	
Pre- Tax Profit	941.522	666.550
Provision for Taxation		
- Current	(102.184)	(42.709)
- Deferred	(130.943)	34.535
- Prior Year	-	1.806
Profit after Taxation	708.395	660.182
Effect of OCI	(0.505)	0.147
	707.890	660.329
Accumulated Profit brought forward	1,645.889	1,060.676
	2,353.779	1,721.005
APPROPRIATIONS		
Cash Dividend paid during the year @ 50% (2016: 50%)	(75.116)	(75.116)
Interim Cash Dividend paid during the year 125.78% (2016: Nil)	(188.962)	-
Accumulated profit carried forward	2,089.701	1,645.889
Earnings per share (Rs.)	47.15	43.94

EARNING PER SHARE:

The earning per share of the company for the year under review stood at Rs. 47.15 (2016: Rs. 43.94).

DIVIDEND

Your Board has recommended 100% (2016: 50%) cash dividend for the financial year that ended 30, September 2017.

RESEARCH AND DEVELOPMENT

Agricultural R&D is an integral part of the Company's policy which entails identification and multiplication of promising new sugarcane varieties and their subsequent commercial sowing through progressive growers with best agricultural practices. This not only increases per acre yield of sugar cane but also enhances growers earning and creates more enthusiasm for sowing sugarcane compared to competing crops. It also increases the sugarcane supply to the Company and boosts overall sugar recovery, directly improving the bottom line of the company.

Like previous years, your management has decided to provide new improved varieties of sugarcane seed with high yield/recovery and disease/frost resistance along with fertilizers and pesticides to cane growers on mark up free credit basis for Autumn sowing 2017, as well as free of cost timely services of biological laboratory at their door step so that sugarcane procurement for the next crushing season may not suffer.

FUTURE OUT LOOK

It is evident that due to the bumper crop, sugarcane supply for the crushing season 2016-17 is much higher on a national level as compared to last year. Despite reports of slightly lower sugar recoveries from mills across the country in the start of the crushing season, Pakistan achieved the highest production figure for sugar in its entire history.

We believe that a huge oversupply situation of sugar production versus consumption in Pakistan had resulted in a sharp decline in the local price of sugar. The situation would not have looked so dire if the Government of Pakistan had not been slow to react and had allowed more export quantities with less restrictions for the financial year. On top of that, the disruptions to trade due to border closures with Afghanistan for extended periods further complicated the problem of meeting export timelines given by the government. Finally and most detrimental has been the significant reduction in international sugar prices by about a $100 per ton in this year. This scenario is ultimately bound to affect the profitability of the Pakistani sugar industry, which will only be able to get suitable financial outcomes if it can export the bulk of this surplus at viable international prices. By all indications, acreage for the 2017-18 season could be equal to or higher than this year and unless the supply overhang is cleared before then, the financial situation for sugar mills could remain very challenging well into the next financial year.

In this challenging environment, By the Grace of Allah Almighty your company successfully achieved Commercial Operation Date (COD) by the Start of December 2017 of our on-going 20 MW Power project under upfront power policy 2013. Power export from a bagasse based power plant and installation of FFEs expected to have a material impact on the company's profitability, which will strengthen our ability to fight in the upcoming competitive, challenging, and tough economic climate.

RELATED PARTIES DISCLOSURE

The transactions between the related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled market prices method. The Company has fully complied with the best practices on transfer pricing.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

a) The Financial statements prepared by the company fairly present its state of affairs, the result of operations, cash flows and changes in equity

b) Proper books of accounts of the company have been maintained

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement

d) International Financial Reporting Standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 have been followed in preparation of financial statements and there has been no departure there from

e) The system of internal control has been designed and effectively implemented according to the requirement of the industry and on modern managerial principles which are being continuously reviewed and monitored. The review will continue in future for the improvement in control.

f) The company has adopted the central depository system and the listing regulations of Pakistan Stock Exchanges. So far 169,865 shares of the company have been transferred by the shareholders to the Central Depository Company, Pakistan

g) The company has appointed M/s CORPLINK (Pvt) Ltd, independent share Registrar in terms of section 204A of the Companies Ordinance, 1984.

h) There is no doubt upon the Company's ability to continue as a going concern.

i) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of Stock Exchanges

j) The key operating and financial data of the last six (06) years is annexed herewith

k) There are no statutory payments against the company on account of Taxes, duties, levies and other charges except for those which are being paid in the normal course of business

l) The Company maintains unfunded gratuity scheme for its permanent employees

m) There have been five board meetings during the year and attendance of each Director in the board meeting is stated under

n) The Pattern of shareholders including additional information is annexed

o) No Share transactions have been reported by the Directors, CFO, other Executives, Auditors, Company secretary or their spouses and minor childern during the year ended 30 September, 2017.

BOARD MEETINGS

During the year under review, four board meetings were held and attendance of each Director in the board meeting was as under:

SR. NO.	NAME OF THE DIRECTORS	NO. OF MEETINGS ATTENDED
1	Mr. Muhammad Shamim Khan	5
2	Mrs. Qaiser Shamim Khan	5
3	Mr. Adnan Ahmed Khan	5
4	Mr. Nauman Ahmed Khan	3
5	Mrs. Farrah Khan	5
6	Mr. Muhammad Khan	5
7	Mr. Muhammad Ashraf Khan Durani	5

PATTERN OF SHARE HOLDING

The statement of pattern of shareholding alongwith categories of shareholding of the company as noted on September 30, 2017 required under section 236 of the Companies Ordinance, 1984 and Code of Corporate Governance is annexed with this report.

AUDITORS

The present Auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants have retired and being eligible, offered their services for reappointment. The Audit Committee has recommended M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants for reappointment as Auditors for the year ending 30 September, 2018.

OTHER STATEMENTS AND REPORTS

Statement of Ethics and Business Practices, Six years summary of financial highlights, Pattern of Shareholding, Statement of compliance with the Code of Corporate Governance and Auditors' Report in this regard are also presented.

ACKNOWLEDGEMENT

The Board would like to record their appreciation for the efforts and devotion of all the company's employees and hope they will continue their contribution towards the enhancement of productivity and well-being of the company in the future as well. The board also wishes to thank the financial institutions, farmers and all stakeholders associated with the company for their support and cooperation.

For and on behalf of Board of Directors,
The Thal Industries Corporation Ltd.

Muhammad Shamim Khan
Chief Executive

Lahore: 26 December 2017

ممبران کیلئے ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 ستمبر 2017 کوختم ہونے والے مالی سال کے لئے 64ویں سالانہ رپورٹ معہ تنقیح شدہ حسابات اوراس پرآڈیٹرز کی رپورٹ بخوشی پیش کررہے ہیں۔

صنعت کا مجموعی جائزہ

2015 کے سیلاب سے تباہ ہونے والی فصلوں کودوبارہ اگانے کے لئے کسانوں کو بلاسود قرضے دیئے جانے کی وجہ سے پورے ملک میں لیکن خاص طور پر ہمارے علاقہ میں گزشتہ سال کے مقابلے گنے کی فی ایکڑ پیداوار زیادہ ہوئی۔ہم یہ بیان کرتے ہوئے بھی خوشی محسوس کرتے ہیں کہ اس سال فی ایکڑ پیداوار، غالباً کسانوں کی طرف سے کھادوں کے بہتر استعمال اورزیادہ موزوں موسم کے نتیجہ میں نمایاں طور پر بہتر ہوئی ہے۔جیسا کہ پورے پنجاب اور خیبر پختونخواہ میں فصلوں کی پیداوار زیادہ ہوئی ہے، ملکی سطح پر بھی گنے کی فصل میں اضافہ اورملکی تاریخ میں چینی کی سب سے زیادہ پیداوار ہوئی ہے۔

مقامی اور بین الاقوامی منڈیوں میں وافر چینی کی پیداوار کی توقعات کے باوجود، گنے کی کم سے کم قیمت خرید کرشنگ سیزن 17-2016 کیلئے حکومت پنجاب کی طرف سے -/180 روپے فی من برقرار رکھی گئی،سندھ حکومت کی طرف سے گنے کی کم سے کم قیمت خرید -/182 روپے فی من کا اعلان کیا گیا۔اولاً گنے کی فی ایکڑ پیداوار گزشتہ سال کے مقابلے میں رقبے کے لحاظ سے بہت زیادہ ہونے کی توقع نہیں تھی اوراس لئے گنے کی قیمت خرید میں مقابلے کا رجحان پنجاب اور خیبر پختونخواہ کی ملوں میں کرشنگ سیزن کے آغاز سے ہی کم رہا ہے۔

کمپنی کی کارکردگی

زیرِ جائزہ سال کے دوران آپ کی کمپنی نے 2,869,699 میٹرک ٹن گنے کی کرشنگ کی اور 9.736 فیصد اوسط ریکوری کے ساتھ 279,307.850 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔ جبکہ اس کے مقابلے میں گذشتہ سال 1,839,916 میٹرک ٹن کرشنگ کی اور 9.724 فیصد اوسط ریکوری کے ساتھ 178,912.150 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔کرشنگ میں نمایاں اضافہ سیزن کے طویل ہونے، گنے کی بھرپور فصل اورملوں کے بلاتعطل آپریشن کی وجہ سے تھا۔ہمارے دونوں پلانٹس پر انرجی ایفشنٹ FFEs (Falling Film Evaporators) کی نئی تنصیب سے مکسڈ جوس کے حصول کو بہتر بنانے میں مدد ملی ہے، جو ہماری ملنگ صلاحیت کے بہتر استعمال کا نتیجہ ہے۔

مالی جھلکیاں

زیر جائزہ مالی سال کے دوران آپ کی کمپنی نے قبل از ٹیکس منافع 941.522 ملین روپے اور بعد از ٹیکس منافع 708.395 ملین روپے حاصل کیا جبکہ گزشتہ سال قبل از ٹیکس منافع 666.550 ملین روپے اور بعد از ٹیکس منافع 660.182 ملین روپے حاصل کیا۔

منافع میں اضافہ بنیادی طور پر انتظامیہ کے موزوں قیمتوں پر چینی اور مولاسس کے اعلیٰ فروختی حجم کو فعال کرنے اور جزوی طور پر اخراجات پر بہتر قابو پانے کی وجہ سے تھا۔ان تمام عوامل نے کمپنی کے مجموعی منافع کی بہتری میں اہم کردار ادا کیا۔

مالیاتی نتائج درجہ ذیل ہیں

تفصیلات	سال مختتمہ 30 ستمبر 2017 (روپے ملین میں)	سال مختتمہ 30 ستمبر 2016 (روپے ملین میں)
قبل از ٹیکس منافع	941.522	666.550
ٹیکس کی ادیئگی		
موجودہ	(102.184)	(42.709)
زیرالتوا ٹیکس (Deferred)	(130.943)	34.535
پچھلے سال کی ردوبدل	-	1.806
بعد از ٹیکس منافع	**708.395**	**660.182**
دیگر جامع آمدنی (OCI) کا اثر	(0.505)	0.147
	707.890	**660.329**

1,060.676	1,645.889	مجموعی منافع جو آگے آیا
1,721.005	**2,353.779**	
		تصرفات
(75.116)	(75.116)	سال کے دوران ادا شدہ منافع منقسمہ بشرح 50% (2016 : 50%)
-	(188.962)	سال کے دوران ادا شدہ عبوری نقد منافع منقسمہ بشرح 125.78% (2016 Nil)
1,645.889	**2,089.701**	مجموعی منافع جو آگے گیا
43.94	47.15	فی شیئر آمدنی

فی شیئر آمدنی:

زیر جائزہ سال کے لئے کمپنی کی فی شیئر آمدنی 47.15 روپے (2016: 43.94 روپے)

منافع منقسمہ (ڈیویڈینڈ)

30 ستمبر 2017 کو ختم ہونے والے مالی سال کے لئے بورڈ نے 100 فیصد (2016: 50 فیصد) نقد منافع تقسیم کرنے کی سفارش کی ہے۔

تحقیق وترقی

زرعی تحقیق وترقی کمپنی کی پالیسی کا ایک لازمی حصہ ہے جس میں بہترین زرعی طریقوں کے ساتھ ترقی پسند کاشتکاروں کے ذریعے گنے کی مختلف اورنئ اقسام کی شناخت اوراس کے بعد تجارتی پیمانے پران کی کاشت شامل ہے۔ یہ نہ صرف گنے کی فی ایکڑ پیداوار بڑھاتی ہے بلکہ کاشتکاروں کی آمدنی میں اضافہ اورمسابقتی فصلوں کے مقابلے میں گنے کی بوائی کے لئے زیادہ شوق پیدا کرتی ہے۔ یہ کمپنی کو گنے کی سپلائی، مجموعی طور پر شوگر کی ریکوری کو بڑھاتی ہے اور براہ راست کمپنی کے منافع کو بہتر بناتی ہے۔

گزشتہ سالوں کی طرح، انتظامیہ نے خزاں 2017 کی بوائی کے لئے سود کے بغیر قرض کی بنیاد پر گنے کے کاشتکاروں کو کھاد اور کیڑے مار ادویات کے ساتھ ساتھ اعلیٰ پیداوار اور بیماری کے خلاف مزاحمت کے حامل گنے کے بیج کی نئ بہتر اقسام فراہم کرنے کے ساتھ ساتھ ان کے کھیتوں میں ہی حیاتیاتی تجربہ گاہوں کی مدد سے بروقت مفت خدمات دینے کا فیصلہ کیا ہے تاکہ اگلے کرشنگ سیزن کے لئے گنے کے حصول میں دشواری نہ ہو۔

مستقبل کا نقطہ نظر

واضح رہے کہ رواں کرشنگ سیزن 17-2016 کے لئے بھرپور فصل کی بدولت گذشتہ سال کے مقابلے گنے کی سپلائی مقامی سطح پر زیادہ ہے۔ پورے ملک میں ملوں سے چینی کی قدرے کم پیداوار کی رپورٹوں کے برعکس اس سال پاکستان میں تاریخ کی سب سے زیادہ چینی کی پیداوار حاصل ہوئی۔

پاکستان میں کھپت کے مقابلے میں چینی کی وافر رسد کے نتیجہ میں مقامی مارکیٹ میں چینی کی قیمتوں میں بڑی تیزی سے کمی واقع ہوئی ہے۔ صورت حال اتنی گمبھیر نہ ہوتی اگر حکومت پاکستان سست روی کا مظاہرہ نہ کرتی اور زیرِ جائزہ سال کے لئے کم پابندیوں کے ساتھ برآمدی مقدار میں مزید اضافہ کی اجازت دے دیتی۔ اس کے علاوہ، افغانستان کی سرحد کی بندش کی وجہ سے تجارت کی

رکاوٹوں میں توسیع کی مدت نے حکومت کی طرف سے دی گئی برآمدی ٹائم لائنز کے اطلاق کا مسئلہ بہت پیچیدہ ہوگیا۔ آخر میں اور سب سے زیادہ نقصان دہ اہم بات یہ ہے کہ اس مدت میں بین الاقوامی چینی کی قیمتوں میں تقریباً 100 ڈالر فی ٹن کی کمی ہوئی ہے۔ اس منظر نامے کے پیش نظر پاکستانی چینی کی صنعت کے منافع پر مؤثر اثر پڑے گا۔ جو صرف اسی صورت میں مناسب مالیاتی نتائج حاصل کرنے کے قابل ہوگی کہ اگر یہ بین الاقوامی قیمتوں پر اس وافر چینی کا بڑا حصہ برآمد کرسکی۔ ان تمام حالات کے پیشِ نظر 18-2017 سیزن رقبے کے لحاظ سے پیداوار اس سال کے مقابلے میں اس کے برابر یا اس سے زیادہ ہوسکتی ہے اور جب تک وافر فراہمی کا مسئلہ حل نہیں ہوتا ہے، شوگر ملوں کے لئے مالی صورتحال آئندہ مالی سال میں بھی بہت مشکل ہوسکتی ہے۔

اس مشکل ماحول میں، اللہ تعالی کے فضل وکرم سے آپ کی کمپنی نے اپ فرنٹ پاور پالیسی 2013 کے تحت 20 میگا واٹ بجلی کی پیداوار کا (جاری) منصوبہ دسمبر 2017 کے آغاز میں تجارتی آپریشن کی تاریخ (COD) کامیابی سے حاصل کرلی ہے۔ محفوظ شدہ بگاس کی بنیاد پر پاور پلانٹ سے بجلی کی برآمد اور FFEs کی تنصیب سے کمپنی کے منافع پر واضح اثرات پڑنے کی توقع ہے، جو آنے والے مسابقتی، چیلنجنگ، اور سخت اقتصادی ماحول میں کامیاب ہونے کی ہماری صلاحیت کو مضبوط کرے گی۔

متعلقہ پارٹیوں سے تعلقات

متعلقہ فریقوں کے درمیان لین دین مارکیٹ کی مقرر کردہ قیمتوں کے مطابق کیا جاتا ہے طریقہ کار کے موازنہ سے مقرر کردہ قابل رسائی قیمتوں پر کیا جاتا ہے۔ کمپنی قیمتوں کی منتقلی پر بہترین ضابطہ کے مطابق مکمل طور پر عمل کرتی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

a) کمپنی کی طرف سے تیار کردہ مالیاتی حسابات اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
b) کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
c) مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
d) مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات اور کمپنیز آرڈیننس، 1984 کی ضروریات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
e) اندرونی کنٹرول کا نظام صنعت کی ضروریات اور جدید انتظامی اصولوں کے مطابق ڈیزائن ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔ کنٹرول میں بہتری کے لئے مستقبل میں مسلسل جائزہ لیا جائے گا۔
f) کمپنی سنٹرل ڈیپازٹری سسٹم اور پاکستان اسٹاک ایکسچینج کے فہرستی قواعد وضوابط پر عمل کرتی ہے۔ کیونکہ کمپنی کے 169,865 حصص سنٹرل ڈیپازٹری کمپنی کراچی، پاکستان کو حصص داران کی طرف سے منتقل کئے گئے ہیں۔
g) کمپنی نے کمپنیز آرڈیننس، 1984 کی دفعہ 204-A کی شرائط میں میسرز کارپ لنک (پرائیویٹ) لمیٹڈ کو انڈ پینڈنٹ شیئر رجسٹرار مقرر کیا ہے۔
h) کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
i) پاکستان اسٹاک ایکسچینج کے فہرستی قواعد وضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عوامل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
j) گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
k) ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو بقایا ہوں، سوائے ان کے جن کا معمول کے کاروبار میں انکشاف کیا گیا ہے۔
l) کمپنی اپنے مستقل ملازمین کے لئے غیر فنڈ ڈ گریجوئٹی سکیم برقرار رکھتی ہے۔
m) سال کے دوران بورڈ کے پانچ اجلاس منعقد ہوئے اور بورڈ کے اجلاس میں ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے۔
n) نمونہء حصص داری بشمولہ اضافی معلومات منسلک ہیں۔
o) 30 ستمبر 2017 ءمختتمہ سال کے دوران ڈائریکٹرز، سی ای او، دیگرا یگزیکٹوز، آڈیٹرز، کمپنی سیکرٹری یا ان کے زوج اور نابالغ بچوں کی طرف سے حصص کی کوئی تجارت نہیں کی گئی۔

بورڈ کے اجلاس

زیر جائزہ سال کے دوران بورڈ کے پانچ اجلاس منعقد ہوئے اور بورڈ کے اجلاس میں ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے۔

نمبر شمار	نام ڈائریکٹرز	تعداد حاضری
1	جناب محمد شمیم خان	5
2	محترمہ قیصر شمیم خان	5
3	جناب عدنان احمد خان	5
4	جناب نعمان احمد خان	3
5	محترمہ فرح خان	5
6	جناب محمد خان	5
7	جناب محمد اشرف خان درانی	5

نمونہء حصہ داری

کمپنیز آرڈیننس، 1984 کی دفعہ 236 اور کارپوریٹ گورننس کے ضابطہء اخلاق کے تحت درکار 30 ستمبر 2017 کو مذکورہ کے مطابق شیئر ہولڈنگ کا نمونہ بمعہ کمپنی کے شیئر ہولڈنگ کی اقسام رپورٹ ہذا کے ہمراہ منسلک ہیں۔

آڈیٹرز کی تعیناتی

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس سبکدوش ہوگئے ہیں اور اہل ہونے کی بناء پر دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی نے میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کو 30 ستمبر 2018 کو ختم ہونے والے سال کے لئے بطور آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔

دیگر زوضاحتیں اور رپورٹس

ضابطہء اخلاق اور کاروباری عوامل کی وضاحت، مالی جھلکیوں کا چھ سالہ خلاصہ، شیئر ہولڈنگ کا نمونہ، کارپوریٹ گورننس کے ضابطہء اخلاق کی تعمیل اور بابت ہذا میں آڈیٹرز کی رپورٹ بھی پیش کی گئی ہیں۔

اظہار تشکر/اعتراف

کمپنی کے ڈائریکٹرز تمام ملازمین کی کوششوں اور لگن کو سراہتے ہیں اور امید کرتے ہیں کہ وہ پیداور میں اضافہ اور کمپنی کی بھلائی کی خاطر مستقبل میں بھی اپنی کوششوں کو جاری رکھیں گے۔ ڈائریکٹرز کمپنی کے ساتھ شریک مالی اداروں، کسانوں اور تمام شریک اسٹیک ہولڈرز کی حمایت اور تعاون کا بھی شکریہ ادا کرتے ہیں۔

لاہور: 26 دسمبر 2017

منجانب بورڈ آف ڈائریکٹر
تھل انڈسٹریز کارپوریشن لمیٹڈ

Shamim Khan

محمد شمیم خان
چیف ایگزیکٹو

Vision Statement

We shall build on our core competencies and achieve excellence in performance to become a leading producer of best quality sugar. In doing so we aim to meet or accede the expectations of all our stakeholders.

Our goal is not only to attain technological advancements in the field of sugar but also to inculcate the most efficient, ethical and time tested business practices in our management.

Furthermore, we shall strive to innovate the ways for the improvement and increase in per acre yield of sugarcane and introduce improved varieties of sugarcane having better yield characters, high sucrose contents, disease and drought resistant and better ratooning crop in the region. We shall introduce the mechanized sugarcane cultivation mehtod to the growers and to educate regarding latest developments of agriculture technology and free consultancy of professionals.

MISSION STATEMENT

We aim to be a leading producer and supplier of quality sugar by adopting the most technological advancement. We intend to play a pivotal role in the economic development of Pakistan.

CORPORATE STRATEGY

Our corporate strategy and objectives for the future are to find new and improved means of cost reduction, fuel economy and to acquire advanced manufacturing capabilities to support our product development efforts and product line expansion and stand ready to leverage our debt and be responsive to the changing economic scenario. We believe in harnessing the inherent strengths of available human resource and materials to the utmost and a commitment for building a solid foundation poised for sustainable growth for the long-term benefit of our shareholders and employees.

CORE VALUES

- Strive for excellence and build on our core competencies.
- Keep up with technological advancements in our biological control laboratory and extend the Research & Development Programme to control sugarcane crop diseases.
- Inculcate efficient, ethical and time tested business practices in our management.
- Work as a team and support each other.
- Put the interest of the company before that of the individuals.

Statement of Ethics & Business Practices

After taking over of The Thal Industries Corporation Limited in 1998 the aim of the new management is to produce quality product for its customers. We ensure transparency and professionalism at every step of our dealings, and look after the interests of stakeholders.

The statement of the company is based on the following principles.

Quality of Product:

- We would strive to produce the best quality / refined sugar for consumers.
- We would continuously update ourselves with technological advancements in sugar industry and strive to implement these changes in our company.
- We would maintain all relevant technical and professional standards to be compatible with requirements of the industry.

Dealing with Employees:

- We recognize and appreciate employees for their performance.
- We measure the performance of our employees by their ability to meet their objectives, their conduct at work, and their dealings with others both within and outside the organization, their contribution towards training peoples and successful planning, and innovation at their work place.
- We provide congenial work atmosphere where all employees are treated with respect and dignity and work as a team to achieve common objective.
- Unless specifically mentioned, all rules and regulations prevailing in the company apply to all levels of employees of the company.

Responsibility to Society / Interested Sectors:

We have an important role towards our society, shareholders, creditors and particularly to the sugarcane growers and the Government. Our dealings are transparent with all our customers / suppliers so as to meet the expectations of the people who deal with us.

We meet all our obligations and ensure timely compliance.

Financial Reporting & Internal Controls:

Our policies with reference to accounting, finance and corporate matters are governed by relevant corporate regulations, Companies Ordinance, 1984, and the Code of Corporate Governance. It is our responsibility to comply with International Financial Reporting Standards (IFRSs) as applicable in Pakistan for the preparation of financial statements with any departure therefrom being adequately disclosed.

We are in the process of establishing an efficient internal Audit department to enhance the scope of Internal control and data generated by the Company. It also helps in building the confidence of our creditors, financial institutions and other interested organizations.

Purchase of Goods & Timely Payment:

To ensure cost effectiveness, we only purchase goods and services that meet our specifications and are competitively priced. To gauge the market conditions and availability of substitute products or services, we obtain quotations from various sources before finalizing our decision, so as not to hurt the confidence, reliability and trust of our suppliers. We ensure timely payments after deducting applicable taxes.

Conflict of Interest:

Activities and involvements of the directors and employees of the company in no way conflict with the interest of the company. All acts and decisions of the management are based keeping in view of the interest of the company.

Observance to Laws of the Country:

The company fulfils all statutory requirements of the Government and follows all applicable laws of the country.

Objectives of the Company:

We at The Thal Industries Corporation Limited, recognize the need of working at the highest standards to attain greater levels of performance. We endeavor to meet the expectations of all our stakeholders.

We conduct the business of the company with integrity and believe in quality.

We produce and supply goods and information with great care and competence to ensure that customers and creditors receive service that they deserve.

We respect that confidentiality of the information acquired during the course of our dealings with the interested parties and refrain from acting in any manner which discredit the company.

Six Years Summary of Financial Highlights

OPERATING PERFORMANCE:

	2017	2016	2015	2014	2013	2012
Quantitative Data (M. Tons)						
Cane Crushed	2,869,699	1,839,916	1,808,462	1,814,123	1,661,939	1,668,548
Sugar Produced	279,308	178,912	175,910	178,630	161,733	159,530
Raw Sugar Processed	-	749.15	1,296	-	-	-
Sugar Produced from Raw Sugar	-	749.15	1,296	-	-	-
Profitability (Rs in 000)						
Gross Sales	16,261,713	11,511,115	12,057,447	9,250,729	10,319,973	7,948,675
Sales (Net)	14,918,562	10,673,418	11,244,799	8,595,814	9,543,137	7,374,484
Gross Profit	1,842,981	1,342,155	923,407	901,403	986,981	674,490
Profit before Taxation	941,522	666,550	314,724	83,513	314,921	164,323
Profit after Taxation	708,395	660,182	261,019	62,473	204,873	106,609
Financial Position (Rs in 000)						
Tangible Fixed Assets	3,876,640	3,179,407	2,516,493	2,347,980	2,454,555	1,812,174
Other Non Current Assets	63,745	44,510	465	440	1,617	3,153
	3,940,385	3,223,917	2,516,958	2,348,420	2,456,173	1,815,327
Current Assets	4,908,411	3,564,768	2,832,311	3,969,012	2,319,988	3,081,126
Current Liabilities	4,369,065	3,155,104	2,596,015	3,754,353	2,308,188	2,700,540
Net Working Capital Employed	539,346	409,664	236,296	214,659	11,800	380,586
Capital Employed	4,479,731	3,633,581	2,753,254	2,563,079	2,467,973	2,195,913
Long Term Loan & Other Liabilities	2,145,997	1,743,659	1,448,545	1,492,505	1,437,081	1,348,006
Shareholder's Equity	2,333,734	1,889,921	1,304,708	1,070,574	1,030,892	847,907
Represented By:						
Share Capital	150,232	150,232	150,232	150,232	150,232	150,232
Reserve & Unappropriated						
Profit/ (Loss) Carried Forward	2,183,501	1,739,689	1,154,476	920,341	880,660	697,675
	2,333,734	1,889,921	1,304,708	1,070,574	1,030,892	847,907
Ratios						
Gross Profit Ratio (%age)	12.35	12.57	8.21	10.49	10.34	9.15
Net Profit Before Tax Ratio (%age)	6.31	6.24	2.80	0.97	3.30	2.23
Debt to Equity Ratio	26:74	48:52	67:33	76:24	90:10	89:11
Current Ratio	1.12	1.13	1.09	1.06	1.01	1.14
Break up Value per Share (Rs.)	155.34	125.8	86.85	71.26	68.62	56.44
Earning per Share (Rs.)	47.15	43.94	17.37	4.16	13.64	7.10
Dividend (%age)	100.00	50	50	7.5	15	10
Dividend Paid (Rs in 000)	150,232	75,116	75,116	11,267	22,535	15,023

FORM-34
THE COMPANIES ORDINANCE, 1984
(Section 236(1) and 464)
PATTERN OF HOLDING OF SHARES

1. Incorporation Number: **0000619**

2. Name of the Company: **THE THAL INDUSTRIES CORP. LIMITED**

3. Pattern of holding of the shares held by the shareholders as at: 30/09/2017

4. Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
519	1	100	23,459
247	101	500	64,962
102	501	1,000	74,317
83	1,001	5,000	202,476
19	5,001	10,000	130,508
2	10,001	15,000	20,274
3	15,001	20,000	58,570
2	30,001	35,000	62,636
7	45,001	50,000	345,608
2	50,001	55,000	106,000
2	55,001	60,000	115,500
2	60,001	65,000	124,000
1	65,001	70,000	68,000
1	70,001	75,000	71,163
2	75,001	80,000	155,600
2	80,001	85,000	161,700
2	90,001	95,000	189,253
4	95,001	100,000	397,050
2	100,001	105,000	205,500
1	105,001	110,000	109,000
1	110,001	115,000	113,500
1	115,001	120,000	119,000
2	120,001	125,000	247,500
1	130,001	135,000	135,000
1	135,001	140,000	137,800
1	145,001	150,000	150,000
1	170,001	175,000	173,013
1	175,001	180,000	180,000
1	180,001	185,000	182,500
2	190,001	195,000	384,807
2	195,001	200,000	398,500
1	200,001	205,000	201,069
1	205,001	210,000	209,878
1	215,001	220,000	218,500
1	225,001	230,000	230,000
1	240,001	245,000	242,000
2	250,001	255,000	503,500
1	265,001	270,000	267,960
2	315,001	320,000	636,000
1	365,001	370,000	367,045
1	380,001	385,000	381,694
1	785,001	790,000	786,480
1	1,215,001	1,220,000	1,216,060
1	4,855,001	4,860,000	4,855,850
1034			**15,023,232**

5.	Categories of shareholders	Shares Held	Percentage
5.1	Directors, Chief Executive Officers, and their spouse and minor childern	7,396,850	49.2361%
5.2	Associated Companies, undertakings and related parties.	0	0.0000%
5.3	NIT and ICP	25	0.0002%
5.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
5.5	Insurance Companies	170	0.0011%
5.6	Modarabas and Mutual Funds	0	0.0000%
*5.7	Share holders holding 10%	4,855,850	32.3223%
5.8	General Public a. Local b. Foreign	 7,618,830 0	 50.7137% 0.0000%
5.9	Others (to be specified) Joint Stock Companies	 7,357	 0.0490%
	Total	**15,023,232**	**100.0000%**

*** Note:**

This being a part of item No. 5.1 therefore, it is not counted again in doing grand total.

Categories of Share Holders as Required Under C.C.G.
As on 30th September 2017

S. No.	NAME	HOLDING	%AGE
	DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN		
1	MR. MUHAMMAD SHAMIM KHAN	4,855,850	32.3223%
2	MRS. QAISER SHAMIM KHAN	786,480	5.2351%
3	MR. ADNAN AHMED KHAN	267,960	1.7836%
4	MR. NAUMAN AHMED KHAN	1,216,060	8.0945%
5	MRS. FARRAH KHAN	55,000	0.3661%
6	MR. MUHAMMAD KHAN	5,000	0.0333%
7	MR. MUHAMMAD ASHRAF KHAN DURANI	100,500	0.6690%
8	MRS. AAMRA KHAN W/O ADNAN AHMED KHAN	50,000	0.3328%
9	MRS. ANIQA KHAN W/O NAUMAN AHMED KHAN	50,000	0.3328%
10	RANIA KHAN (MINOR) THROUGH GARDIAN MR. ADNAN AHMED KHAN	10,000	0.0666%
		7,396,850	49.2361%
	ASSOCIATED COMPANIES	0	0.0000%
	NIT & ICP		
1	INVESTMENT CORPORATION OF PAKISTAN	25	0.0002%
	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS	0	0.0000%
	INSURANCE COMPANIES		
1	ADAMJEE INSURANCE COMPANY LIMITED	170	0.0011%
	MODARABA & MUTUAL FUND	0	0.0000%
	JOINT STOCK COMPANIES		
1	GHULAM RASOOL & SONS	295	0.0020%
2	SH. MOHAMMAD IBRAHIM AND SONS	295	0.0020%
3	MANZOOR AHMAD AND SONS	63	0.0004%
4	GROETH SECURITIES (PRIVATE) LIMITED - MF (CDC)	1,100	0.0073%
5	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000%
6	SALIM SOZER SECURITIES (PRIVATE) LTD. (CDC)	5,000	0.0333%
7	SARFARAZ MAHMOOD (PVT) LTD. (CDC)	3	0.0000%
8	YASIR MAHMOOD SECURITIES (PVT) LTD. (CDC)	600	0.0040%
		7,357	0.0490%
	SHARES HELD BY THE GENERAL PUBLIC (Foreign)	0	0.0000%
	SHARES HELD BY THE GENERAL PUBLIC (Local)	7,618,830	50.7137%
		7,618,830	50.7137%
	TOTAL:	**15,023,232**	**100.0000%**

S. No.	NAME	HOLDING	%AGE
SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL			
1	MR. MUHAMMAD SHAMIM KHAN	4,855,850	32.3223%
SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL			
1	MR. MUHAMMAD SHAMIM KHAN	4,855,850	32.3223%
2	MR. NAUMAN AHMED KHAN	1,216,060	8.0945%
3	MRS. QAISER SHAMIM KHAN	786,480	5.2351%
		6,858,390	45.6519%

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretaryand their spouses and minor children is as follows:

S. No.	NAME	SALE	PURCHASE
	NIL		

Statement of Compliance with the Code of
Corporate Governance for the Year Ended 30 September 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing regulations (rule book) of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Muhammad Ashraf Khan Durani
Executive Directors	Mr. Muhammad Shamim Khan (CEO & Chairman) Mr. Muhammad Khan
Non-Executive Directors	Mr. Adnan Ahmed Khan Mr. Nauman Ahmed Khan Mrs. Qaiser Shamim Khan Mrs. Farrah Khan

The independent director meets the criteria of independence under clause 5.19.1. (b) of the CCG.

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

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. There was no casual vacancy occurred on the board during the year.

5. 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.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the board.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All the directors on the board are well conversant with their duties and responsibilities. Six directors are exempt from directors training program in view of their fourteen years of education and fifteen years of experience on the board of a listed company and one director has completed directors’ training program of ICAP duly approved by SECP.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit were made during the year.

11. The directors’ report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of share holding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG. The company's management has developed evaluation criteria for carrying out performance evaluation of its members & chairman. The criteria have been approved by the board of directors on 30 September 2017.

15. The board has formed an Audit Committee. It comprises of three members of whom two are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration (HR&R) Committee as required under CCG. It comprises three members, of whom one member is executive director, one member is non executive director and chairman of the committee is an independent director.

18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

19. All related party transactions entered during the year were at arm's length basis and these have been placed before the audit committee and board of directors. These transactions are already reviewed and approved by the audit committee and board of directors along with pricing method.

20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

24. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

25. We confirm that all other material principles enshrined in the CCG have been complied.

For and on behalf of Board of Directors,
The Thal Industries Corporation Ltd.

Muhammad Shamim Khan
Chief Executive/Director

Lahore: 26 December 2017

Review Report to the Members

On the Statement of Compliance With the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of **The Thal Industries Corporation Limited** for the year ended 30 September 2017 to comply with the requirements of Listing Regulations of the Pakistan Stock Exchange, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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

The Code 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended 30 September 2017.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir

LAHORE: DECEMBER 26, 2017

Auditor's Report to the Members

We have audited the annexed balance sheet of **The Thal Industries Corporation Limited** as at 30 September 2017 and the related profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that–

a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

b) in our opinion –

  i) the balance sheet and profit & loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

  ii) the expenditure incurred during the year was for the purpose of the company's business; and

  iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September 2017 and of the profit, total comprehensive income, its cash flows & changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir

LAHORE: DECEMBER 26, 2017

Balance Sheet
As At 30 September 2017

	Note	2017 Rupees	2016 Rupees
EQUITY & LIABILITIES			
Share Capital and Reserves			
Share capital	3	150,232,320	150,232,320
Revenue reserves	4	93,800,000	93,800,000
Accumulated profit		2,089,701,346	1,645,889,094
		2,333,733,666	1,889,921,414
Non Current Liabilities			
Long term finance	5	1,119,301,425	884,641,139
Liabilities against assets subject to finance lease	6	10,144,102	7,517,935
Loans from directors	7	574,800,000	574,800,000
Deferred liabilities	8	441,751,783	276,700,267
		2,145,997,310	1,743,659,341
Current Liabilities			
Trade and other payables	9	1,162,472,122	469,460,605
Finance cost payable	10	66,082,670	139,459,088
Short term borrowings-secured	11	2,206,549,355	1,767,921,046
Advances from directors	12	349,300,000	375,300,000
Current portion of long term liabilities	13	455,785,343	333,563,071
Provision for taxation		128,875,144	69,400,368
		4,369,064,634	3,155,104,178
Contingencies and Commitments	14		
		8,848,795,610	6,788,684,933

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

CHIEF EXECUTIVE

	Note	2017 Rupees	2016 Rupees
PROPERTY AND ASSETS			
Non Current Assets			
Property, plant & equipment	15	3,876,639,577	3,179,407,334
Intangible assets	16	20,597,475	-
Long term deposits		464,500	464,500
Long term advances	17	42,683,406	44,045,112
		3,940,384,958	3,223,916,946
Current Assets			
Stores, spare parts and loose tools	18	476,914,085	423,426,940
Stock-in-trade	19	2,797,126,084	1,508,711,664
Trade debts	20	404,821,758	625,127,111
Loans and advances	21	422,536,205	452,539,177
Trade deposits, prepayments and other receivables	22	247,203,738	40,221,850
Taxes recoverable / adjustable	23	483,165,541	456,167,384
Cash and bank balances	24	76,643,241	58,573,861
		4,908,410,652	3,564,767,987
		8,848,795,610	6,788,684,933

DIRECTOR

Profit and Loss Account
For the year ended 30 September 2017

	Note	2017 Rupees	2016 Rupees
Sales - net	25	14,918,562,029	10,673,417,774
Cost of sales	26	(13,075,580,613)	(9,331,263,134)
Gross profit		1,842,981,416	1,342,154,640
Operating expenses			
Distribution and selling expenses	27	(161,752,644)	(99,640,880)
Administrative expenses	28	(372,863,199)	(293,455,476)
		(534,615,843)	(393,096,356)
Operating profit		1,308,365,573	949,058,284
Other income	29	47,787,335	94,614,313
		1,356,152,908	1,043,672,597
Finance cost	30	(345,608,340)	(321,373,800)
Notional interest expense on long term advances		(1,361,706)	(10,954,888)
Other expenses	31	(67,660,855)	(44,793,936)
		(414,630,901)	(377,122,624)
Profit before taxation		941,522,007	666,549,973
Taxation	32	(233,126,667)	(6,367,773)
Profit after taxation		708,395,340	660,182,200
Earnings per share - basic and diluted	33	47.15	43.94

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

CHIEF EXECUTIVE

DIRECTOR

Statement of Comprehensive Income
For the year ended 30 September 2017

	2017 Rupees	2016 Rupees
Profit after tax	708,395,340	660,182,200
Other Comprehensive Income-Net of Tax		
Items that will be reclassified to profit or loss	-	-
Items that will never be reclassified to profit or loss:		
Remeasurement of staff gratuity (loss)/gain	(721,023)	226,118
Related impact on deferred tax	216,307	(79,141)
	(504,716)	146,977
Total comprehensive income for the year	707,890,624	660,329,177

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

CHIEF EXECUTIVE

DIRECTOR

Cash Flow Statement

For the year ended 30 September 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		941,522,007	666,549,973
Adjustment for:			
- Depreciation		298,190,870	252,040,350
- Amortization		1,872,498	-
- Provision for gratuity		40,504,411	20,208,929
- Gain on disposal of fixed assets		(326,386)	(642,083)
- Finance cost		345,608,340	321,373,800
- Notional interest expense on long term advances		1,361,706	10,954,888
- Workers' profit participation fund		50,527,228	36,114,940
- Workers welfare fund		17,133,627	8,678,996
		754,872,294	648,729,820
Operating cash flows before changes in working capital		1,696,394,301	1,315,279,793
Changes in working capital	34	(781,750,254)	(551,310,128)
Cash generated from operations		914,644,047	763,969,665
Gratuity paid		(6,900,651)	(10,234,315)
Finance cost paid		(413,380,698)	(256,340,860)
Workers' profit participation fund paid		(42,311,232)	(19,703,497)
Workers Welfare fund paid		(8,688,548)	(2,022,697)
Income tax paid		(42,708,851)	(85,597,922)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		400,654,067	390,070,374
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,002,561,199)	(904,565,303)
Long term advances		-	(45,000,000)
Proceeds from disposal of fixed assets		1,699,999	1,282,563
NET CASH USED IN INVESTING ACTIVITIES		(1,000,861,200)	(948,282,740)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finance		358,192,901	427,745,710
Lease liability paid		(15,389,676)	(14,843,301)
Short term borrowings - net		438,628,309	259,441,994
Advances from directors		(26,000,000)	(8,000,000)
Dividend paid		(137,155,021)	(80,434,865)
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES		618,276,513	583,909,538
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		18,069,380	25,697,172
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		58,573,861	32,876,689
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	76,643,241	58,573,861

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

CHIEF EXECUTIVE **DIRECTOR**

Statement of Changes in Equity
For the year ended 30 September 2017

PARTICULARS	SHARE CAPITAL	GENERAL RESERVES	ACCUMULATED PROFIT	TOTAL
	RUPEES			
Balance as on 01 October 2015	150,232,320	93,800,000	1,060,676,077	1,304,708,397
Cash dividend @ 50.00 % i.e. Rs. 5.00 per share for the year ended 30 September 2015	-	-	(75,116,160)	(75,116,160)
Total comprehensive income for the year	-	-	660,329,177	660,329,177
Balance as on 30 September 2016	150,232,320	93,800,000	1,645,889,094	1,889,921,414
Cash dividend @ 50.00 % i.e. Rs. 5.00 per share for the year ended 30 September 2016	-	-	(75,116,160)	(75,116,160)
Interim Cash Dividend @ 125.78% i.e. Rs. 12.578 per share for the year ended 30 September 2017	-	-	(188,962,212)	(188,962,212)
Total comprehensive income for the year	-	-	707,890,624	707,890,624
Balance as on 30 September 2017	150,232,320	93,800,000	2,089,701,346	2,333,733,666

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

CHIEF EXECUTIVE **DIRECTOR**

Notes to the Financial Statements
For the year ended 30 September 2017

1. STATUS AND ACTIVITIES

The Thal Industries Corporation Limited (Company) is a public limited company incorporated in Pakistan on 07th September 1953 under the Companies Act, 1913 (now Companies Act 2017) and is listed on Pakistan Stock Exchange. Its registered office is situated at 23-Pir Khurshid Colony, Gulgasht, Multan. The Company is principally engaged in production and sale of refined sugar and its by-products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan has communicated that the companies whose financial year closes on or before 31 December, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Hence, these financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.2 Initial Application of a Standard, Amendment or an Interpretation to an Existing Standard and Forthcoming Requirements

a) Standards and interpretations to existing standards that are effective but not relevant to the Company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the company:

- IFRS-5 Non-current Assets Held for Sale and Discontinued Operations (Amended)
- IFRS-7 Financial Instruments: Disclosures (Amended)
- IFRS-10 Consolidated Financial Statements (Amended)
- IFRS-11 Joint Arrangements (Amended)
- IFRS-12 Disclosure of Interests in Other Entities (Amended)
- IAS-1 Presentation of Financial Statements (Amended)
- IAS-16 Property, Plant and Equipment (Amended)
- IAS-19 Employees Benefits (Amended)
- IAS-27 Separate Financial Statements (Amended)
- IAS-28 Investments in Associates (Amended)
- IAS-34 Interim Financial Reporting (Amended)
- IAS-38 Intangible Assets (Amended)
- IAS-41 Agriculture (Amended)

b) Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- IFRS 1 - First-time Adoption of International Financial Reporting Standards - (Amended)-(effective for annual periods beginning on or after 1 January 2018) - Not notified by SECP.
- IFRS 2 - Share Based Payments - (Amended)-(applicable for annual periods beginning on or after 1 January 2018).
- IFRS 4 - Insurance contracts - (Amended)-(applicable for annual periods beginning on or after 1 January 2018)- Not notified by SECP.
- IFRS 9 - Financial Instruments: Classification and Measurements - (applicable for annual periods beginning on or after 1 January 2018).
- IFRS 10 - Consolidated Financial Statements - (Amended) - (Applicale for annual periods not yet finalized)
- IFRS 12 - Disclosure of Interests in Other Entities (Amended) - (applicable for annual periods beginning on or after 1 January 2017).
- IFRS 14 - Regulatory Deferral Accounts - (applicable for annual periods beginning on or after 1 January 2016) - Not notified by SECP.
- IFRS 15 - Revenue from Contracts with Customers - (applicable for annual periods beginning on or after 1 January 2018) - Not notified by SECP.
- IFRS 16 - Leases - (applicable for annual periods beginning on or after 1 January 2019) - Not notified by SECP.
- IFRS 17 - Insurance Contracts - (applicable for annual periods beginning on or after 1 January 2021) - not notified by SECP.
- IAS 7- Statement of Cash Flows - (Amended)-(effective for annual periods beginning on or after 1 January 2017).
- IAS 12- Income Taxes - (Amended)-(effective for annual periods beginning on or after 1 January 2017).
- IAS 28 - Investments in Associates and Joint Venture - (Amended)- (effective for annual periods beginning on or after 1 January 2018).
- IAS 28 - Investments in Associates and Joint Venture - (Amended)- (applicable for annual periods not yet finalized).
- IAS 39 - Financial Instruments: Recognition and Measurement -(Amended)- (effective for annual periods beginning on or after 1 January 2018).

- IAS 40 - Investment Property - (Amended)-(applicable for annual periods beginning on or after 1 January 2018).

- IFRIC 22 - Foreign Currency Transaction and Advance Consideration - (applicable for annual periods beginning on or after 1 January 2018).

- IFRIC 23 - Uncertainty Over Income Tax Treatments - (applicable for annual periods beginning on or after 1 January 2019).

2.3 Accounting convention

The financial statements have been prepared under the "Historical Cost Convention" except for recognition of staff retirement benefits which is based on actuarial values and financial instruments which are stated at fair value. The financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount 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 the circumstances, the results of which form the basis of making the judgments about the carrying values 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 the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

- Staff retirement benefits	(note 2.5 & 8.1)
- Provisions	(note 2.6)
- Deferred taxation	(note 2.7 & 8.2)
- Contingencies	(note 14)
- Useful life of depreciable assets	(note 2.9 & 15.1)

2.5 Staff retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all permanent employees of the Company who have completed minimum qualifying period. Provisions are made annually to cover the obligation and charged to income currently, based on actuarial valuation by using the projected unit credit method. Actuarial gains and losses are recognised immediately in other comprehensive income and past service cost is recognized immediately to the profit and loss account. Interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset is also directly charged to profit and loss account.

2.6 Provisions

Provisions are recognized in the balance sheet when the Company has legal or constructive obligation as a result of past event, and it is probable that outflow of economic benefits will be required to settle the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.7 Taxation

Current

Provision for current taxation is calculated in the manner prescribed by the current tax pronouncements after taking into consideration tax rebates, tax credits or other adjustments available, if any.

Deferred

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the current rate of taxation. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax is charged and credited to income except in the case of items credited or charged to equity in which case it is included in equity.

2.8 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, except those covered under forward exchange contracts which are stated at contracted rate. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. All exchange differences are included in profit and loss account currently.

2.9 Property, plant & equipment and depreciation

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost.

Depreciation is charged by applying the reducing balance method over its estimated useful life at the rates specified in note 15.1

Depreciation is charged on additions during the year from the month in which property, plant and equipment become available for use while no depreciation is charged from the month of deletion / disposal.

The useful life and depreciation method are reviewed to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of operating fixed assets. Appropriate adjustments are made if the impact of depreciation is significant.

Normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired.

Gains and losses on disposal of property, plant and equipment are taken to profit and loss account.

2.10 Capital work in progress

Capital work in progress is stated at cost and represents expenditure incurred on fixed assets during the construction and installation. Costs may also include borrowing costs as stated in accounting policy for borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

2.11 Intangible Assets

Intangible assets acquired by the Company are stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to profit and loss account on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

2.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized as an expense in the period in which these are incurred.

2.13 Accounting for finance lease

Assets subject to finance lease are initially recorded at lower of the present value of minimum lease payments under the lease agreement and the fair value of leased assets. The related obligation under the finance lease less finance cost allocable to future period are shown as liability. Finance cost is allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged at the rates as charged to owned assets to write off the assets over the estimated useful life in view of the certainty of the ownership of the assets at the end of the lease period.

2.14 Stores, spares and loose tools

These are valued at moving average cost except stores in transit which are stated at cost comprising invoice value plus other charges paid thereon up to the balance sheet date. Adequate provision is made against items considered obsolete / slow moving.

2.15 Stock-in-trade

These are valued applying the following basis:

Work in process	At cost
Finished goods	At lower of cost and net realizable value
Molasses	At net realizable value

Average cost in relation to work in process and finished goods means production cost including all production overheads. Net realizable value signifies the estimated selling price in ordinary course of business less cost necessary to be incurred in order to make the sale.

2.16 Revenue recognition

Sales are recorded on dispatch of goods to the customers.
Income from bank deposits and loans and advances is recognized on accrual basis.

2.17 Dividend

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividend is approved.

2.18 Financial Instruments

Initial Recognition

Financial assets and financial liabilities are recognized when entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognised on a trade date basis.

Initial Measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Company's financial assets are classified into following categories:

- Financial assets at fair value through profit or loss ("FVTPL").
- Loans and receivables.
- Held-to-maturity investments.
- Available-for-sale financial assets.

Company's financial statements include long term deposits, trade debts, loans & advances, trade deposits & other receivables and cash and bank balances.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are subcategorized as:

- Financial assets held for trading.
- Financial assets designated as at FVTPL on initial recognition.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Company's management has the positive intention and ability to hold to maturity.

At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. In addition to equity investments, the Company may also designate certain debt securities as available-for-sale financial assets.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed off or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

Financial liabilities

Financial liabilities and equity instruments issued by Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Company's financial liabilities include loans from directors', long term finance, trade and other payables, finance cost payable, short term borrowings and advances from directors.

The Company's financial liabilities are generally classified into:

- financial liabilities at FVTPL and
- other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL has two subcategories:

- financial liabilities held for trading and
- those designated as at FVTPL on initial recognition.

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

If Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL, of which interest income is included in net gains or losses.

The effective interest method applied to financial liability is of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis other than those financial liabilities designated as at FVTPL, of which the interest expense is included in net gains or losses.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as trade debts, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when the company has a legally enforceable right to set off the recognized asset and liability or intend either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

2.19 Cash and cash equivalents

Cash and cash equivalents include cash, cheques in hand and balances with banks on current and deposit accounts.

2.20 Related parties transactions

Transactions with related parties are carried out at arm's length and priced at comparable uncontrolled market price.

2.21 Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset or group of assets is estimated and impairment losses are recognized in the profit and loss account.

2.22 Presentation

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Figures are rounded off to the nearest rupee. The corresponding figures are rearranged wherever necessary to facilitate comparison . Appropriate disclosure is given in relevant note in case of material rearrangements.

3. SHARE CAPITAL

2017	2016		Note	2017	2016
(Number of shares)				Rupees	Rupees
Authorized Capital:					
20,000,000	20,000,000	Ordinary shares of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed and paid up capital:					
8,368,846	8,368,846	Ordinary shares of Rs. 10/- each fully paid in cash		83,688,460	83,688,460
142,770	142,770	Ordinary shares of Rs. 10/- each issued as fully paid for consideration otherwise than cash		1,427,700	1,427,700
6,511,616	6,511,616	Ordinary shares of Rs. 10/- each issued as bonus shares		65,116,160	65,116,160
15,023,232	15,023,232			150,232,320	150,232,320

4. REVENUE RESERVES

	2017	2016
General reserves	93,800,000	93,800,000

It represents distributable profits transferred and utilizable at the discretion of the board of directors.

5. LONG TERM FINANCE - SECURED

	Note	2017	2016
From banking companies :			
Opening balance		1,206,901,128	779,155,418
Obtained during the year		680,452,895	628,190,154
		1,887,354,023	1,407,345,572
Paid during the year		(322,259,994)	(200,444,444)
	5.1	1,565,094,029	1,206,901,128
Less: current portion		(445,792,604)	(322,259,989)
		1,119,301,425	884,641,139

5.1 Demand finance / Diminishing musharaka facilities of Rs. 1,273 million (2016: Rs. 1,300 million) and term finance facilities of Rs. 1,100 million (2016: RS. 600 million) have been obtained from various banking companies. These loans are secured against first pari passu / hypothecation charge over all present and future fixed assets of the Company, personal guarantees of directors of the Company and subordination of directors' loan. The facilities are being repaid in quarterly instalments beginning from 18 September 2012 and ending on 26 September 2024. These carry mark up @ 3 to 6 month KIBOR + 0.50 % to 1.25% (2016: 3 to 6 month KIBOR + 0.75 % to 1.25%) p.a.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED

	2017 Rupees	2016 Rupees
Opening balance	24,092,817	26,803,668
Obtained during the year	16,705,500	11,029,500
Payments / adjustments during the year	(15,639,176)	(13,740,351)
	25,159,141	24,092,817
Less: security deposits adjustable on expiry of lease term	(5,022,300)	(5,271,800)
	20,136,841	18,821,017
Less: current portion grouped under current liabilities	(9,992,739)	(11,303,082)
	10,144,102	7,517,935

6.1 Reconciliation between minimum lease payments and present value of minimum lease payments is as follows:

	30 September 2017		
	Rupees		
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	11,161,476	(1,168,737)	9,992,739
Later than one year but not later than five years	10,956,951	(812,849)	10,144,102
	22,118,427	(1,981,586)	20,136,841

	30 September 2016		
	Rupees		
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	12,322,851	(1,019,769)	11,303,082
Later than one year but not later than five years	7,967,840	(449,905)	7,517,935
	20,290,691	(1,469,674)	18,821,017

6.2 The Company has a finance lease agreement of Rs. 90 million for vehicles with Bank Al Habib Limited. Rentals are payable in 12 quarterly installments commencing from September 2013 and ending on September 2020. The mark up rate implicit in the lease is 3 months KIBOR + 1.00% to 1.25% p.a.(2016: 3 months KIBOR + 1% to 1.25%) p.a. The lease is secured by way vehicle registered in the name of Bank Al Habib Limited with 10% of vehicle value held as security.

6.3 The company intends to exercise its option to purchase the leased assets upon the maturity of lease term. Taxes, repairs and insurance cost is to be borne by the company. In case of termination of the agreement, the company has to pay the entire rentals for the unexpired period for the lease agreement.

	Note	2017 Rupees	2016 Rupees
7. LOANS FROM DIRECTORS - UNSECURED	7.1	574,800,000	574,800,000

7.1 These unsecured loans have been obtained from directors of the Company, and will be paid as and when convenient to the Company. These loans carry markup @ 3 month KIBOR + 1% p.a. prevailing at the year end (2016: 3 month KIBOR +1 % p.a.). The management for the time being does not intend to repay any amount against these loans until the end of next financial year and hence no current maturity has been provided. These loans are subordinated to bank loans.

8. DEFERRED LIABILITIES

	Note	2017 Rupees	2016 Rupees
Staff gratuity (as determined in Actuarial valuation)	8.1	111,345,146	77,020,363
Deferred taxation	8.2	330,406,637	199,679,904
		441,751,783	276,700,267

8.1 Staff gratuity

The Company operates a non-funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Actuarial valuation of the gratuity is undertaken at appropriate regular intervals and the latest valuation was carried out at 30 September 2017, using the “Projected Unit Credit Method”. The relevant information in the actuarial report is given in the following sub notes. The amount recognized in balance sheet represents the present value of the defined benefit obligation as on 30 September 2017 according to the amended IAS-19 “Employees Benefits”.

	2017 Rupees	2016 Rupees
Present value of defined benefit liability as at beginning of the year	77,020,363	67,271,867
Cost chargeable to profit and loss account during the year	40,504,411	20,208,929
Cost chargeable to other comprehensive income	721,023	(226,118)
Benefit paid during the year	(6,900,651)	(10,234,315)
Net defined benefit liability as at end of the year	111,345,146	77,020,363
Present value of defined benefit obligations	110,840,124	76,117,409
Benefits due but not paid	505,022	902,954
Defined benefit liability as at 30 September	111,345,146	77,020,363

	Note	2017 Rupees	2016 Rupees
Reconciliation of defined benefit obligation is as follows:			
Present value of defined benefit obligations (PVDBO) at the beginning of the year		76,117,409	66,514,713
- Benefits due but not paid as at beginning of the year		902,954	757,154
- Current service cost for the year		33,946,466	14,536,399
- Interest cost for the year		6,557,945	5,672,530
- Benefits paid during the year		(6,900,651)	(10,234,315)
- Benefits due but not paid as at end of the year		(505,022)	(902,954)
- Actuarial (gains) / losses due to experience adjustments		721,023	(226,118)
Present value of defined benefit obligations (PVDBO) at the end of the year		110,840,124	76,117,409
Amount charged to profit and loss account during the year:			
- Current service cost for the year		33,946,466	14,536,399
- Interest cost for the year		6,557,945	5,672,530
Expense charged to profit and loss account		40,504,411	20,208,929
Expense is recognized as below:			
Cost of sales	26	26,215,142	14,678,820
Administrative expenses	28	14,289,269	5,530,109
		40,504,411	20,208,929
Amount charged to other comprehensive income during the year:			
Re-measurement of plan obligation:			
- Experience adjustments		721,023	(226,118)
Total re-measurements charged to other comprehensive income		721,023	(226,118)

	2017	2016
	Gratuity per annum	Gratuity per annum
Assumptions used for valuation of the defined benefit obligatioaren as under:		
Discount rate	7.75%	9.00%
Expected rate of increase in salary in future years	6.75%	8.00%
Mortality rates	SLIC (2001-05)	SLIC (2001-05)
Average expected remaining working life time of employees	11 Years	11 Years

	2017 Rupees	2016 Rupees
Year end Sensitivity Analysis on defined benefit obligation:		
Discount rate + 100 bps	100,568,464	68,842,961
Discount rate - 100 bps	122,715,472	84,519,288
Future salary increase + 100 bps	122,715,472	84,519,288
Future salary decrease - 100 bps	100,387,894	68,716,536

8.2 Deferred taxation

	2017 Rupees	2016 Rupees
Deferred tax liability arising in respect of depreciation of owned assets	360,654,467	322,554,459
Deferred tax liability arising in respect of assets subject to finance lease	3,155,714	3,855,127
	363,810,181	326,409,586
Deductible temporary differences:		
Deferred tax assets arising in respect of employees benefits	(33,403,544)	(23,106,109)
Deferred tax asset on Minimum tax u/s 113 adjustable against future tax liability	-	(103,623,573)
	(33,403,544)	(126,729,682)
Deferred tax liability as on 30 September	330,406,637	199,679,904

	Note	2017 Rupees	2016 Rupees
9. TRADE AND OTHER PAYABLES			
Creditors		337,507,929	147,899,634
Accrued liabilities		38,767,863	50,576,298
Advances from customers	9.1	547,746,021	183,163,078
Income tax deducted at source		1,645,237	1,309,070
Sales tax payable		30,613,962	29,509,901
Unpresented dividend warrants		138,486,949	11,563,598
Workers' profit participation fund	9.2	50,527,228	36,707,172
Workers welfare fund payable		17,176,933	8,731,854
		1,162,472,122	469,460,605

9.1 This includes following amount due to associated undertaking for sale of refined sugar:

	2017 Rupees	2016 Rupees
Naubahar Bottling Co. (Pvt) Ltd	28,012,932	-

The maximum aggregate balance due from /(due to) the above company at the end of any month during the year was Rs. 130,634,057/- (2016: Rs. (492,430,644) /-) (Refer to Note 20.1)

9.2 Workers' profit participation fund

	2017 Rupees	2016 Rupees
Opening balance	36,707,172	17,263,422
Interest for the year	5,604,060	3,032,307
	42,311,232	20,295,729
Less payments made:		
To workers	42,311,232	19,703,497
To Government	-	-
	42,311,232	19,703,497
	-	592,232
Share of the Company's profit for the year	50,527,228	36,114,940
	50,527,228	36,707,172

9.2.1 The Company retains the workers' profit participation fund for the business operations till the date of allocation to the workers. Interest is being paid at the rate of 37.50% (2016: 37.50%) p.a. as prescribed under the Act on fund utilized by the Company till the date of allocation to the workers.

10. FINANCE COST PAYABLE

	2017 Rupees	2016 Rupees
Short term borrowings - secured	23,216,317	15,328,262
Long term borrowings - secured	32,548,694	46,406,370
Loans from directors - unsecured	10,317,659	77,724,456
	66,082,670	139,459,088

	Note	2017 Rupees	2016 Rupees

11. SHORT TERM BORROWINGS - SECURED

FROM BANKING COMPANIES

	Sanctioned Limits (Rs. in millions) 2017	2016	Note	2017 Rupees	2016 Rupees
Running finance	1,105	915	11.1	439,571,095	402,940,648
Cash finance	9,715	7,260	11.2	1,766,978,260	1,364,980,398
				2,206,549,355	1,767,921,046

11.1 These loans have been obtained from various banks to meet the working capital requirements and are secured against first pari passu hypothecation / registered ranking charge over current assets of the Company and personal guarantees of directors. These are subject to mark up at the rate of 1 year KIBOR minus 1.00% & 1 to 3 month KIBOR + 0.50 to 0.75% (2016: 1 year KIBOR minus 1.00% & 1 to 3 month KIBOR + 0.75 to 1.00%) p.a. The limits will expire on various dates by 31 March 2018 but are renewable.

11.2 These loans have been obtained from various banks to meet the working capital requirements and are secured against pledge over sugar bags of equivalent value with 10% to 20% margin and personal guarantees of directors. These are subject to mark up at the rate of 1 to 3 months KIBOR plus 0.50% to 0.75% (2016: 1 to 3 months KIBOR plus 0.25% to 1.00%) p.a. The limits will expire on various dates by 31 March 2018 but are renewable.

	Note	2017 Rupees	2016 Rupees
12. ADVANCES FROM DIRECTORS		349,300,000	375,300,000

Advances from Directors are unsecured and are interest free. These are payable on demand.

13. CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2017 Rupees	2016 Rupees
Long term finance	5	445,792,604	322,259,989
Liabilities against assets subject to finance lease	6	9,992,739	11,303,082
		455,785,343	333,563,071

	Note	2017 Rupees	2016 Rupees

14. CONTINGENCIES AND COMMITMENTS

Contingencies

	Note	2017 Rupees	2016 Rupees
Various claims against the Company not acknowledged as debt which are pending in the Court for decision		1,568,000	1,568,000
Sales tax on molasses	14.1	1,217,508	1,217,508
Income tax cases	14.2	11,955,520	11,955,520
Additional tax u/s 87 of Income Tax Ordinance, 1979	14.3	4,500,353	4,500,353
Bank guarantees	14.4	879,349,653	231,084,153
		898,591,034	250,325,534

Commitments

	Note	2017 Rupees	2016 Rupees
Contracts for capital expenditure		120,190,695	21,783,747
Letters of credit for capital expenditure		135,207,647	46,981,631
Letters of credit for other than capital expenditure		33,285,229	13,027,088
		288,683,571	81,792,466

14.1 This represents sales tax claimed by Collector of Sales tax on Molasses. The Company has filed an appeal with the Appellate Tribunal Lahore. The case is still pending.

14.2 The Company is contingently liable for income tax demands in respect of various assessment years. Out of this amount Rs. 5,933,493/- pertains to the period prior to the privatization and management believes that the liability would be borne by Thal Development Authority (Defunct).

The Company has gone into appeals at higher appellate forum and the management is confident that outcome of the appeals would be ultimately in favour of the Company.

14.3 This represents additional tax of Rs. 2,279,633/- and Rs. 2,220,720/- claimed by the Deputy Commissioner of Income Tax u/s 87 of the Income tax Ordinance, 1979 for the assessment years 1992-93 and 1993-94 respectively. The Company has filed appeals against imposition of this tax and in any case the management is of the view that Thal Development Authority (Defunct) is liable for taxes for the said amount.

14.4 Two bank guarantee of Rs. 804 million was issued by bank for advance against sales of Sugar. One bank guarantee of Rs. 1.05 million were issued to Alternative Energy Development Borad against power generation licensing. One bank guarantee of Rs. 73.458 million issued to Central Power Purchasing Agency (Guarantee) Ltd. agaisnt Energy Purchase Agreement. These guarantees will expire on various dates upto 28 February 2018.

Bank guarantee of Rs. 841,653/- was issued by Bank Al-Habib Ltd main branch Lahore in favour of Collector of Sales Tax Multan, liabilities against this guarantee was fully discharged by the Company. The Company requested the Sales Tax Collector for release of captioned Bank Gurantee which is still pending for decision with the Appellate Tribunal at Lahore..

15. PROPERTY, PLANT AND EQUIPMENT

	Note	2017 Rupees	2016 Rupees
Operating tangible assets	15.1	3,281,101,666	2,967,583,810
Capital work in progress - Tangible Assets	15.2	595,537,911	190,530,551
Capital work in progress - Intangible Assets	16.1	-	21,292,973
		3,876,639,577	3,179,407,334

15.1 Operating tangible assets

	Freehold land	Buildings on freehold land	Plant and machinery	Tools, implements and other factory equipments	Computer and other office equipments	Electric installation	Vehicles	Total
	RUPEES							
OWNED ASSETS								
COST								
Balance as at 01 October 2015	310,704,083	634,376,416	3,044,357,692	113,017,040	35,750,361	50,152,805	65,798,191	4,254,156,588
Additions during the year	34,843,910	29,755,535	637,290,603	4,847,872	6,806,562	316,423	12,784,252	726,645,157
Disposals	-	-	(1,158,500)	-	-	-	(1,492,500)	(2,651,000)
Transferred from Leased Assets							7,427,000	7,427,000
Balance as at 30 September 2016	345,547,993	664,131,951	3,680,489,795	117,864,912	42,556,923	50,469,228	84,516,943	4,985,577,745
Additions during the year	-	51,277,030	449,870,500	4,912,480	7,417,449	23,956,177	63,348,703	600,782,339
Disposals	-	-	-	-	-	-	-	-
Transferred from Leased Assets	-	-	-	-	-	-	10,802,500	10,802,500
Balance as at 30 September 2017	345,547,993	715,408,981	4,130,360,295	122,777,392	49,974,372	74,425,405	158,668,146	5,597,162,584
DEPRECIATION								
Balance as at 01 October 2015	-	276,473,676	1,390,242,948	50,759,343	19,866,837	21,294,313	44,719,983	1,803,357,100
Charge for the year	-	36,245,165	188,362,791	7,189,987	3,224,507	2,909,490	6,699,103	244,631,043
Depreciation on disposals	-	-	(649,647)	-	-	-	(1,360,873)	(2,010,520)
Transferred from Leased Assets	-	-	-	-	-	-	3,687,753	3,687,753
Balance as at 30 September 2016	-	312,718,841	1,577,956,092	57,949,330	23,091,344	24,203,803	53,745,966	2,049,665,376
Charge for the year	-	37,837,407	226,002,547	6,900,750	3,876,026	4,546,699	11,528,877	290,692,306
Depreciation on disposals	-	-	-	-	-	-	-	-
Transferred from Leased Assets	-	-	-	-	-	-	6,359,123	6,359,123
Balance as at 30 September 2017	-	350,556,248	1,803,958,639	64,850,080	26,967,370	28,750,502	71,633,966	2,346,716,805
LEASED ASSETS								
COST								
Balance as at 01 October 2015	-	-	-	-	-	-	42,488,000	42,488,000
Additions during the year	-	-	-	-	-	-	11,104,500	11,104,500
Trasferred to Owned Asset	-	-	-	-	-	-	(7,427,000)	(7,427,000)
Balance as at 30 September 2016	-	-	-	-	-	-	46,165,500	46,165,500
Additions during the year	-	-	-	-	-	-	12,300,000	12,300,000
Trasferred to Owned Asset							(10,802,500)	(10,802,500)
Deletion of Assets	-	-	-	-	-	-	(1,770,500)	(1,770,500)
Balance as at 30 September 2017	-	-	-	-	-	-	45,892,500	45,892,500
DEPRECIATION								
Balance as at 01 October 2015	-	-	-	-	-	-	10,772,505	10,772,505
Charge for the year	-	-	-	-	-	-	7,409,307	7,409,307
Trasferred to Owned Asset	-	-	-	-	-	-	(3,687,753)	(3,687,753)
Balance as at 30 September 2016	-	-	-	-	-	-	14,494,059	14,494,059
Charge for the year	-	-	-	-	-	-	7,498,564	7,498,564
Transferred to Owned Assets							(6,359,123)	(6,359,123)
Depreciation on deletion	-	-	-	-	-	-	(396,887)	(396,887)
Balance as at 30 September 2017	-	-	-	-	-	-	15,236,613	15,236,613
Written down value as at 30 September 2016	345,547,993	351,413,110	2,102,533,703	59,915,582	19,465,579	26,265,425	62,442,418	2,967,583,810
Written down value as at 30 September 2017	345,547,993	364,852,733	2,326,401,656	57,927,312	23,007,002	45,674,903	117,690,067	3,281,101,666
Rate of depreciation (%)	-	10	10	10-15	10-30	10	20	

Depreciation charged has been allocated as follows:

	Note	2017 Owned Assets	2017 Leased Assets	2017 Total	2016 Owned Assets	2016 Leased Assets	2016 Total
		----Rupees---			----Rupees---		
Cost of goods manufactured	26.1	280,584,687	-	280,584,687	238,533,837	-	238,533,837
Administrative expenses	28	10,107,619	7,498,564	17,606,183	6,097,206	7,409,307	13,506,513
Total		290,692,306	7,498,564	298,190,870	244,631,043	7,409,307	252,040,350

15.1.1 Detail of disposal of operating fixed assets

Disposals made during the year are summarised as below:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Sold to	Mode of Disposal
2017						
	-----------------	Rupees	------------------			
Vehicles						
Toyota GLI	1,770,500	396,887	1,373,613	1,699,999	M/S Askari General Insurance Limited	Insurance Claim
	1,770,500	396,887	1,373,613	1,699,999		

* Proceeds on disposal are taken net of sales tax.

	Note	2017 Rupees	2016 Rupees
15.2 Capital work in progress - Tangible Assets			
Plant and machinery		595,537,911	180,505,780
Factory buildings		-	10,024,771
		595,537,911	190,530,551

16. INTANGIBLE ASSETS-COMPUTER SOFTWARES

	Note	2017 Rupees	2016 Rupees
Transfer from CWIP		22,469,973	-
Ammortization Expense	16.1	(1,872,498)	-
Written down value		20,597,475	-

16.1 The company amortize intangible asset @ 25% per annum on straight line basis.

	Note	2017 Rupees	2016 Rupees
16.2 Capital Work in Progress - Intangible Assets			
Opening balance		21,292,973	-
Addition during the year		1,177,000	21,292,973
		22,469,973	21,292,973
Less: Transfer to intangible asset		(22,469,973)	-
Closing balance		-	21,292,973

17. LONG TERM ADVANCES

		2017 Rupees	2016 Rupees
Long term Advances - face value		55,000,000	55,000,000
Unamortised notional interest		(12,316,594)	(10,954,888)
		42,683,406	44,045,112

17.1 This represent interest free loan given to Multan Electric Power Company (MEPCO) under an arrangement to construct 132 KV inter connection line at Layyah Sugar Mills for power transmission. The MEPCO will pay back this loan in 36 equal monthly installments and loan payment will start after 18 months of commercial operation date of the power plant. The company expects to commence the operation from December 2017. The loan has been carried at amortized cost which has been determined using a discount rate of 6% per annum being the expected rate of return on such loans.

18. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2017 Rupees	2016 Rupees
Stores		260,908,626	255,329,000
Spare parts	18.1	211,093,341	163,253,566
Loose tools		4,912,118	4,844,374
		476,914,085	423,426,940

18.1 There are no spare parts held exclusively for capitalization as at the reporting date.

19. STOCK IN TRADE

	Note	2017 Rupees	2016 Rupees
Work in process		4,215,669	5,620,905
Finished goods:			
- Sugar	19.1	2,713,528,120	1,482,129,927
- Molasses		79,382,295	20,960,832
		2,792,910,415	1,503,090,759
		2,797,126,084	1,508,711,664

19.1 It includes pledged stocks of Rs. 2,094,484,522/- (2016: Rs. 1,403,558,058/-) against borrowings from various financial institutions.

	Note	2017 Rupees	2016 Rupees

20. TRADE DEBTS

	Note	2017 Rupees	2016 Rupees
Unsecured and considered good by the management	20.1	404,821,758	625,127,111

20.1 This includes amount due from associated undertaking as follows:

	2017 Rupees	2016 Rupees
Naubahar Bottling Co. (Pvt) Ltd	-	24,732,806
Almoiz Industries Limited	16,871,930	3,275,432
	16,871,930	28,008,238

The aging of receivable balance is as follows:

	2017 Rupees	2016 Rupees
Not past due	16,871,930	28,008,238

The maximum aggregate balance due from Almoiz Industires at the end of any month during the year was Rs. 60,134,053/- (2016: 42,449,171 /-).

21. LOANS AND ADVANCES - unsecured, interest free and considered good

	Note	2017 Rupees	2016 Rupees
- Growers	21.1	175,929,715	141,012,965
- Suppliers	21.2	244,562,439	310,067,644
- Employees	21.3	2,044,051	1,458,568
		422,536,205	452,539,177

21.1 Advances to sugar cane growers for agricultural inputs against commitment to supply sugar cane in the following season and is adjusted against price of cane supplied.

21.2

	Note	2017 Rupees	2016 Rupees
Advances to suppliers		247,452,350	312,957,555
Provision against doubtful advances	21.2.1	(2,889,911)	(2,889,911)
		244,562,439	310,067,644

21.2.1

	2017 Rupees	2016 Rupees
Opening balance of provision	(2,889,911)	(2,889,911)
Add: provided during the year	-	-
Less: reversal during the year	-	-
Closing balance of provision	(2,889,911)	2,889,911

21.3 These advances are given to employees against their salaries and do not include any advance to Chief Executive and Directors. Amount due from executives is Rs. 124,888/- (2016: Rs. 96,919/-) at the year end.

22. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2017 Rupees	2016 Rupees
Margin against bank guarantees	84,216	84,216
Letters of credit	239,562,669	28,097,257
Prepayments	3,308,049	4,254,800
Current portion of ijarah key money	-	396,500
Other receivables	4,248,804	7,389,077
	247,203,738	40,221,850

	2017 Rupees	2016 Rupees

23. TAXES RECOVERABLE / ADJUSTABLE

	2017 Rupees	2016 Rupees
Advance income tax	470,544,030	441,862,265
Sales tax - input	6,724,121	8,407,729
Flood surcharge	5,897,390	5,897,390
	483,165,541	456,167,384

24. CASH AND BANK BALANCES

	2017 Rupees	2016 Rupees
Cash and cheques in hand	1,305,154	806,488
Cash with banks:		
- Current accounts	36,916,289	52,347,179
- Deposit accounts	38,421,798	5,420,194
	75,338,087	57,767,373
	76,643,241	58,573,861

25. SALES - NET

	2017 Rupees	2016 Rupees
Local sales:		
Sugar	14,902,766,111	10,449,582,056
By Products:		
Molasses	1,032,403,018	585,320,948
Press mud	3,442,000	2,924,000
Bagasse	-	38,534,363
Electricity	205,081,532	141,969,886
	16,143,692,661	11,218,331,253
Export sales:		
Sugar	118,020,631	292,783,428
	16,261,713,292	11,511,114,681
Less: Sales Tax / Special Excise Duty		
Sugar	(1,220,152,938)	(767,791,095)
Molasses	(92,650,591)	(43,211,843)
Press mud	(549,563)	(466,856)
Bagasse	-	(5,599,010)
Electricity	(29,798,171)	(20,628,103)
	(1,343,151,263)	(837,696,907)
	14,918,562,029	10,673,417,774

	Note	2017 Rupees	2016 Rupees
26. COST OF SALES			
Finished goods - opening		1,503,090,759	1,248,180,386
Add: cost of goods manufactured	26.1	14,365,400,269	9,586,173,507
		15,868,491,028	10,834,353,893
Finished goods - closing		(2,792,910,415)	(1,503,090,759)
		13,075,580,613	9,331,263,134

26.1 Cost of goods manufactured:

	Note	2017 Rupees	2016 Rupees
Work in process - opening		5,620,905	5,683,095
Raw material consumed	26.1.1	13,053,169,791	8,545,451,704
Cost of Refined Sugar Purchased		-	46,924,593
Salaries, wages and other benefits	26.1.2	389,164,390	297,971,965
Fuel and power		50,159,630	37,974,862
Stores, spare parts and loose tools		227,018,886	149,899,150
Repairs and maintenance		335,106,318	251,338,935
Insurance		3,271,603	2,557,587
Depreciation	15.1	280,584,687	238,533,837
Vehicles running		14,641,632	10,421,110
Miscellaneous		10,878,096	5,037,574
		14,369,615,938	9,591,794,412
Work in process - closing		(4,215,669)	(5,620,905)
		14,365,400,269	9,586,173,507

26.1.1 Raw material consumed

	2017 Rupees	2016 Rupees
Sugar cane purchases	12,889,844,901	8,438,467,457
Cane procurement and other expenses	163,324,890	106,984,247
	13,053,169,791	8,545,451,704

26.1.2 Salaries, wages and other benefits include Rs. 26,215,142/- (2016: Rs. 14,678,820/-) in respect of gratuity (Refer note 8.1).

27. DISTRIBUTION AND SELLING EXPENSES

	2017 Rupees	2016 Rupees
Salaries, wages and other benefits	8,870,225	8,472,959
Freight outward	97,054,699	54,319,987
Godown expenses	38,990,005	26,261,814
Insurance	4,091,355	4,010,089
Commission on sale of sugar	12,746,360	6,576,031
	161,752,644	99,640,880

28. ADMINISTRATIVE EXPENSES

	Note	2017 Rupees	2016 Rupees
Directors' remuneration		4,080,000	4,080,000
Salaries and other benefits	28.1	245,257,388	199,241,914
Rent, rates and taxes		27,831,035	11,603,586
Travelling and conveyance		2,122,455	4,228,237
Foreign travelling		3,542,047	813,985
Fees and subscriptions		9,839,980	5,199,761
Repair and maintenance		8,352,840	8,717,325
Vehicles running		18,024,169	14,785,394
Postage and telephone		5,861,803	3,840,949
Printing and stationery		2,517,486	1,576,429
Legal and professional		2,488,012	3,231,614
Auditors' remuneration	28.2	1,412,860	1,284,419
Depreciation	15.1	17,606,183	13,506,513
Ammortization cost		1,872,498	-
Donations		1,685,466	189,581
Miscellaneous		20,368,977	21,155,769
		372,863,199	293,455,476

28.1 Salaries and other benefits include Rs. 14,289,269 (2016: Rs. 5,530,109/-) in respect of gratuity. (Refer note 8.1).

27.3 Auditors' remuneration:

	2017 Rupees	2016 Rupees
Audit fees	1,100,000	1,000,000
Income Tax consultation services	312,860	284,535
	1,412,860	1,284,535

	Note	2017 Rupees	2016 Rupees
29. OTHER INCOME			
Financial Assets			
Profit on deposit accounts		754,781	362,760
Others			
(Loss) on sale of stores		(78,193)	(46,116)
Gain on disposal of fixed assets		326,386	642,083
Sale of scrap		31,437,417	4,297,670
Gain on agriculture inputs to growers		4,497,012	15,098,931
Rental income		331,500	415,226
Subsidy on export of sugar		-	71,224,000
Miscellaneous		10,518,432	2,619,759
		47,787,335	94,614,313
30. FINANCE COST			
Interest / mark-up on:			
- Short term borrowings		192,018,551	207,991,037
- Lease finance		1,436,585	1,759,787
- Loans from directors		41,098,200	40,465,920
- Long term finance		93,187,732	64,076,909
		327,741,068	314,293,653
Interest on workers' profit participation fund	9.2	5,604,060	3,032,307
Bank charges and commission		12,263,212	4,047,840
		345,608,340	321,373,800
31. OTHER EXPENSES			
Workers' profit participation fund	9.2	50,527,228	36,114,940
Workers' welfare fund - current	9	17,176,933	8,731,854
- prior		(43,306)	(52,858)
		67,660,855	44,793,936

	Note	2017 Rupees	2016 Rupees
32. TAXATION			
Current	32.1	102,183,627	42,708,851
Prior year		-	(1,805,649)
Deferred	32.2	130,943,040	(34,535,429)
		233,126,667	6,367,773
32.1 Income Tax Liability		150,057,543	106,954,341
Less: Tax Credits u/s (65B)	32.1.1	(47,873,916)	(64,245,490)
		102,183,627	42,708,851

32.1.1 During the year the company has invested Rs. 478,739,157/- (2016 : Rs 642,454,898/-) in the purchase of plant and machinery, for the purpose of balancing, modernization and replacement (BMR) in terms of section 65B of the Income Tax Ordinance, 2001. The provision for the taxation has been reduced by taking tax credit under the said section.

Provision for the current year has been made at the current tax rate after taking into account tax rebates and tax credits available. The income tax assessments of the Company have been finalized up to tax year 2017 except for assessment year 1992-93, 1993-94, 2001-02, 2002-03 and 2003-04 which are under appeal (Refer note 14 for detail).

Relationship between tax expense & accounting profit

		2017 Rupees	2016 Rupees
Profit for the year before taxation		941,522,007	666,549,973
Tax at the applicable rate 30% (2016 : 31%)		282,456,602	206,630,492
Tax effect of expenses that are admissibe / inadmissible in determining taxable profit		(27,980,699)	(70,279,261)
Tax effect of tax credit/minimun tax adjustment		(151,497,489)	(92,855,850)
Deferred tax effect		130,943,040	(34,535,429)
Prior year adjustment		-	(1,805,649)
Impact of income subject to final tax		(794,787)	(786,530)
Tax expense/(income) for the current year		233,126,667	6,367,773
32.2 Deferred			
Closing deferred tax liability	8.2	330,406,637	199,679,904
Opening deferred tax liability	8.2	(199,679,904)	(234,136,192)
Deferred tax (income) / expense		130,726,733	(34,456,288)
Deferred tax attributable to other comprehensive income		216,307	(79,141)
Deferred tax attributable to profit and loss		130,943,040	(34,535,429)

33. EARNINGS PER SHARE - BASIC AND DILUTED

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year as follows:

	2017 Rupees	2016 Rupees
Profit after tax	708,395,340	660,182,200
Weighted average number of ordinary shares in issue during the period	15,023,232	15,023,232
Earnings per share	47.15	43.94

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

34. CHANGES IN WORKING CAPITAL

	2017	2016
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(53,487,145)	(52,319,740)
Stock-in-trade	(1,288,414,420)	(254,848,183)
Trade debts	220,305,353	(322,373,869)
Loans and advances	30,002,972	(163,371,160)
Trade deposits, prepayments and other receivables	(206,981,888)	59,824,466
Taxes recoverable / adjustable	(26,998,157)	16,328,660
Increase / (decrease) in current liabilities:		
Trade and other payables	543,823,031	165,449,698
	(781,750,254)	(551,310,128)

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for the year for remuneration including certain benefits to Chief Executive, Directors and Executives of the Company are as follows:

	2017				2016			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	RUPEES							
Managerial remuneration	2,040,000	2,040,000	92,065,120	96,145,120	2,040,000	2,040,000	64,674,550	68,754,550
Utilities	-	-	1,836,795	1,836,795			1,273,336	1,273,336
Bonus	-	-	13,023,489	13,023,489			7,086,872	7,086,872
Total	2,040,000	2,040,000	106,925,404	111,005,404	2,040,000	2,040,000	73,034,758	77,114,758
Number of Persons	1	1	53	55	1	1	42	44

35.1 The executives have been provided free unfurnished accommodation with maintained car for Company's affairs only.

35.2 No meeting fee has been paid to the Directors during the year.

35.3 Chief Executive, Directors and Executives are not entitled for any benefit other than disclosed as above.

36. TRANSACTIONS WITH RELATED PARTIES

Amounts due from and due to related parties are shown in note 7, 9, 10, 12 ,20 and 21. Finance cost paid to directors and remuneration of the key management personnel is disclosed in note 30 & 35 respectively. Other significant transactions with related parties is as follows:

Relationship	Transaction	2017 Rupees	2016 Rupees
Associated undertakings	- Sale of goods	2,392,790,265	1,404,099,459
	- Expenses paid of associate		-
	- Purchase of goods	25,083,075	52,328,920

The Company continues to have a policy whereby all transactions with related parties and associated undertakings are priced at comparable uncontrolled market price.

Key management personnel:

	2017	2016
Advances received from / (returned to) directors during the year	(26,000,000)	(8,000,000)
Markup on loans from directors	41,098,200	40,465,920
Advances to executives	244,234	848,492

37. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the company's risk management policies.

37.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables. Out of the total financial assets of Rs. 528,945,925/- (2016: Rs. 737,538,945/-), the financial assets which are subject to credit risk amounted to Rs.527,640,771/- (2016: Rs. 736,732,457/-).

To manage exposure to credit risk in respect of trade receivables management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days in respect of sales to certain institutions to reduce the credit risk.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Some of the major customer accounts for Rs. 356,870,028/- of the trade receivables carrying amount at 30 September 2017 (2016 : Rs.370,173,298/-) that have a good track record with the Company.

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

	2017 Rupees	2016 Rupees
Long term deposits	464,500	464,500
Long term advances	42,683,406	44,045,112
Trade debts	404,821,758	625,127,111
Loan & advances	-	1,458,568
Trade deposits and other receivables	4,333,020	7,869,793
Bank balances	75,338,087	57,767,373
	527,640,771	736,732,457

All the trade debtors at the balance sheet date represent domestic parties.

The aging of trade receivable at the reporting date is:

Not past due	259,085,924	400,081,349
Past due 1-30 days	80,964,348	125,025,417
Past due 30-150 days	64,771,486	100,020,345
Past due 150 days	-	-
	404,821,758	625,127,111

In the opinion of the management no provision is necessary for past due trade debts as these are considered good based on payment history.

37.2 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 manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The company is not materially exposed to liquidity risk as substantially all obligations / commitments of the company are short term in nature and are restricted to the extent of available liquidity. In addition, the company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

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

	2017					
	Carrying amount	Contractual Cash flows	Six Months or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial Liabilities:						
Loans from directors	574,800,000	574,800,000	-	-	-	574,800,000
Long term finance	1,565,094,029	1,782,301,815	245,023,920	258,206,333	349,983,449	929,088,113
Liabilities against assets subject to finance lease	20,136,841	22,118,427	6,782,541	4,378,935	7,581,212	3,375,739
Trade and other payables	514,762,741	514,762,741	-	514,762,741	-	-
Finance cost payable	66,082,670	66,082,670	66,082,670	-	-	-
Short term borrowings	2,206,549,355	2,206,549,355	-	2,206,549,355	-	-
Advances from directors	349,300,000	349,300,000	-	349,300,000	-	-
	5,296,725,636	5,515,915,008	317,889,131	3,333,197,364	357,564,661	1,507,263,852

	2016					
	Carrying amount	Contractual Cash flows	Six Months or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial Liabilities:						
Loans from directors	574,800,000	574,800,000	-	-	-	574,800,000
Long term finance	1,206,901,128	1,398,468,890	177,610,387	213,449,543	407,897,427	599,511,533
Liabilities against assets subject to finance lease	18,821,017	20,290,691	6,168,467	6,154,384	6,071,344	1,896,496
Trade and other payables	210,039,530	210,039,530	-	210,039,530	-	-
Finance cost payable	139,459,088	139,459,088	139,459,088	-	-	-
Short term borrowings	1,767,921,046	1,767,921,046	-	1,767,921,046	-	-
Advances from directors	375,300,000	375,300,000	-	375,300,000	-	-
	4,293,241,809	4,486,279,245	323,237,942	2,572,864,503	413,968,771	1,176,208,029

37.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

37.3.1 Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The company is not significantly exposed to currency risk.

37.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2017	2016	2017	2016
	Effective rate		Carrying amount	
	(in Percent)		(Rupees)	
Financial liabilities				
Fixed rate instruments	-	-	-	-
Variable rate instruments				
Long term finances	6.65% to 7.39%	6.75% to 7.85%	1,565,094,029	1,206,901,128
Liabilities against assets subject to finance lease	7.04% to 7.40%	7.27% to 7.08%	20,136,841	18,821,017
Loans from directors	7.15%	7.04%	574,800,000	574,800,000
Short term borrowings	6.26% to 7.25%	6.50% to 7.50%	2,206,549,355	1,767,921,046

Fair value sensitivity analysis for fixed rate instruments

The company is not exposed to interest rate risk for fixed rate instruments as it does not hold any such fixed rate financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on same basis for 2016.

	Increase/ decrease in %	Effect on profit before tax (Rupees)
As at 30 September 2017		
Cash flow sensitivity-Variable rate financial liabilities	1%	43,665,802
As at 30 September 2016		
Cash flow sensitivity-Variable rate financial liabilities	1%	35,684,432

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

37.3.3 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 is not exposed to other price risks.

37.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs.

As at 30 September 2017 the net fair value of all financial instruments has been based on the valuation methodology outlined below:

Long term deposits

Long term deposits do not carry any rate of return. The fair value of these has been taken at book value as it is not considered materially different and readily exchangeable.

Non current liabilities

For all non-current liabilities the fair values have been taken at book values as these are not considered materially different based on the current market rates of return and re-pricing profiles of similar non-current liabilities.

Other financial instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

37.5 Financial instrument by categories

Financial Assets	Loans & receivables 2017	Loans & receivables 2016
	Rupees	
Long term deposits	464,500	464,500
Long term advances	42,683,406	44,045,112
Trade debts	404,821,758	625,127,111
Loan & advances	-	1,458,568
Trade deposits and other receivables	4,333,020	7,869,793
Cash and Bank balances	76,643,241	58,573,861
	528,945,925	737,538,945

Financial Liabilities	At amortised cost 2017	At amortised cost 2016
	Rupees	
Loans from directors	574,800,000	574,800,000
Long term finance	1,565,094,029	1,206,901,128
Liabilities against assets subject to finance lease	20,136,841	18,821,017
Trade and other payables	514,762,741	210,039,530
Finance cost payable	66,082,670	139,459,088
Short term borrowings	2,206,549,355	1,767,921,046
Advances from directors	349,300,000	375,300,000
	5,296,725,636	4,293,241,809

38. Operating segments

These financial statements have been prepared on the basis of single reportable segment.

a) Revenue from sale of sugar and its by-products represents 100% (2016: 100%) of the sale of the company.

b) 99% (2016: 97.50%) of the sale for the year of the company is made to customers located in Pakistan and 1.00% (2016: 2.50%) of the sale for the year is made to customers located outside Pakistan.

c) All non-current assets of the company as at 30 September 2017 are located in Pakistan.

d) Sale to the following customers accounts for more than 10 % of the sales of the company:

	2017		2016	
	Rs.	Percentage	Rs.	Percentage
Naubahar Bottling Co. (Pvt) Ltd	2,135,528,594	14%	1,376,626,000	13%

39. CAPITAL RISK MANAGEMENT

The company's objectives for managing capital are:

i) to safeguard the entity's ability to continue as a going concern; and

ii) to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

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 the business.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may issue new shares, or sell assets to reduce debts.

Consistently with others in the industry, the company monitors capital on the basis of the net debt-to-equity ratio. This ratio is calculated as net debt ÷ equity. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Equity comprises of share capital, reserves and retained earnings.

During 2017, the company's strategy, which was unchanged from 2016, was to maintain the net debt-to-equity ratio in the range 1.50 to 3.50 times, in order to secure access to finance at a reasonable cost.

	2017 Rupees	2016 Rupees
The net debt-to-equity ratios at 30 September 2017 and at 30 September 2016 are as follows:		
Total debts	4,715,880,225	3,943,743,191
Less: cash and cash equivalents	(76,643,241)	(58,573,861)
Net debt	4,639,236,984	3,885,169,330
Total equity	2,333,733,666	1,889,921,414
Net debt-to-equity (Times)	1.99	2.06

The decrease in debt-to-equity ratio during 2016 resulted from proportionate decrease in dependance on borrowings with respect to increase in equity.

40. PLANT CAPACITY AND ACTUAL PRODUCTION

			2017	2016
Designed crushing capacity:				
- Layyah Sugar Mills	Old Plant	Metric Tons/day	4,000	4,000
- Layyah Sugar Mills	New Plant	Metric Tons/day	9,000	7,500
- Safina Sugar Mills	Old Plant	Metric Tons/day	8,000	8,000
Capacity on the basis of operating days		Metric Tons	3,167,000	2,086,500
Actual crushing		Metric Tons	2,869,699	1,839,916
Percentage of capacity attained		%	90.61	88.18
Sugar production from cane		Metric Tons	279,308	178,912
Recovery of sugar cane		%	9.73	9.72

40.1 The under utilization of the capacity is mainly due to non availability of better quality sugarcane.

41. NUMBER OF EMPLOYEES

Number of employees as at 30 September 2017 were 593 (2016: 557).

Average number of employees during the year were 606 (2016: 565).

42. NON-CASH FINANCING ACTIVITIES

During the year, the Company acquired property, plant and equipment amounting to Rs. 16,705,500/- (2016: Rs. 11,029,500/-) by means of finance lease.

43. RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets / cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

44. DIVIDEND

The board of directors have proposed cash dividend for the year ended 30 September 2017 of Rs. 10/- (2016: Rs.5.00) per share i.e. 100% (2016: 50%) amounting to Rs. 150,232,320/- (2016: Rs. 75,116,160/-) at their meeting held on 26 December 2017 for approval of the members at Annual General Meeting to be held on 22 January 2018.

45. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on 26 December 2017 by the Board of Directors of the company.

CHIEF EXECUTIVE **DIRECTOR**

Proxy Form

No. of Shares

Folio No./CDC Participant ID

I/We ____

of____

Being member of THE THAL INDUSTRIES CORPORATION LIMITED hereby appoint

Mr./Miss/Mrs.____

of failing him/her ____

being a member of the company a my/our proxy to attend, act and vote for me/us and on my/us and on my/or behalf, at the 64th Annual General Meeting of the company to be held at 23-Pir Khurshid Colony, Gulgasht, Multan on 22 January 2018 at 12:30 p.m. and every adjournment thereof:

As witness my hand this ____________________ day of ______________________________ 2018

Signed by the said ____________________________ of ________________________________

1. Witness's Signature
Name: ___________________________
CNIC No. ________________________
Address: _________________________

Member's Signature

____

2. Witness's Signature
Name: ___________________________
CNIC No. ________________________
Address: _________________________

Revenue Stamp
Rs. 5/-

Date ___________________

Place __________________

Notes: _________________

1. This form of proxy, in order to be effected must be deposited duly completed at the registered office 23-Pir Khurshid Colony, Gulgasht, Multan, not less than 48 hours before the time for holding the meeting.

2. A Proxy must be a member of the company.

3. Signature should agree with the specimen registered with the company.

4. CDC shareholder's entitled to attend and vote at this meeting must bring with them their Computerized National Identity Card / passport in original to provide his/her identity.

دی تھل انڈسٹریز کارپوریشن لمیٹڈ

مختارنامہ

میں/ہم-- کا / کے --

بحیثیت رکن دی تھل انڈسٹریز کارپوریشن لمیٹڈ اور حامل حصص، بمطابق شیئر رجسٹر فولیو نمبر--

اور/یا سی ڈی سی پارٹیسپینٹ (شرکت آئی ڈی نمبر---

اور سب اکاؤنٹ ذیلی کھاتہ نمبر---

محترم/محترمہ--

کو اپنے/ہمارے ایماء پر------------------- مورخہ 22 جنوری 2018ء بروز سوموار بوقت 12:30 --------------------------------

کو منعقد ہونے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/ کرتے ہیں۔

آج بروز--------------- بتاریخ -------------------------- 2018ء کو دستخط کیے گئے۔

گواہان

1-

دستخط:---

نام:---

پتہ:---

کمپیوٹرائزڈ شناختی کارڈ نمبر:---------------------------------------

پانچ روپے کے رسید ٹکٹ پر دستخط

2-

دستخط:---

نام:---

پتہ:---

کمپیوٹرائزڈ شناختی کارڈ نمبر:---------------------------------------

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

نوٹ:

1- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کرسکتا وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتے پر ارسال کرے۔

2- سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا۔

الف۔ فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ جس کی سیکیوریٹز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایت کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔

ب۔ مختارنامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔

ج۔ بینفشل اونرز (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختارنامہ کے ہمراہ پیش کرے گا۔

د۔ اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

و۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن) بورڈ آف ڈائریکٹرز قرارداد/مع نامزد کردہ شخص/اٹارنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختارنامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

THALINDUSTRIES

CORPORATION

If undelivered, please return to:

THE THAL INDUSTRIES CORPORATION LIMITED

Registered Office: 23-Pir Khurshid Colony Gulgasht Multan.
Ph: 061-6524621 - 6524675
Fax: 061-6524675

Lahore Office: 2-D-1 Gulberg-III, Lahore – 54600
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