

# ANNUAL REPORT 2016

The Thal Industries Corporation Limited  
Sugar and Power



**THAL**INDUSTRIES  
CORPORATION

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## Company Information

### BOARD OF DIRECTORS

### CHAIRMAN/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  
Dubailslamic Bank (Pakistan) Limited  
Faysal Bank Limited  
Habib 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](http://www.thalindustries.com)

## Notice of Annual General Meeting

Notice is hereby given that the 63rd Annual General Meeting of the Shareholders of The Thal Industries Corporation Limited will be held on Saturday, the 28th January, 2017 at 4:30 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 62nd Annual General Meeting of the Thal Industries Corporation Limited held on 30-01-2016.
2. To receive, consider and adopt Annual Audited Accounts alongwith Balance Sheet for the year ended 30th September 2016 together with Auditors' and Directors' reports thereon.
3. To consider and approve cash dividend @ of Rs. 5.00 per share i.e. 50% for the year ended 30th September, 2016.
4. To appoint Auditors for the year ending 30th September, 2017 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 30-09-2017.
5. To consider any other business with the permission of the Chair.

### SPECIAL BUSINESS:

6. To consider and pass the following ordinary resolution, with or without modification:
  - (a) RESOLVED that approval of the Company be and is hereby accorded enter into a contract with Mrs. Qaiser Shamim Khan, director of the Company for the lease/rent of premises situated at 2D/1 (Off MM Alam Road), Gulberg III, Lahore at a monthly rent of Rs. 700,000/- per month and subject to other terms and conditions disclosed to the shareholders in the statement under Section 160 (1) (b) of the Companies Ordinance, 1984 and the chief executive of the Company be and is hereby authorized to execute the agreements and other documents and to take any and all necessary actions necessary for the purpose of giving effect to the above resolution on behalf of the Company.
  - (b) RESOLVED that the Company be and is hereby authorized to purchase sugarcane from Adnan Nauman Farms, jointly owned by Mr. Muhammad Shamim Khan, Mr. Adnan Ahmed Khan & Mr. Nauman Ahmed Khan, directors of the Company at prevailing market price at the time of purchase in the normal course of business and in this connection, the Company Secretary of the Company be and is hereby authorized to take any and all necessary actions required, if any, in the normal course of business and sign and execute any and all documents/agreements as may be required in this regard on behalf of the Company.

**BY ORDER OF THE BOARD**

**WASIF MAHMOOD**  
Company Secretary

Lahore: 26th December 2016

### Note:

#### 1. Closure of Shares Transfer Books:

Share Transfer Books of the Company will remain closed from 21-01-2017 to 28-01-2017 (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 20th January, 2017 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 23-Pir Khurshid Colony Gulgasht, Multan 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 Pakistan Stock Exchange, 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):**

As directed by the 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, through Registered Post dated 18-04-2016 and through advertisement in newspapers dated 19-04-2016 and 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, 2016 effective from July 1, 2014 a new criteria for withholding of tax on dividend income has been introduced by Federal Board of Revenue (FBR) as per this criteria, Filer and Non Filer shareholders will pay tax on dividend income @ 12.50 % and 20% 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](http://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](http://www.thalindustries.com).

The Company has already dispatched hard copy of the Audited Financial Statement to its shareholders.

### **STATEMENT U/S 160(1) (b) OF THE COMPANIES ORDINANCE, 1984**

#### **1)- Lease/Rent of Office Premises owned by a related party:**

The Company intends to enter into a contract for leasing/rent of premises for its head office use located at 2D-1, Gulberg – III, Lahore from one of the Directors namely Mrs. Qaiser Shamim Khan at a monthly rent of Rs. 700,000 which is the 50% share of the total monthly rent amount of Rs. 1,400,000 per month. As the property will be jointly shared therefore rent amount will also be equally shared with other associated undertaking i.e. Almoiz Industries Ltd. The rent rates are in line with prevailing rent rates in the said locality and are being agreed on the basis of third party valuation by different relevant valuer. The other terms and conditions would be:

- (a) Agreement Tenor : 03 (three) years (renewable on mutual terms & conditions)
- (b) 10% Increase after each years
- (c) Utility bills will be the responsibility of the tenants
- (d) Tenants will be responsible for the proper upkeep and maintenance of the building

Mrs. Qaiser Shamim Khan, director of the company owns the above premises and is, therefore, interested in the above arrangement. The other directors of the Company are not directly or indirectly interested in the above arrangement.

#### **2)- Purchase of Sugarcane from related party:**

The Company during the year ending 30 September 2017 and thereafter intends to purchase quality sugarcane from Adnan Nauman Farms which is owned by three of the directors. The sugarcane will be purchased at the arms' length price prevailing in the local market at the time of purchase. These purchases will be in the normal course of business of the Company and consist of minimal in terms of quantity and values of the required sugarcane purchase.

Mr. Muhammad Shamim Khan, Mr. Adnan Ahmed Khan & Mr. Nauman Ahmed Khan, Directors jointly owns the Adnan Nauman Farms and are directly interested in the above business. The other directors of the Company are not directly or indirectly interested in the above arrangement.

## Director's Report to the Members

The Directors of your Company are pleased to present the 63rd Annual Report together with Audited Accounts and Auditor's Report thereon for the Financial Year ended 30th September 2016.

### INDUSTRY OVERVIEW

The Sugarcane crop acreage was lower as compared to last year, primarily due to floods in Layyah. About 7,000 acres were destroyed and both recovery and yield per acre were badly affected in a further area of about 8,000 acres of sugarcane. Cane crushing and sugar production in the area as well as in all over Punjab was on slightly lower side as compared to last year crushing season. However, the sugar production was still surplus over the national demand and therefore the Government very rightly made the timely decision to allow sugar export for price stabilization.

Despite depressed sugar prices for the last four years in local as well as international markets, the sugarcane minimum price was maintained by the Punjab & KPK Government at Rs. 180/- per mound for the crushing season 2015-16 (period under review), whereas Sindh Government notified minimum cane price at Rs. 172/- per mound.

There was price competition over cane purchase price during the last 6 to 7 weeks of the crushing season when the sugar prices showed some positive gains.

### PERFORMANCE OF THE COMPANY

During the year under review the Company was able to crush 1,839,916 m. tons sugarcane and produced 178,912.150 m. tons white refined sugar with an average recovery of 9.724% as compared to last year's crushing of 1,808,462 m. tons and production of 175,909.500 m. tons white refined sugar at an average recovery of 9.73%. The marginal increase in crushing was due to BMR completed last year, the installation of high pressure boiler in Layyah helped in improving the steam percent cane and eventually the mill was able to process more of the crop on a per day basis. Sugar price in the local market stabilized to some extent on the export of sugar announcement and the company tried its best to achieve maximum benefit from the sugar export package and in order to get relief from the depressed local sugar market.

### FINANCIAL HIGHLIGHTS

During the financial year under review your Company was able to earn pretax profit of Rs. 666.550 million and after tax Rs. 660.182 million as compared to last year's pretax profit of Rs. 314.724 million and after tax of Rs. 261.019 million.

Increase in profitability was mainly due to improved sugar prices in the local and export sugar market and partially due to better cost efficiencies. All these factors cumulatively contributed to the improvement of the profitability of the company.



## **FINANCIAL RESULTS**

	<b>2016</b> <b>(Rupees in Million)</b>	<b>2015</b>
Pre- Tax Profit	666.550	314.724
Provision for Taxation		
- Current	(42.709)	(87.404)
- Deferred	34.535	33.699
- Prior Year	1.806	-
Profit after Taxation	660.182	261.019
Effect of other comprehensive income	0.147	(1.796)
	660.329	259.223
Accumulated profit brought forward	1,060.676	826.541
	1,721.005	1,085.764
<b><u>APPROPRIATIONS</u></b>		
Dividend paid during the year @ 50% (2015-7.50%)	(75.116)	(11.267)
Interim Cash Dividend paid during the year@ Nil (2015-9.20%)	-	(13.821)
Accumulated profit carried forward	1,645.889	1,060.676
Earnings per share (Rs.)	43.94	17.37

## **EARNING PER SHARE:**

The earning per share of the company for the year under review stood at Rs. 43.94 (2015: Rs. 17.37).

## **DIVIDEND**

Your Board has recommended 50% (2015: 50%) cash dividend for the financial year that ended 30, September 2016.

## **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 sugarcane 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 2016, 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 expected that sugarcane supply for the coming crushing season 2016-17 will be higher as compared to the year under review due to increased loaning facilities to our farmers to overcome last year's flood effects and on introduction of better varieties of sugarcane and expecting higher sugar cane crops and ultimately

higher sugar production as compared to last year. Despite expectation of surplus sugar production in the local and international markets, the government has maintained the minimum cane price of Rs. 180/- per mound for the crushing season 2016-17.

It is important to mention that in anticipation of this surplus sugar production scenario, sugar prices have already started declining before start of next cane crushing season. So far all reports point that cane season 2016-17 will be another high crop year of sugar production in Pakistan. Keeping in view the historical experience, only timely decision from the government for sugar export for surplus sugar can stabilize national sugar prices and reasonable financial outcomes for the sugar sector. If such support from the government is lacking or delayed, the sugar industry of Pakistan would be facing another challenging year.

Your company is making round the clock efforts on timely completion of its 20 MW power export project at Layyah. COD is expected in the off-season and power export from the saved bagasse is expected to have a material impact on the company's profitability, which will strengthen our ability to prosper in this tough competitive environment.

### **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 judgment;
- 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 144,854 shares of the company have been transferred by the shareholders to the Central Depository Company of Pakistan Karachi;
- 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 Exchange;
- j) The key operating and financial data of 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 four 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 children during the year ended 30 September, 2016.

### **BOARD MEETINGS**

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

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

### **PATTERN OF SHARE HOLDING**

The statement of pattern of shareholding alongwith categories of shareholding of the company as noted on September 30, 2016 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, 2017.

**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 directors would like to record their appreciation for the efforts and devotion of all the company's employees and hope that they will continue their contributions towards the enhancement of productivity and well being of the company in the future as well.

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



**Muhammad Shamim Khan**  
Chairman/Chief Executive

Lahore: 26th December 2016



## ممبران کیلئے ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 ستمبر 2016 کو ختم ہونے والے مالی سال کے لئے 63 ویں سالانہ رپورٹ معہ تفتیح شدہ حسابات اور اس پر آڈیٹرز کی رپورٹ منجوشی پیش کر رہے ہیں۔

### صنعت کا مجموعی جائزہ

بنیادی طور پر لیہ میں سیلاب کی وجہ سے گنے کی فصل رقبے کے لحاظ سے گزشتہ سال کے مقابلے میں نسبتاً کم تھی۔ تقریباً 7,000 ایکڑ اراضی ضائع ہو گئی اور گنے کی تقریباً 8,000 ایکڑ کے مزید علاقے میں فصل کی صحت اور پیداوار فی ایکڑ دونوں بری طرح متاثر ہوئی تھی۔ گزشتہ سال کرشنگ سیزن کے مقابل علاقے میں اور پنجاب بھر میں کین کرشنگ اور چینی کی پیداوار قدرے کم تھی۔ تاہم، چینی کی پیداوار قومی طلب کے مقابلے میں اب بھی زیادہ تھی اور اس وجہ سے حکومت نے بجاطور پر قیمت کے استحکام کے لئے چینی کی برآمد کی اجازت دینے کا بروقت فیصلہ کیا۔

مقامی طور پر اور بین الاقوامی مارکیٹ میں گزشتہ چار سالوں سے چینی کی کم قیمتوں کے باوجود، کرشنگ سیزن 2015-16 کے لئے پنجاب اور خیبر پختونخواہ حکومت کی طرف سے گنے کی کم سے کم قیمت -180/ روپے فی من کے برقرار رکھی گئی جبکہ سندھ حکومت نے گنے کی کم سے کم قیمت -172/ روپے فی من مقرر کر دی۔

کرشنگ سیزن کے آخری 6 سے 7 ہفتوں کے دوران گنے کی خریداری کی قیمت پر مقابلہ دیکھا گیا بالخصوص جب چینی کی قیمتوں میں مثبت فوائد ظاہر ہوئے۔

### کمپنی کی کارکردگی

زیر جائزہ سال کے دوران کمپنی نے 1,839,916 میٹرک ٹن کرشنگ کی اور 9.724 فیصد اوسط ریکوری کے ساتھ 178,912.150 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔ جبکہ اس کے مقابلے میں گزشتہ سال 1,808,462 میٹرک ٹن کرشنگ کی اور 9.73 فیصد اوسط ریکوری کے ساتھ 175,909.500 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔ کرشنگ میں نمایاں اضافہ گزشتہ سال BMR مکمل ہونے کی وجہ سے تھا۔ لیہ میں ہائی پریشر بوائلر کی تنصیب سے گنے کی بھاپ فیصد (Steam Percent Cane) کو بہتر بنانے میں مدد ملی ہے اور آخر کار مل یومیہ بنیاد پر گنے کے مزید عمل کو بہتر بنانے کے قابل ہوئی۔ چینی کی برآمد کا اعلان ہونے پر مقامی مارکیٹ میں چینی کی قیمت کسی حد تک مستحکم ہوئی اور کمپنی نے مقامی چینی کی مارکیٹ کی کمی کے دباؤ سے بچنے کی غرض سے چینی کے برآمدی پیکیج سے زیادہ سے زیادہ فائدہ حاصل کرنے کے لئے اپنی بہترین کوشش کی۔

### مالی جھلکیاں

زیر جائزہ مالی سال کے دوران آپ کی کمپنی نے قبل از ٹیکس منافع 666.550 ملین روپے اور بعد از ٹیکس منافع 660.182 ملین روپے حاصل کیا جبکہ گزشتہ سال قبل از ٹیکس منافع 314.724 ملین روپے اور بعد از ٹیکس منافع 261.019 ملین روپے حاصل کیا۔

منافع میں اضافہ بنیادی طور پر مقامی اور برآمد چینی کی مارکیٹ میں چینی کی قیمتوں میں بہتری کی وجہ سے اور جزوی طور پر اخراجات پر 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 ختمہ 30 ستمبر 2016 (روپے ملین میں)	سال ختمہ 30 ستمبر 2015 (روپے ملین میں)
قبل از ٹیکس منافع	666.550	314.724
ٹیکس کی ادائیگی		
موجودہ	(42.709)	(87.404)
زیر التوا ٹیکس (Deferred)	34.535	33.699
پچھلے سال کی روڈ بدل	1.806	-
بعد از ٹیکس منافع	660.182	261.019
دیگر جامع آمدنی (OCI) کا اثر	0.147	(1.796)
	660.329	259.223
مجموعی منافع جو آگے آیا	1,060.676	826.541
	1,721.005	1,085.764
تصرفات		
سال کے دوران ادا شدہ منافع منقسمہ بشرح 50% (2016) 7.50% (2015)	(75.116)	(11.267)
سال کے دوران ادا شدہ عبوری نقد منافع منقسمہ بشرح 9.20% (2015)	-	(13.821)
مجموعی منافع جو آگے گیا	1,645.889	1,060.676
نی شیئر آمدنی	43.94	17.37

## نی شیئر آمدنی:

زیر جائزہ سال کے لئے کمپنی کی نی شیئر آمدنی 43.94 روپے (2015: 17.37 روپے)

## منافع منقسمہ (ڈیویڈنڈ)

30 ستمبر 2016 کو ختم ہونے والے مالی سال کے لئے بورڈ نے 50 فیصد (2015: 50 فیصد) نقد منافع منقسمہ کی سفارش کی ہے۔

## تحقیق و ترقی

زرعی تحقیق و ترقی کمپنی کی پالیسی کا ایک لازمی حصہ ہے جس میں بہترین زرعی طریقوں کے ساتھ ترقی پسند کاشتکاروں کے ذریعے گنے کی مختلف اور نئی اقسام کی شناخت اور اس کے بعد تجارتی بوائی شامل ہے۔ یہ نہ صرف گنے کی فی ایکڑ پیداوار بڑھاتی ہے بلکہ کاشتکاروں کی آمدنی میں اضافہ اور مسابقتی فصلوں کے مقابلے میں گنے کی بوائی کے لئے زیادہ جوش و خروش 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 2016 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 نئی 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

امید کی جاتی ہے کہ آئندہ سال زیر جائزہ سال کے مقابلے میں گزشتہ سال کے سیلاب کے اثرات پر قابو پانے کے لئے کسانوں کو قرض کی سہولیات میں اضافہ اور گنے کی بہتر اقسام کے متعارف ہونے کی وجہ سے آئندہ کرشنگ سیزن 2016-17 کے لئے گنے کی سپلائی زیادہ ہوگی اور گنے کی فصل اعلیٰ اور بالآخر گزشتہ سال کے مقابلے میں چینی کی پیداوار بھی زیادہ ہونے کی توقع کی جا رہی ہے۔ مقامی اور بین الاقوامی منڈیوں میں سرپلس چینی کی پیداوار کی امید کے باوجود حکومت نے کرشنگ سیزن 2016-17 کے لئے گنے کی کم از کم قیمت -180 روپے فی من کو برقرار رکھا ہے۔

یہ ذکر بہت اہم ہے کہ اس سرپلس چینی کی پیداوار کے منظر نامہ کی پیش بینی میں، چینی کی قیمتیں اگلے سال گنے کے کرشنگ سیزن کے آغاز سے پہلے ہی زوال پذیر ہونا شروع ہوگئی ہیں۔ گزشتہ نتائج کو دیکھتے ہوئے یہ اشارہ ملتا ہے کہ گنے کا 2016-17 موسم پاکستان میں چینی کی پیداوار کا ایک اور اعلیٰ فصل کا سال ہوگا۔ تاریخی تجربے کو ذہن میں رکھتے ہوئے، سرپلس چینی کے لئے چینی کی برآمد کے لئے حکومت کی جانب سے صرف بروقت فیصلہ ہی چینی کی قیمتوں اور مناسب مالیاتی نتائج کو مستحکم کر سکتا ہے۔ اگر حکومت کی جانب سے اس طرح کی حمایت کی کمی یا تاخیر ہوئی تو، پاکستان کی چینی کی صنعت کو ایک اور مشکل سال کا سامنا درپیش ہوگا۔

کمپنی اپنے لید والے یونٹ میں 20 میگا واٹ بجلی کی پیداوار کے منصوبے کی بروقت تکمیل کے لئے دن رات کوشاں ہے۔ کمرشل ڈیٹ آف آپریشن (COD) آف سیزن میں متوقع ہے اور محفوظ شدہ بگاڑ سے بجلی کی پیداوار سے کمپنی کے منافع پر واضح اثر متوقع ہے، جو اس سخت مسابقتی ماحول میں کامیاب ہونے کی ہماری صلاحیت کو مضبوط کرے گا۔

## 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

- کمپنی کی طرف سے تیار کردہ مالیاتی حسابات اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- 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۔
- 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۔
- اندرونی کنٹرول کا نظام صنعت کی ضروریات اور جدید انتظامی اصولوں کے مطابق ڈیزائن ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔ کنٹرول میں بہتری کے لئے مستقبل میں مسلسل جائزہ لیا جائے گا۔
- کمپنی سنٹرل ڈیپازٹری سسٹم اور پاکستان اسٹاک ایکسچینج کے فہرستی قواعد و ضوابط پر عمل کرتی ہے۔ کیونکہ کمپنی کے 144,854 حصص سنٹرل ڈیپازٹری کمپنی کراچی، پاکستان کو حصص داران کی طرف سے منتقل کئے گئے ہیں۔
- کمپنی نے کمپنیز آرڈیننس، 1984 کی دفعہ 204-A کی شرائط میں میسرز کارپ لنک (پرائیویٹ) لمیٹڈ کو انڈینڈنٹ شیئر رجسٹرار مقرر کیا ہے۔
- کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- پاکستان اسٹاک ایکسچینج کے فہرستی قواعد و ضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عوامل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
- ٹیکس، ڈیویڈنڈ، 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؛ کمپنی اپنے مستقل ملازمین کے لئے غیر فنڈڈ گریجویٹ سکیم برقرار رکھتی ہے۔
- سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے اور بورڈ کے اجلاس میں ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے۔
- نمونہ حصص داری بشمول اضافی معلومات منسلک ہیں۔
- 30 ستمبر 2016 مختتمہ سال کے دوران ڈائریکٹرز، سی ایف او، دیگر ایگزیکٹوز، 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 چار اجلاس منعقد ہوئے اور بورڈ کے اجلاس میں ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے۔

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

## نمونہ حصہ داری

کمپنیز آرڈیننس، 1984 کی دفعہ 236 اور کارپوریٹ گورننس کے ضابطہء اخلاق کے تحت درکار 30 ستمبر 2016 کو مذکورہ کے مطابق شیئر ہولڈنگ کا نمونہ جمعہ 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 ہو گئے ہیں اور اہل ہونے کی بناء پر دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں۔ آڈٹ کمپنی نے میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کو 30 ستمبر 2017 کو ختم ہونے والے سال کے لئے بطور آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔

## دیگر زوضاحتیں اور رپورٹس

ضابطہء اخلاق اور کاروباری عوام 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

ڈائریکٹرز کمپنی کے تمام ملازمین کی کوششوں اور لگن کو سراہتے ہیں اور امید کرتے ہیں کہ وہ پیداوار میں اضافہ اور کمپنی کی بھلائی کی خاطر مستقبل میں بھی اپنی کاوشیں کو جاری رکھیں گے۔

منجانب بورڈ آف ڈائریکٹر

تھل انڈسٹریز کارپوریشن لمیٹڈ



محمد شمیم خان

چیئر مین / چیف ایگزیکٹو

لاہور: 26 دسمبر 2016



## 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:

	2016	2015	2014	2013	2012	2011
<b>Quantitative Data (M. Tons)</b>						
Cane Crushed	1,839,916	1,808,462	1,814,123	1,661,939	1,668,548	1,380,805
Sugar Produced	178,912	175,910	178,630	161,733	159,530	121,024
Raw Sugar Processed	749.15	1,296	-	-	-	2,096
Sugar Produced from Raw Sugar	749.15	1,296	-	-	-	1,986
<b>Profitability (Rs in 000)</b>						
Gross Sales	11,511,115	12,057,447	9,250,729	10,319,973	7,948,675	8,019,513
Sales (Net)	10,673,418	11,244,799	8,595,814	9,543,137	7,374,484	7,378,520
Gross Profit	1,342,155	923,407	901,403	986,981	674,490	950,816
Profit before Taxation	666,550	314,724	83,513	314,921	164,323	290,741
Profit after Taxation	660,182	261,019	62,473	204,873	106,609	183,697
<b>Financial Position (Rs in 000)</b>						
Tangible Fixed Assets	3,179,407	2,516,493	2,347,980	2,454,555	1,812,174	1,653,701
Other Non Current Assets	44,510	465	440	1,617	3,153	3,325
	3,223,917	2,516,958	2,348,420	2,456,173	1,815,327	1,657,026
Current Assets	3,564,768	2,832,311	3,969,012	2,319,988	3,081,126	2,368,028
Current Liabilities	3,155,104	2,596,015	3,754,353	2,308,188	2,700,540	2,120,560
Net Working Capital Employed	409,664	236,296	214,659	11,800	380,586	247,468
Capital Employed	3,633,581	2,753,254	2,563,079	2,467,973	2,195,913	1,904,494
Long Term Loan & Other Liabilities	1,743,659	1,448,545	1,492,505	1,437,081	1,348,006	1,133,150
Shareholder's Equity	1,889,921	1,304,708	1,070,574	1,030,892	847,907	771,344
<b>Represented By:</b>						
Share Capital	150,232	150,232	150,232	150,232	150,232	150,232
Reserve & Unappropriated						
Profit/ (Loss) Carried Forward	1,739,689	1,154,476	920,341	880,660	697,675	621,112
	1,889,921	1,304,708	1,070,574	1,030,892	847,907	771,344
<b>Ratios</b>						
Gross Profit Ratio (%age)	12.57	8.21	10.49	10.34	9.15	12.89
Net Profit Before Tax Ratio (%age)	6.24	2.80	0.97	3.3	2.23	3.94
Debt to Equity Ratio	48:52	67:33	76:24	90:10	89:11	32.68
Current Ratio	1.13	1.09	1.06	1.01	1.14	1.12
Break up Value per Share (Rs.)	125.80	86.85	71.26	68.62	56.44	51.34
Earning per Share (Rs.)	43.94	17.37	4.16	13.64	7.10	12.23
Dividend (%age)	50.00	50.00	7.5	15	10	15
Dividend Paid (Rs in 000)	75,116	75,116	11,267	22,535	15,023	22,535

**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 30/09/2016

4. Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
505	1	100	22,165
227	101	500	59,357
108	501	1,000	79,163
87	1,001	5,000	213,578
16	5,001	10,000	111,076
3	10,001	15,000	30,320
3	15,001	20,000	58,570
1	25,001	30,000	27,600
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
3	75,001	80,000	236,000
3	80,001	85,000	244,700
3	90,001	95,000	283,753
5	95,001	100,000	498,550
3	100,001	105,000	306,500
4	105,001	110,000	437,300
2	115,001	120,000	239,000
1	120,001	125,000	125,000
1	130,001	135,000	135,000
1	145,001	150,000	150,000
1	150,001	155,000	150,013
1	175,001	180,000	180,000
1	180,001	185,000	182,500
1	190,001	195,000	191,807
2	195,001	200,000	398,500
2	200,001	205,000	403,069
1	205,001	210,000	209,878
1	215,001	220,000	218,500
2	225,001	230,000	455,500
1	240,001	245,000	242,000
1	250,001	255,000	254,000
1	255,001	260,000	256,694
1	265,001	270,000	267,960
1	305,001	310,000	308,000
1	365,001	370,000	367,045
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
<b>1013</b>			<b>15,023,232</b>

<b>5. Categories of shareholders</b>	<b>Shares Held</b>	<b>Percentage</b>
<b>5.1</b> Directors, Chief Executive Officers, and their spouse and minor children	7,396,850	49.2361%
<b>5.2</b> Associated Companies, undertakings and related parties.	0	0.0000%
<b>5.3</b> NIT and ICP	25	0.0002%
<b>5.4</b> Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
<b>5.5</b> Insurance Companies	170	0.0011%
<b>5.6</b> Modarabas and Mutual Funds	0	0.0000%
<b>*5.7</b> Share holders holding 10%	4,855,850	32.3223%
<b>5.8</b> General Public		
a. Local	7,613,021	50.6750%
b. Foreign	0	0.0000%
<b>5.9</b> Others (to be specified) Joint Stock Companies	13,166	0.0876%
<b>Total</b>	<b>15,023,232</b>	<b>100.0000%</b>

**\* 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 2016

S. No.	NAME	HOLDING	%AGE
<b><u>DIRECTORS, CEO THEIR SPOUSES &amp; MINOR CHILDREN</u></b>			
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%
		<b>7,396,850</b>	<b>49.2361%</b>
<b><u>ASSOCIATED COMPANIES</u></b>			
		<b>0</b>	<b>0.0000%</b>
<b><u>NIT &amp; ICP</u></b>			
1	INVESTMENT CORPORATION OF PAKISTAN	25	0.0002%
<b><u>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS</u></b>			
		<b>0</b>	<b>0.0000%</b>
<b><u>INSURANCE COMPANIES</u></b>			
1	ADAMJEE INSURANCE COMPANY LIMITED	170	0.0011%
<b><u>MODARABA &amp; MUTUAL FUND</u></b>			
		<b>0</b>	<b>0.0000%</b>
<b><u>JOINT STOCK COMPANIES</u></b>			
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	M/S RAJPUT METAL WORKS LTD.	7,509	0.0500%
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%
		<b>13,166</b>	<b>0.0876%</b>
<b><u>SHARES HELD BY THE GENERAL PUBLIC (Foreign)</u></b>			
		<b>0</b>	<b>0.0000%</b>
<b><u>SHARES HELD BY THE GENERAL PUBLIC (Local)</u></b>			
		<b>7,613,021</b>	<b>50.6750%</b>
		<b>7,613,021</b>	<b>50.6750%</b>
<b>TOTAL:</b>		<b>15,023,232</b>	<b>100.0000%</b>

S. No.	NAME	HOLDING	%AGE
<b>SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL</b>			
1	MR. MUHAMMAD SHAMIM KHAN	4,855,850	32.3223%
<b>SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL</b>			
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 Secretary and 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 2016

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 NBFIs 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 has been approved by the board of directors on 30 September 2016.
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 alongwith 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 started the process to comply with the requirements notified by PSX vide letter dated September 19, 2016 relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintain 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 with except for the matter stated in paragraph 24 towards which reasonable progress is being made by the company to seek compliance within next accounting year.

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



**Muhammad Shamim Khan**  
Chairman/Chief Executive

Lahore: 26 December 2016

## Review Report to the Members

### On Statement of Compliance With 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 2016 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 2016.

Further we highlight instance of non-compliance with the requirements of the code as reflected in statement of compliance in paragraph 24 regarding register of persons having access to inside information.



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

LAHORE: DECEMBER 26, 2016

## Auditor's Report to the Members

We have audited the annexed balance sheet of **The Thal Industries Corporation Limited** as at 30 September 2016 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 2016 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, 2016

## Balance Sheet

As At 30 September 2016

	Note	2016 Rupees	2015 Rupees
<b>EQUITY &amp; LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Share capital	3	150,232,320	150,232,320
Revenue reserves	4	93,800,000	93,800,000
Accumulated profit		1,645,889,094	1,060,676,077
		1,889,921,414	1,304,708,397
<b>Non Current Liabilities</b>			
Long term finance	5	884,641,139	561,970,786
Liabilities against assets subject to finance lease	6	7,517,935	10,366,443
Loans from directors	7	574,800,000	574,800,000
Deferred liabilities	8	276,700,267	301,408,059
		1,743,659,341	1,448,545,288
<b>Current Liabilities</b>			
Trade and other payables	9	469,460,605	283,229,563
Finance cost payable	10	139,459,088	77,458,455
Short term borrowings-secured	11	1,767,921,046	1,508,479,052
Advances from directors	12	375,300,000	383,300,000
Current portion of long term liabilities	13	333,563,071	229,453,007
Provision for taxation		69,400,368	114,095,088
		3,155,104,178	2,596,015,165
<b>Contingencies and Commitments</b>	14		
		6,788,684,933	5,349,268,850

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



**CHIEF EXECUTIVE**

	Note	2016 Rupees	2015 Rupees
<b>PROPERTY AND ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant & equipment	15	3,179,407,334	2,516,493,361
Long term deposits		464,500	464,500
Long term advances	16	44,045,112	10,000,000
		3,223,916,946	2,526,957,861
<b>Current Assets</b>			
Stores, spare parts and loose tools	17	423,426,940	371,107,200
Stock-in-trade	18	1,508,711,664	1,253,863,481
Trade debts	19	625,127,111	302,753,242
Loans and advances	20	452,539,177	289,168,017
Trade deposits, prepayments and other receivables	21	40,221,850	100,046,316
Taxes recoverable / adjustable	22	456,167,384	472,496,044
Cash and bank balances	23	58,573,861	32,876,689
		3,564,767,987	2,822,310,989
		6,788,684,933	5,349,268,850

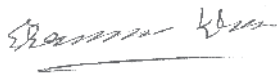
  
DIRECTOR

## Profit and Loss Account

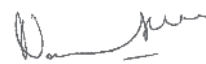
For the year ended 30 September 2016

	Note	2016 Rupees	2015 Rupees
Sales - net	24	10,673,417,774	11,244,798,613
Cost of sales	25	(9,331,263,134)	(10,321,391,296)
Gross profit		1,342,154,640	923,407,317
Operating expenses			
Distribution and selling expenses	26	(99,640,880)	(110,097,187)
Administrative expenses	27	(293,455,476)	(240,515,398)
		(393,096,356)	(350,612,585)
Operating profit		949,058,284	572,794,732
Other income	28	94,614,313	185,844,011
		1,043,672,597	758,638,743
Finance cost	29	(321,373,800)	(425,142,131)
Notional interest expense on long term advances		(10,954,888)	-
Other expenses	30	(44,793,936)	(18,772,728)
		(377,122,624)	(443,914,859)
Profit before taxation		666,549,973	314,723,884
Taxation	31	(6,367,773)	(53,704,502)
Profit after taxation		660,182,200	261,019,382
Earnings per share - basic and diluted	32	43.94	17.37

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



**CHIEF EXECUTIVE**



**DIRECTOR**

## Statement of Comprehensive Income

For the year ended 30 September 2016

	2016 Rupees	2015 Rupees
Profit after tax	660,182,200	261,019,382
<b><u>Other Comprehensive Income-Net of Tax</u></b>		
Items that will be reclassified to profit or loss	-	-
Items that will never be reclassified to profit or loss:		
Remeasurement of staff gratuity gain / (loss)	226,118	(2,762,999)
Related impact on deferred tax	(79,141)	967,050
	146,977	(1,795,949)
Total comprehensive income for the year	660,329,177	259,223,433

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



CHIEF EXECUTIVE



DIRECTOR



# Cash Flow Statement

For the year ended 30 September 2016

	Note	2016 Rupees	2015 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		666,549,973	314,723,884
Adjustment for:			
- Depreciation		252,040,350	220,896,318
- Provision for gratuity		20,208,929	21,713,968
- Provision against doubtful advances		-	2,889,911
- Gain on disposal of fixed assets		(642,083)	(230,516)
- Finance cost		321,373,800	425,142,131
- Notional interest expense on long term advances		10,954,888	-
- Workers' profit participation fund		36,114,940	16,674,831
- Workers welfare fund		8,678,996	2,097,897
		648,729,820	689,184,540
<b>Operating cash flows before changes in working capital</b>		1,315,279,793	1,003,908,424
Changes in working capital	33	(551,310,128)	713,299,107
<b>Cash generated from operations</b>		763,969,665	1,717,207,531
Gratuity paid		(10,234,315)	(4,968,269)
Finance cost paid		(256,340,860)	(482,738,591)
Workers' profit participation fund paid		(19,703,497)	(4,738,629)
Workers Welfare fund paid		(2,022,697)	(664,703)
Income tax paid		(85,597,922)	(54,607,574)
<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>		390,070,374	1,169,489,765
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(904,565,303)	(367,129,531)
Long term deposits		-	(25,000)
Long term advances		(45,000,000)	(10,000,000)
Proceeds from disposal of fixed assets		1,282,563	697,137
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(948,282,740)	(376,457,394)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term finance		427,745,710	(24,537,082)
Lease and security deposit payments		(14,843,301)	(12,219,531)
Short term borrowings - net		259,441,994	(1,295,633,225)
Advances from directors		(8,000,000)	357,300,000
Dividend paid		(80,434,865)	(15,974,089)
<b>NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>		583,909,538	(991,063,927)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		25,697,172	(198,031,556)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		32,876,689	230,908,245
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	23	58,573,861	32,876,689

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

## Statement of Changes in Equity


For the year ended 30 September 2016

PARTICULARS	SHARE CAPITAL	GENERAL RESERVES	ACCUMULATED PROFIT	TOTAL
	RUPEES			
<b>Balance as on 01 October 2014</b>	150,232,320	93,800,000	826,541,441	1,070,573,761
Cash dividend @ 7.50 % i.e. Re. 0.75 per share for the year ended 30 September 2014	-	-	(11,267,424)	(11,267,424)
Interim cash dividend @ 9.20 % i.e. Re. 0.92 per share declared during the year	-	-	(13,821,373)	(13,821,373)
Total comprehensive income for the year	-	-	259,223,433	259,223,433
<b>Balance as on 30 September 2015</b>	150,232,320	93,800,000	1,060,676,077	1,304,708,397
Cash dividend @ 50.00 % i.e. Re. 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
<b>Balance as on 30 September 2016</b>	150,232,320	93,800,000	1,645,889,094	1,889,921,414

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 2016

## 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 Ordinance, 1984) 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

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984 and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 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 except for increased disclosures in certain cases.

- IFRS 7 - "Financial instruments: Disclosures" (amendments)
- IFRS 10 - "Consolidated Financial statements" (amendments)
- IFRS 11 - "Joint Arrangements" (amendments)
- IFRS 12 - "Disclosure of Interests in Other Entities" (amendments)
- IFRS 13 - "Fair Value Measurements" (amendments)
- IAS 27 - "Separate financial statements" (amendments)
- IAS 28 - "Investment in associates" (amendments)

#### 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" (amendments applicable for annual periods beginning on or after January 01, 2018) - Not notified by SECP.
- IFRS 2 - "Share based payment" (amendments applicable for annual periods beginning on or after January 01, 2018)

- IFRS 4 - “Insurance Contracts” (amendments applicable for annual periods beginning on or after January 01, 2018)
- IFRS 5 - “Non-Current Assets held for sale and Discontinued Operations” (amendments applicable for annual periods beginning on or after January 01, 2016).
- IFRS 7 - “Financial Instruments: Disclosures” (amendments applicable for annual periods beginning on or after January 01, 2015, January 01, 2016).
- IFRS 9 - “Financial Instruments: Classification and Measurement” (applicable for annual periods beginning on or after January 01, 2018) - Not notified by SECP
- IFRS 10 - “Consolidated Financial Statements” - (amendments applicable for annual periods beginning on or after January 01, 2016).
- IFRS 11 - “Joint Arrangements” - (amendments applicable for annual periods beginning on or after January 01, 2016 ).
- IFRS 12 - “Disclosure of Interests in Other Entities” - (amendments applicable for annual periods beginning on or after January 01, 2016 & January 01,2017).
- IFRS 14 - “Regulatory Deferral Accounts” - (applicable for annual periods beginning on or after January 01, 2016)-Not notified by SECP.
- IFRS 15 - “Revenue from Contracts with Customers” - (applicable for annual periods beginning on or after January 01, 2018)-Not notified by SECP.
- IFRS 16 - “Leases” - (applicable for annual periods beginning on or after January 01, 2017 & 01 January 2018)-Not notified by SECP.
- IAS 1 - “Presentation of financial statements” (amendments applicable for annual periods beginning on or after January 01, 2016).
- IAS 7 - “Statement of Cash Flows” (amendments applicable for annual periods beginning on or after January 01, 2016).
- IAS 12 - “Income Taxes” (amendments applicable for annual periods beginning on or after January 01, 2017).
- IAS 16 - “Property, Plant and Equipment” (amendments applicable for annual periods beginning on or after January 01, 2016).
- IAS 19 “Employee Benefits” (amendments applicable for annual periods beginning on or after January 01, 2016).
- IAS 27 - “Separate financial statements” (amendments applicable for annual periods beginning on or after January 01, 2016).
- IAS 28 - “Investments in Associates and Joint Ventures” (amendments applicable for annual periods beginning on or after January 01, 2016).
- IAS 34 - “Interim Financial Reporting” (amendments applicable for annual periods beginning on or after January 01, 2016).

- IAS 38 - “Intangible Assets” (amendments applicable for annual periods beginning on or after January 01, 2016).
- IAS 39 - “Financial Instruments: Recognition and Measurement” (amendments applicable for annual periods beginning on or after January 01, 2018).
- IAS 40 - “Investment Property” (amendments applicable for annual periods beginning on or after January 01, 2016).
- IAS 41 - “Agriculture” (amendments applicable for annual periods beginning on or after January 01, 2016).
- IFRIC -22 “Foregin currency transactions and advance considerations (applicable for annual periods beginning on or after 01 January 2018)

### **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 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.

#### **2.12 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.

#### **2.13 Ijarah**

Ujrah payments under Ijarah agreements are recognized as an expense in the income statement on straight-line basis over the Ijarah term.

#### **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 of 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

2016 (Number of shares)	2015	Note	2016 Rupees	2015 Rupees
<b>Authorized Capital:</b>				
20,000,000	20,000,000	Ordinary shares of Rs. 10/- each	200,000,000	200,000,000
<b>Issued, subscribed and paid up capital:</b>				
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
<b>4. REVENUE RESERVES</b>				
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

From banking companies :

Opening balance		779,155,418	803,692,500
Obtained during the year		628,190,154	184,488,751
		1,407,345,572	988,181,251
Paid during the year		(200,444,444)	(209,025,833)
	5.1	1,206,901,128	779,155,418
Less: current portion		(322,259,989)	(217,184,632)
		884,641,139	561,970,786

**5.1** Demand finance / Diminishing musharaka facilities of Rs. 1,300 million (2015: Rs. 1,000 million) and term finance facilities of Rs. 600 million (2015: 700 million) have been obtained from various banking companies. These loans are secured against first pari passu / hypothecation charge of Rs. 2,535 million 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 / biannually instalments beginning from 18 September 2012 and ending on 22 September 2022. These carry mark up @ 3 to 6 month KIBOR + 0.75 % to 1.25% (2015: 3 to 6 month KIBOR + 0.75 % to 1.25 %) p.a.

	2016 Rupees	2015 Rupees
<b>6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED</b>		
Opening balance	26,803,668	14,002,049
Obtained during the year	11,029,500	22,746,500
Payments during the year	(13,740,351)	(9,944,881)
	24,092,817	26,803,668
Less: security deposits adjustable on expiry of lease term	(5,271,800)	(4,168,850)
	18,821,017	22,634,818
Less: current portion grouped under current liabilities	(11,303,082)	(12,268,375)
	7,517,935	10,366,443

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

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
30 September 2015			
Rupees			
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	13,739,407	(1,471,032)	12,268,375
Later than one year but not later than five years	11,110,908	(744,465)	10,366,443
	24,850,315	(2,215,497)	22,634,818

**6.2** The Company has a finance lease agreement of Rs. 65 million for vehicles with Bank Al-Habib Limited. Rentals are payable in 12 quarterly installments commencing from September 2013 and ending on September 2019. The mark up rate implicit in the lease is 3 months KIBOR + 1.00% to 1.25% p.a. (2015: 3 months KIBOR + 1.00% to 1.25%). The lease is secured by way of 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	2016 Rupees	2015 Rupees
<b>7. LOANS FROM DIRECTORS - UNSECURED</b>			
	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 (2015: 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**

Staff gratuity (as determined in Actuarial valuation)	8.1	77,020,363	67,271,867
Deferred taxation	8.2	199,679,904	234,136,192
		276,700,267	301,408,059

**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 2016, 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 2016 according to the amended IAS-19 “Employees Benefits”.

Present value of defined benefit liability as at beginning of the year	67,271,867	47,763,169
Cost chargeable to profit and loss account during the year	20,208,929	21,713,968
Cost chargeable to other comprehensive income	(226,118)	2,762,999
Benefit paid during the year	(10,234,315)	(4,968,269)
Net defined benefit liability as at end of the year	77,020,363	67,271,867
Present value of defined benefit obligations	76,117,409	66,514,713
Benefits due but not paid	902,954	757,154
Defined benefit liability as at 30 September	77,020,363	67,271,867

	Note	2016 Rupees	2015 Rupees
<b>Reconciliation of defined benefit obligation is as follows:</b>			
Present value of defined benefit obligations (PVDBO) at the beginning of the year		66,514,713	46,108,038
- Benefits due but not paid as at beginning of the year		757,154	1,655,131
- Current service cost for the year		14,536,399	15,874,310
- Interest cost for the year		5,672,530	5,839,658
- Benefits paid during the year		(10,234,315)	(4,968,269)
- Benefits due but not paid as at end of the year		(902,954)	(757,154)
- Actuarial (gains) / losses from changes in demographic assumptions		-	-
- Actuarial (gains) / losses due to experience adjustments		(226,118)	2,762,999
Present value of defined benefit obligations at the end of the year		76,117,409	66,514,713
<b>Amount charged to profit and loss account during the year:</b>			
- Current service cost for the year		14,536,399	15,874,310
- Interest cost for the year		5,672,530	5,839,658
Expense charged to profit and loss account		20,208,929	21,713,968
Expense is recognized as below:			
Cost of sales	25	14,678,820	15,387,599
Administrative expenses	27	5,530,109	6,326,369
		20,208,929	21,713,968
<b>Amount charged to other comprehensive income during the year:</b>			
<u>Re-measurement of plan obligation:</u>			
- Actuarial (gains) / losses from changes in demographic assumptions		-	-
- Experience adjustments		(226,118)	2,762,999
Total re-measurements charged to other comprehensive income		(226,118)	2,762,999



	<b>2016</b>	<b>2015</b>
	<b>Gratuity per annum</b>	<b>Gratuity per annum</b>
<b>Assumptions used for valuation of the defined benefit obligation as under:</b>		
Discount rate	9.00%	9.25%
Expected rate of increase in salary in future years	8.00%	8.25%
Mortality rates	SLIC (2001-05)	SLIC (2001-05)
Average expected remaining working life time of employees	11 Years	12 Years
	<b>2016 Rupees</b>	<b>2015 Rupees</b>
<b>Year end Sensitivity Analysis on defined benefit obligation:</b>		
Discount rate + 100 bps	68,842,961	60,038,905
Discount rate - 100 bps	84,519,288	74,014,057
Future salary increase + 100 bps	84,519,288	74,014,057
Future salary decrease - 100 bps	68,716,536	59,926,789
<b>8.2 Deferred Taxation</b>		
Deferred tax liability arising in respect of depreciation of owned assets	322,554,459	315,363,452
Deferred tax liability arising in respect of assets subject to finance lease	3,855,127	3,178,237
	326,409,586	318,541,689
<u>Deductible temporary differences:</u>		
Deferred tax assets arising in respect of employees benefits	(23,106,109)	(23,545,153)
Deferred tax asset on Minimum tax u/s 113 adjustable against future tax liability	(103,623,573)	(60,860,344)
	(126,729,682)	(84,405,497)
Deferred tax liability as on 30 September	199,679,904	234,136,192

	Note	2016 Rupees	2015 Rupees
<b>9. TRADE AND OTHER PAYABLES</b>			
Creditors		147,899,634	105,305,890
Accrued liabilities		50,576,298	35,011,883
Advances from customers	9.1	183,163,078	98,874,437
Income tax deducted at source		1,309,070	697,096
Sales tax payable		29,509,901	7,118,977
Unpresented dividend warrants		11,563,598	16,882,303
Workers' profit participation fund	9.2	36,707,172	17,263,422
Workers welfare fund payable		8,731,854	2,075,555
		<u>469,460,605</u>	<u>283,229,563</u>
<b>9.1</b>	This includes following amount due to associated undertaking for sale of refined sugar:		
	Naubahar Bottling Co. (Pvt) Ltd	-	73,907,878

The maximum aggregate balance due to the above company at the end of any month during the year was Rs. 492,430,644 /- (refer note 19.1).

#### **9.2 Workers' profit participation fund**

Opening balance	17,263,422	5,017,834
Interest for the year	3,032,307	309,386
	<u>20,295,729</u>	<u>5,327,220</u>
Less payments made:		
To workers	19,703,497	4,738,629
To Government	-	-
	<u>19,703,497</u>	<u>4,738,629</u>
	592,232	588,591
Share of the Company's profit for the year	36,114,940	16,674,831
	<u>36,707,172</u>	<u>17,263,422</u>

**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% (2015: 12.00%) 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**

Short term borrowings - secured	15,328,262	10,711,523
Long term borrowings - secured	46,406,370	23,062,132
Loans from directors	77,724,456	43,684,800
	<u>139,459,088</u>	<u>77,458,455</u>

		Note	2016 Rupees	2015 Rupees
<b>11. SHORT TERM BORROWINGS - SECURED</b>				
FROM BANKING COMPANIES				
	<b>Sanctioned Limits (Rs. in millions)</b>			
	<b>2016</b>	<b>2015</b>		
Running finance	915	775	402,940,648	486,479,011
Cash finance	7,260	5,860	1,364,980,398	1,022,000,041
			<u>1,767,921,046</u>	<u>1,508,479,052</u>

**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 + 0.75 to 1.00% (2015: 1 year KIBOR minus 1.00% & 1 to 3 month KIBOR + 0.75 to 1.50%) p.a. The limits will expire on various dates by 31 March 2017 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 25% margin and personal guarantees of directors. These are subject to mark up at the rate of 1 to 3 months KIBOR plus 0.25% to 1.00% (2015: 1 to 3 months KIBOR plus 0.75% to 1.00%) p.a. The limits will expire on various dates by 30 April 2017 but are renewable.

	Note	2016 Rupees	2015 Rupees
<b>12. ADVANCES FROM DIRECTORS</b>		<u>375,300,000</u>	<u>383,300,000</u>
Advances from Directors are unsecured and are interest free. These are payable on demand.			

**13. CURRENT PORTION OF LONG TERM LIABILITIES**

Long term finance	5	322,259,989	217,184,632
Liabilities against assets subject to finance lease	6	11,303,082	12,268,375
		<u>333,563,071</u>	<u>229,453,007</u>

	Note	2016 Rupees	2015 Rupees
<b>14. CONTINGENCIES AND COMMITMENTS</b>			
<u>Contingencies</u>			
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	231,084,153	344,155,053
		<u>250,325,534</u>	<u>363,396,434</u>
<u>Commitments</u>			
Contracts for capital expenditure		21,783,747	71,950,885
Letters of credit for capital expenditure		46,981,631	327,403,134
Letters of credit for other than capital expenditure		13,027,088	35,321,702
		<u>81,792,466</u>	<u>434,675,721</u>

**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** One bank guarantee of Rs. 218.737 million was issued by bank for advance against sales of Sugar. Two bank guarantees of Rs. 11.505 million were issued by Bank Al Habib Ltd to Alternative Energy Development Borad against power generation licensing. These guarantees will expire on various dates upto 20 August 2017.

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

Operating tangible assets	15.1	2,967,583,810	2,482,514,983
Capital work in progress - Tangible Assets	15.2	190,530,551	33,978,378
Capital work in progress - Intangible Assets	15.3	21,292,973	-
		<u>3,179,407,334</u>	<u>2,516,493,361</u>

## 15.1 Operating fixed 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
<b>RUPEES</b>							

### OWNED ASSETS

#### COST

Balance as at 01 October 2014	299,545,283	574,519,816	2,791,382,013	96,160,564	33,943,733	49,252,805	62,657,305	3,907,461,519
Additions during the year	11,158,800	59,856,600	252,975,679	16,856,476	2,353,765	1,200,000	3,140,886	347,542,206
Disposals	-	-	-	-	(547,137)	(300,000)	-	(847,137)
Balance as at 30 September 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

#### DEPRECIATION

Balance as at 01 October 2014	-	241,751,927	1,228,971,208	43,592,202	17,501,296	18,355,918	39,657,193	1,589,829,744
Charge for the year	-	34,721,749	161,271,740	7,167,141	2,597,606	3,086,846	5,062,790	213,907,872
Depreciation on disposals	-	-	-	-	(232,065)	(148,451)	-	(380,516)
Balance as at 30 September 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

### LEASED ASSETS

#### COST

Balance as at 01 October 2014	-	-	-	-	-	-	19,741,500	19,741,500
Additions during the year	-	-	-	-	-	-	22,746,500	22,746,500
Disposals	-	-	-	-	-	-	-	-
Balance as at 30 September 2015	-	-	-	-	-	-	42,488,000	42,488,000
Additions during the year	-	-	-	-	-	-	11,104,500	11,104,500
Disposals	-	-	-	-	-	-	-	-
Transferred to Owned Assets	-	-	-	-	-	-	(7,427,000)	(7,427,000)
Balance as at 30 September 2016	-	-	-	-	-	-	46,165,500	46,165,500

#### DEPRECIATION

Balance as at 01 October 2014	-	-	-	-	-	-	3,784,059	3,784,059
Charge for the year	-	-	-	-	-	-	6,988,446	6,988,446
Depreciation on disposals	-	-	-	-	-	-	-	-
Balance as at 30 September 2015	-	-	-	-	-	-	10,772,505	10,772,505
Charge for the year	-	-	-	-	-	-	7,409,307	7,409,307
Depreciation on disposals	-	-	-	-	-	-	-	-
Transferred to Owned Assets	-	-	-	-	-	-	(3,687,753)	(3,687,753)
Balance as at 30 September 2016	-	-	-	-	-	-	14,494,059	14,494,059

#### Written down value as at 30 September 2015

310,704,083	357,902,740	1,654,114,744	62,257,697	15,883,524	28,858,492	52,793,703	2,482,514,983
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#### 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
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#### Rate of depreciation (%)

-	10	10	10-15	10-30	10	20	
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**Depreciation charged has been allocated as follows:**

Note	2016			2015		
	Owned Assets	Leased Assets	Total	Owned Assets	Leased Assets	Total
	----Rupees---			----Rupees---		
Cost of goods manufactured 25.1	238,533,837	-	238,533,837	207,914,326	-	207,914,326
Administrative expenses 27	6,097,206	7,409,307	13,506,513	5,993,546	6,988,446	12,981,992
Total	244,631,043	7,409,307	252,040,350	213,907,872	6,988,446	220,896,318

\*The title documents of the land of Rs. 4.2 million acquired during the year are in the process of being registered in the name of the company.

**15.1.1 Detail of disposal of operating fixed assets**

Disposals made during the year are summarised as below:

2016						
Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Sold to	Mode of Disposal
-----Rupees-----						
<b>Plant &amp; Machinery</b>						
Juice Heater	1,158,500	649,647	508,853	650,000	M/s Almoiz Industries Limited	Negotiation
<b>Vehicles</b>						
Double Cabin Dala	500,000	398,055	101,945	407,563	Mr. Abdullah Sajjad	Negotiation
Toyota Corolla	992,500	962,818	29,682	225,000	Mr. Muhammad Zahid	
	2,651,000	2,010,520	640,480	1,282,563		

\* Proceeds on disposal are taken net of sales tax.

	Note	2016 Rupees	2015 Rupees
<b>15.2 Capital work in progress</b>			
Plant and machinery		180,505,780	25,047,172
Factory buildings		10,024,771	547,465
Other buildings		-	8,383,741
		190,530,551	33,978,378
<b>15.3 Capital Work in Progress - Intangible Assets</b>			
Intangible assets		21,292,973	-
		21,292,973	-
<b>16. LONG TERM ADVANCES</b>			
Long term Advances - face value		55,000,000	10,000,000
Unamortised notional interest		(10,954,888)	-
		44,045,112	10,000,000

**16.1** 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 April 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.

	Note	2016 Rupees	2015 Rupees
<b>17. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		255,329,000	234,162,206
Spare parts		163,253,566	132,554,122
Loose tools		4,844,374	4,390,872
		<u>423,426,940</u>	<u>371,107,200</u>

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

**18. STOCK IN TRADE**

Work in process		5,620,905	5,683,095
Finished goods:			
- Sugar	18.1	1,482,129,927	1,245,052,503
- Molasses		20,960,832	3,127,883
		<u>1,503,090,759</u>	<u>1,248,180,386</u>
		<u>1,508,711,664</u>	<u>1,253,863,481</u>

**18.1** It includes pledged stocks of Rs. 1,403,558,058/- (2015: Rs. 1,155,482,628/-) against borrowings from various financial institutions.

**19. TRADE DEBTS**

Unsecured and considered good by the management	19.1	625,127,111	302,753,242
<b>19.1</b> This includes amount due from associated undertaking as follows:			
Naubahar Bottling Co. (Pvt) Ltd		24,732,806	-
The aging of receivable balance is as follows:			
Not past due		24,732,806	-

	Note	2016 Rupees	2015 Rupees
<b>20. LOANS AND ADVANCES - unsecured, interest free and considered good</b>			
- Growers	20.1	141,012,965	126,284,732
- Suppliers	20.2	310,067,644	159,667,319
- Employees	20.3	1,458,568	1,289,353
- Others	20.4	-	1,926,613
		<u>452,539,177</u>	<u>289,168,017</u>
<b>20.1</b>	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.		
<b>20.2</b>	Advances to suppliers	312,957,555	162,557,230
	Provision against doubtful advances	(2,889,911)	(2,889,911)
		<u>310,067,644</u>	<u>159,667,319</u>
<b>20.2.1</b>	Opening balance of provision	2,889,911	-
	Add: provided during the year	-	2,889,911
	Less: reversal during the year	-	-
	Closing balance of provision	<u>2,889,911</u>	<u>2,889,911</u>
<b>20.3</b>	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. 96,919/- (2015: Rs. 39,897/-) at the year end.		
<b>21. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Margin against bank guarantees		84,216	84,216
Letters of credit		28,097,257	76,423,068
Prepayments		4,254,800	4,001,061
Current portion of ijarah key money		396,500	396,500
Other receivables	21.1	7,389,077	19,141,471
		<u>40,221,850</u>	<u>100,046,316</u>
<b>21.1</b>	This includes an amount of Rs. 2,907,400/- (2015: Rs. 15,944,934/-) receivable from Almoiz Industries Limited, an associated company.		
	The maximum aggregate balance due from the above company at the end of any month during the year was Rs. 42,449,171/- (2015: 18,513,174).		



	<b>2016 Rupees</b>	<b>2015 Rupees</b>
<b>22. TAXES RECOVERABLE / ADJUSTABLE</b>		
Advance income tax	441,862,265	459,585,396
Sales tax - input	8,407,729	7,013,258
Flood surcharge	5,897,390	5,897,390
	456,167,384	472,496,044
<b>23. CASH AND BANK BALANCES</b>		
Cash and cheques in hand	806,488	393,182
Cash with banks:		
- Current accounts	52,347,179	22,919,026
- Deposit accounts	5,420,194	9,564,481
	57,767,373	32,483,507
	58,573,861	32,876,689
<b>24. SALES - NET</b>		
Local sales:		
Sugar	10,449,582,056	10,367,320,493
By Products:		
Molasses	585,320,948	639,518,521
Press mud	2,924,000	2,794,002
Bagasse	38,534,363	18,978,290
Electricity	141,969,886	67,669,110
	11,218,331,253	11,096,280,416
Export sales:		
Sugar	292,783,428	961,166,149
	11,511,114,681	12,057,446,565
Less: Sales Tax / Special Excise Duty		
Sugar	(767,791,095)	(768,062,250)
Molasses	(43,211,843)	(31,562,029)
Press mud	(466,856)	(433,880)
Bagasse	(5,599,010)	(2,757,530)
Electricity	(20,628,103)	(9,832,263)
	(837,696,907)	(812,647,952)
	10,673,417,774	11,244,798,613

	Note	2016 Rupees	2015 Rupees
<b>25. COST OF SALES</b>			
Finished goods - opening		1,248,180,386	2,329,251,957
Add: cost of goods manufactured	25.1	9,586,173,507	9,240,319,725
		<u>10,834,353,893</u>	<u>11,569,571,682</u>
Finished goods - closing		(1,503,090,759)	(1,248,180,386)
		<u>9,331,263,134</u>	<u>10,321,391,296</u>
<b>25.1 Cost of goods manufactured:</b>			
Work in process - opening		5,683,095	6,042,876
Raw material consumed	25.1.1	8,545,451,704	8,232,439,588
Cost of Refined Sugar Purchased		46,924,593	49,368,641
Salaries, wages and other benefits	25.1.2	297,971,965	255,324,094
Fuel and power		37,974,862	44,039,254
Stores, spare parts and loose tools		149,899,150	178,557,297
Repairs and maintenance		251,338,935	256,029,057
Insurance		2,557,587	2,189,478
Depreciation	15.1	238,533,837	207,914,326
Vehicles running		10,421,110	9,535,435
Miscellaneous		5,037,574	4,562,774
		<u>9,591,794,412</u>	<u>9,246,002,820</u>
Work in process - closing		(5,620,905)	(5,683,095)
		<u>9,586,173,507</u>	<u>9,240,319,725</u>
<b>25.1.1 Raw material consumed</b>			
Sugar cane purchases		8,438,467,457	8,132,237,534
Cane procurement and other expenses		106,984,247	100,202,054
		<u>8,545,451,704</u>	<u>8,232,439,588</u>
<b>25.1.2</b> Salaries, wages and other benefits include Rs. 14,678,820 (2015: Rs. 15,387,599/-) in respect of gratuity (Refer note 8.1).			
<b>26. DISTRIBUTION AND SELLING EXPENSES</b>			
Salaries, wages and other benefits		8,472,959	6,893,660
Freight outward		54,319,987	68,289,861
Godown expenses		26,261,814	24,656,853
Insurance		4,010,089	4,205,954
Commission on sale of sugar		6,576,031	6,050,859
		<u>99,640,880</u>	<u>110,097,187</u>

	Note	2016 Rupees	2015 Rupees
<b>27. ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration		4,080,000	4,080,000
Salaries and other benefits	27.1	199,241,914	162,814,191
Rent, rates and taxes		11,603,586	6,123,313
Travelling and conveyance	27.2	4,228,237	3,057,965
Foreign travelling		813,985	1,555,107
Fees and subscriptions		5,199,761	5,144,992
Repair and maintenance		8,717,325	4,295,905
Vehicles running		14,785,394	13,856,032
Postage and telephone		3,840,949	2,419,231
Printing and stationery		1,576,429	1,845,766
Legal and professional		3,231,614	2,596,368
Auditors' remuneration	27.3	1,284,419	1,289,979
Ijarah rentals		-	199,654
Depreciation	15.1	13,506,513	12,981,992
Donations		189,581	1,950,416
Provision against doubtful advances	20.2.1	-	2,889,911
Miscellaneous		21,155,769	13,414,576
		<u>293,455,476</u>	<u>240,515,398</u>

**27.1** Salaries and other benefits include Rs. 5,530,109 (2015: Rs. 6,326,369/-) in respect of gratuity. (Refer note 8.1)

**27.2** Auditors' travelling expenses amounting to Rs. 27,500 (2015: Rs. 25,000/-) are included in travelling expenses.

**27.3 Auditors' remuneration:**

Audit fees	1,000,000	1,000,000
Income Tax consultation services	284,419	289,979
	<u>1,284,419</u>	<u>1,289,979</u>

	Note	2016 Rupees	2015 Rupees
<b>28. OTHER INCOME</b>			
<b>Financial Assets</b>			
Profit on deposit accounts		362,760	613,261
<b>Others</b>			
(Loss) / Gain on sale of stores		(46,116)	675,753
Gain on disposal of fixed assets		642,083	230,516
Sale of scrap		4,297,670	12,881,296
Gain on agriculture inputs to growers		15,098,931	8,115,352
Rental income		415,226	255,000
Subsidy on export of sugar		71,224,000	159,430,000
Miscellaneous		2,619,759	3,642,833
		94,614,313	185,844,011
<b>29. FINANCE COST</b>			
Interest / mark-up on:			
- Short term borrowings		207,991,037	302,408,201
- Lease finance		1,759,787	2,236,759
- Loans from directors		40,465,920	43,684,800
- Long term finance		64,076,909	71,001,854
		314,293,653	419,331,614
Interest on workers' profit participation fund	9.2	3,032,307	309,386
Bank charges and commission		4,047,840	5,501,131
		321,373,800	425,142,131
<b>30. OTHER EXPENSES</b>			
Workers' profit participation fund	9.2	36,114,940	16,674,831
Workers' welfare fund - current	9	8,731,854	2,075,555
- prior		(52,858)	22,342
		44,793,936	18,772,728

	Note	2016 Rupees	2015 Rupees
<b>31. TAXATION</b>			
Current	31.1	42,708,851	87,403,571
Prior year		(1,805,649)	-
Deferred	31.3	(34,535,429)	(33,699,069)
		6,367,773	53,704,502
<b>31.1</b> Income Tax Liability		106,954,341	112,701,138
Less: Tax Credits u/s (65B)	31.1.1	(64,245,490)	(25,297,567)
		42,708,851	87,403,571

**31.1.1** During the year the company has invested Rs. 642,454,898/- (2015: Rs. 252,975,679/-) in the purchase of plant and machinery, for the purpose of balancing, modernization and replacement (BMR) in terms of section 65-B 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 2016 except for assessment year 1992-93, 1993-94, 2001-02, 2002-03 and 2003-04 which are under appeal (Refer note 14 for detail).

**31.2** Tax charge reconciliation for the current and previous year is not prepared as the Company is charged to minimum tax, and relationship between income tax expense and accounting profit is not meaningful.

**31.3 Deferred**

Closing deferred tax liability	8.2	199,679,904	234,136,192
Opening deferred tax liability	8.2	(234,136,192)	(268,802,311)
Deferred tax (income) / expense		(34,456,288)	(34,666,119)
Deferred tax attributable to other comprehensive income		(79,141)	967,050
Deferred tax attributable to profit and loss		(34,535,429)	(33,699,069)

**32. 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:

Profit after tax	660,182,200	261,019,382
Weighted average number of ordinary shares in issue during the period	15,023,232	15,023,232
Earnings per share	43.94	17.37

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.

**33. CHANGES IN WORKING CAPITAL****(Increase) / decrease in current assets:**

Stores, spare parts and loose tools	(52,319,740)	(46,630,578)
Stock-in-trade	(254,848,183)	1,081,431,352
Trade debts	(322,373,869)	66,006,060
Loans and advances	(163,371,160)	(51,036,352)
Trade deposits, prepayments and other receivables	59,824,466	(40,715,566)
Taxes recoverable / adjustable	16,328,660	(63,275,256)

**Increase / (decrease) in current liabilities:**

Trade and other payables	165,449,698	(232,480,553)
	<b>(551,310,128)</b>	<b>713,299,107</b>

**34. 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:

	2016				2015			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	<b>R U P E E S</b>							
Managerial remuneration	2,040,000	2,040,000	64,674,550	68,754,550	2,040,000	2,040,000	54,303,931	58,383,931
Utilities			1,273,336	1,273,336	-	-	1,120,228	1,120,228
Bonus			7,086,872	7,086,872	-	-	2,654,276	2,654,276
<b>Total</b>	<b>2,040,000</b>	<b>2,040,000</b>	<b>73,034,758</b>	<b>77,114,758</b>	<b>2,040,000</b>	<b>2,040,000</b>	<b>58,078,435</b>	<b>62,158,435</b>
Number of Persons	1	1	42	44	1	1	41	43

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

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

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

### 35. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Amounts due from and due to related parties are shown in note 7, 9, 10, 12, 19,20 and 21. Finance cost paid to directors and remuneration of the key management personnel is disclosed in note 29 & 34 respectively. Other significant transactions with related parties is as follows:

<u>Relationship</u>	<u>Transaction</u>	<b>2016 Rupees</b>	<b>2015 Rupees</b>
Associated undertakings	- Sale of goods	1,404,199,459	2,092,595,273
	- Expenses paid of associate	-	192,268
	- Purchase of goods	52,328,920	2,200,445

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:

Advances received from / (returned to) directors during the year	(8,000,000)	357,300,000
Markup on loans from directors	40,465,920	43,684,800
Advances to executives	848,492	552,075

### 36. 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.

#### 36.1 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. 737,538,945/- (2015: Rs. 367,183,021/-), the financial assets which are subject to credit risk amounted to Rs.736,732,457/- (2015: Rs. 366,789,839/-).

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. 370,173,298/- of the trade receivables carrying amount at 30 September 2016 (2015 : Rs.236,621,350/-) 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:

	2016 Rupees	2015 Rupees
Long term deposits	464,500	464,500
Long term advances	44,045,112	10,000,000
Trade debts	625,127,111	302,753,242
Loan & advances	1,458,568	1,466,403
Trade deposits and other receivables	7,869,793	19,622,187
Bank balances	57,767,373	32,483,507
	736,732,457	366,789,839

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

The aging of trade receivable at the reporting date is:

	2016 Rupees	2015 Rupees
Not past due	400,081,349	193,762,074
Past due 1-30 days	125,025,417	60,550,646
Past due 30-150 days	100,020,345	48,440,522
Past due 150 days	-	-
	625,127,111	302,753,242

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

## 36.2 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:

	2016					
	Carrying amount	Contractual Cash flows	Six Months or less	Six to twelve months	One to two years	Two to five years
Rupees						
<b>Financial Liabilities:</b>						
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



	2015					
	Carrying amount	Contractual Cash flows	Six Months or less	Six to twelve months	One to two years	Two to five years
Rupees						
<b>Financial Liabilities:</b>						
Loans from directors	574,800,000	574,800,000	-	-	-	574,800,000
Long term finance	779,155,418	928,626,493	142,819,258	149,709,406	259,829,939	376,267,890
Liabilities against assets subject to finance lease	22,634,818	24,850,315	6,869,704	6,869,704	8,694,149	2,416,759
Trade and other payables	157,200,076	157,200,076	-	157,200,076	-	-
Finance cost payable	77,458,455	77,458,455	77,458,455	-	-	-
Short term borrowings	1,508,479,052	1,508,479,052	-	1,508,479,052	-	-
Advances from directors	383,300,000	383,300,000	-	383,300,000	-	-
	3,503,027,819	3,654,714,391	227,147,416	2,205,558,238	268,524,088	953,484,649

### 36.3 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.

#### 36.3.1 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.

#### 36.3.2 Interest rate risk

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

	2016	2015	2016	2015
	Effective rate		Carrying amount	
	(in Percent)		(Rupees)	
<u>Financial liabilities</u>				
<u>Fixed rate instruments</u>	-	-	-	-
<u>Variable rate instruments</u>				
Long term finances	6.75 to 7.85	7.31 to 12.17	1,206,901,128	779,155,418
Liabilities against assets subject to finance lease	7.27 to 7.08	7.00 to 9.60	18,821,017	22,634,818
Loans from directors	7.04%	7.60%	574,800,000	574,800,000
Short term borrowings	6.50 to 7.50	7.36 to 11.93	1,767,921,046	1,508,479,052

#### 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 2015.

	Increase/ decrease in %	Effect on profit before tax (Rupees)
<b>As at 30 September 2016</b>		
Cash flow sensitivity-Variable rate financial liabilities	1%	35,684,432
<b>As at 30 September 2015</b>		
Cash flow sensitivity-Variable rate financial liabilities	1%	28,850,693

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

### 36.3.3 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.

### 36.4 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 2016 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.

### 36.5 Financial instrument by categories

#### Financial Assets

Long term deposits
Long term advances
Trade debts
Loan & advances
Trade deposits and other receivables
Cash and Bank balances

Loans & receivables	
2016	2015
Rupees	
464,500	464,500
44,045,112	10,000,000
625,127,111	302,753,242
1,458,568	1,466,403
7,869,793	19,622,187
58,573,861	32,876,689
<b>737,538,945</b>	<b>367,183,021</b>

#### Financial Liabilities

Loans from directors
Long term finance
Liabilities against assets subject to finance lease
Trade and other payables
Finance cost payable
Short term borrowings
Advances from directors

At amortised cost	
2016	2015
Rupees	
574,800,000	574,800,000
1,206,901,128	779,155,418
18,821,017	22,634,818
210,039,530	157,200,076
139,459,088	77,458,455
1,767,921,046	1,508,479,052
375,300,000	383,300,000
<b>4,293,241,809</b>	<b>3,503,027,819</b>

### 37. Operating segments

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

- Revenue from sale of sugar and its by-products represents 100% (2015: 100%) of the sale of the company.
- 97.50% (2015: 91.50%) of the sale for the year of the company is made to customers located in Pakistan and 2.50% (2015: 8.50%) of the sale for the year is made to customers located outside Pakistan.
- All non-current assets of the company as at 30 September 2016 are located in Pakistan.
- Sale to the following customers accounts for more than 10 % of the sales of the company:

	2016		2015	
	Rs.	Percentage	Rs.	Percentage
Naubahar Bottling Co. (Pvt) Ltd	1,376,626,000	13%	2,055,034,200	18%

### 38. 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 2016, the company's strategy, which was unchanged from 2015, was to maintain the net debt-to-equity ratio in the range 2.50 to 4.00 times, in order to secure access to finance at a reasonable cost.

	<b>2016 Rupees</b>	<b>2015 Rupees</b>
The net debt-to-equity ratios at 30 September 2016 and at 30 September 2015 are as follows:		
Total debts	3,943,743,191	3,268,369,288
Less: cash and cash equivalents	(58,573,861)	(32,876,689)
Net debt	<u>3,885,169,330</u>	<u>3,235,492,599</u>
Total equity	<u>1,889,921,414</u>	<u>1,304,708,397</u>
Net debt-to-equity (Times)	<u>2.06</u>	<u>2.48</u>

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

			2016	2015
<b>39. PLANT CAPACITY AND ACTUAL PRODUCTION</b>				
Designed crushing capacity:				
- Layyah Sugar Mills	Old Plant	Metric Tons/day	4,000	3,300
- Layyah Sugar Mills	New Plant	Metric Tons/day	7,500	7,500
- Safina Sugar Mills	Old Plant	Metric Tons/day	8,000	7,000
Capacity on the basis of operating days		Metric Tons	2,086,500	1,966,900
Actual crushing		Metric Tons	1,839,916	1,808,462
Percentage of capacity attained		%	88.18	91.94
Sugar production from cane		Metric Tons	178,912	175,910
Recovery of sugar cane		%	9.72	9.73

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

**40. NUMBER OF EMPLOYEES**

Number of employees as at 30 September 2016 were 557 (2015: 635).

Average number of employees during the year were 565 (2015: 740).

**41. NON-CASH FINANCING ACTIVITIES**

During the year, the Company acquired property, plant and equipment amounting to Rs. 11,029,500/- (2015: Rs. 22,746,500/-) by means of finance lease.

**42. 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.

**43. DIVIDEND**

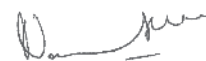
The board of directors have proposed cash dividend for the year ended 30 September 2016 of Rs. 5.00/- (2015: Rs.5.00) per share i.e. 50% (2015: 50%) amounting to Rs. 75,116,160/- (2015: Rs. 75,116,160/-) at their meeting held on 26 December 2016 for approval of the members at Annual General Meeting to be held on 28 January 2017.

**44. DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue on 26 December 2016 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 63rd Annual General Meeting of the company to be held at 23-Pir Khurshid Colony, Gulgasht, Multan on 28 January 2017 at 4:30 p.m. and every adjournment thereof:

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2017

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.











# THAL INDUSTRIES

C O R P O R A T I O N

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

Tel: 042-35771066-71

Fax: 042-35771175