

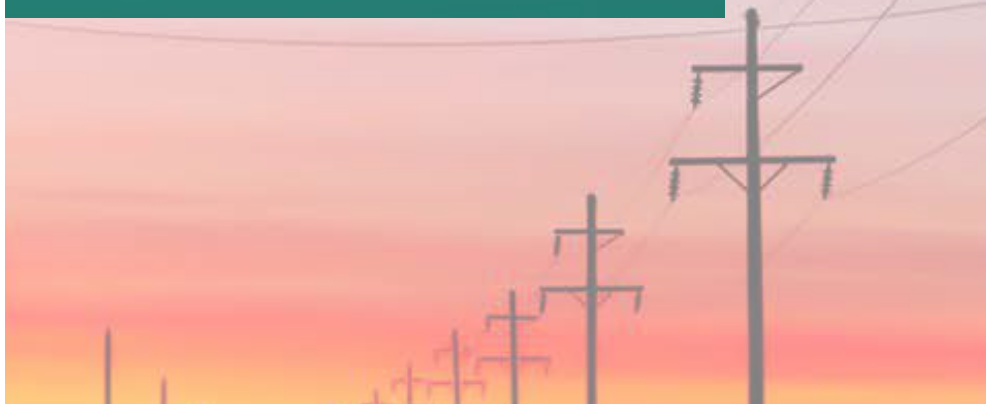
PROGRESS
With CARE



THALINDUSTRIES
CORPORATION



**CONDENSED
INTERIM FINANCIAL
INFORMATION**
For the First Quarter Ended
31 December 2018



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Company Information

BOARD OF DIRECTORS

CHAIRPERSON

Mrs. Qaiser Shamim Khan

CHIEF EXECUTIVE

Mr. Muhammad Shamim Khan

MANAGING DIRECTOR

Mr. Nauman Ahmed Khan

DIRECTORS

Mr. Muhammad Shamim Khan	(Director)
Mrs. Qaiser Shamim Khan	(Director)
Mr. Adnan Ahmed Khan	(Director)
Mr. Nauman Ahmed Khan	(Director)
Mr. Muhammad Khan	(Director)
Mr. Muhammad Ashraf Khan Durani	(Independent Director)
Mr. Rab Nawaz	(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. Rab Nawaz	(Chairman/Member)
Mr. Adnan Ahmed Khan	(Member)
Mr. Muhammad 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
Faysal Bank Limited
Habib Bank Limited
Habid Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited

SHARE REGISTRAR

Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited
United Bank Limited

REGISTERED OFFICE

M/s. CORPLINK (Pvt) Ltd
Wings Arcade, 1-K- Commercial
Model Town, Lahore
Tel: 042-35839182, 35887262
Fax: 042-35869037

LAHORE OFFICE

23- Pir Khurshid Colony Gulgasht, Multan
Tel: 061-6524621, 6524675
Fax: 061-6524675

FACTORY ADDRESSES

2-D-1 Gulberg-III, Lahore – 54600
Tel: 042-35771066-71
Fax: 042-35771175

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

The Directors of your Company are pleased to present the Un-Audited Accounts of the Company for the 1st Quarter Ended 31 December 2018 in compliance with the section 237 of the Companies Act, 2017.

INDUSTRY OVERVIEW

Current year cane crop size is approximately 25% lower as compared to last year and yield per acre being reported by the growers is also at lower side. However, sucrose recoveries are better than last crushing season. In view of these factors the Company is expecting reduction in its current year sugar production like expected reduction in overall sugar production in the country.

For current crushing season 2018-19, notified support prices of sugarcane is Rs. 180/- per 40 kg in Punjab, KPK and Rs. 182/- per 40 kg in the Province of Sindh.

The Federal Government has recently allowed sugar export of 1,100,000 tons and has announced the export subsidy of Rs. 5.35/- per kg to be paid by the Punjab Government only. The same type of decision is also expected by other provinces i.e. KPK and Sindh as well.

OPERATING HIGHLIGHTS

The Company was able to crush 358,481 M. Tons sugarcane and produced 32,071 M. Tons white refined sugar at an average recovery of 9.722% during the first quarter ending Dec. 31, 2018 as compared to last year sugarcane crushing of 474,558 M. Tons and production of 38,338 M. Tons white refined sugar at an average recovery of 8.880%. The main reason of low production in current crushing mainly because of the almost 15 days delayed start of crushing season.

Net sales was recorded at Rs. 1,433.815 million during the first quarter from 1st October-2018 to 31 Dec-2018 as compared to Rs. 2,340.264 million against the corresponding period of last year. The Company suffered with pretax loss of Rs. (232.447) million during the quarter under review as compared to pretax profit of Rs. 253.379 million in the corresponding period of last year. This substantial decline in profitability was caused by lowest sugar prices in the international and local market. Sugar price fixed by FBR for Sales tax purposes was substantially, than the actual market price which ultimately further eroded our profitability.

All out efforts are being made to increase the production and profitability of the company through process efficiency, installing modern, latest technology equipments, reducing production cost due to close supervision, developing good quality cane, by providing the latest improved seed varieties, fertilizer, pesticides etc. and facilitating the cane growers constantly, which ultimately will result in higher sugar recovery and also financial benefit to the cane growers.

CORPORATE GOVERNANCE

Best Corporate Practices

Directors are committed to good corporate governance and comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Rule Book of Pakistan Stock Exchange. The statement of compliance with the CCG is enclosed.

1. The total number of directors are seven as per the following:

- Male: Six
- Female: One

2. The composition of the Board of Directors (the Board”) is as follows:

Category	Names
Independent Director	Mr. Muhammad Ashraf Khan Durani Mr. Hafiz Rab Nawaz
Executive Directors	Mr. Muhammad Shamim Khan (CEO) Mr. Nauman Ahmed Khan
Non-Executive Director	Mrs. Qaiser Shamim Khan Mr. Adnan Ahmed Khan Mr. Muhammad Khan

3. The Board has formed committees comprising of members given below:

Audit Committee

- Mr. Muhmmad Ashraf Khan Durani (Chairman)
- Mrs. Qaiser Shamim Khan
- Mr. Adnan Ahmed Khan

HR AND REMUNERATION COMMITTEE

- Mr. Hafiz Rab Nawaz (Chairman)
- Mr. Adnan Ahmed Khan
- Mr. Muhammad Khan

FUTURE OUT LOOK

The year 2017-18 ended as one of the most uncertain years in recent memory for the sugar industry. In view of the huge carry over sugar stocks of approx. 1.3 million tons in the country and expected sugar production during 2018-19 which would be sufficient to meet country's requirement, the Federal Government has allowed the sugar export of 1,100,000 tons in start of crushing season and announced the export subsidy of Rs. 5.35/- per kg to be paid by the Provincial Government.

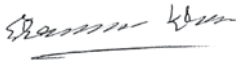
Keeping in view the comparatively lower sugar cane crops this year and permission for export for 1,100,000 tons of sugar. We foresee that the sugar prices will sustain at better level during this year and in addition, the by-products prices like molasses have already improved. In view of these factors we are expecting 2018-19 to be a better year as compared to last year. We are maintaining continued good performance and want to focus more on value addition of by-products, making processes more efficient and saving more bagasse from the system, to sale more electricity to Central Power Purchasing Agency (Guarantee) Ltd (CPPAGL) from power project which can contribute positively to the profitability of the Company.

Bagasse based power plant, installation of FFEs and completion of high pressure boiler is expected to decrease emissions and fuel consumption resulting in increased production efficiencies and power export. These factors will have a material impact on the company's financial position which will strengthen our ability to fight in the upcoming competitive, challenging, and tough economic climate.

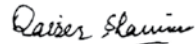
ACKNOWLEDGEMENT

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

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



Muhammad Shamim Khan
Chief Executive



Mrs. Qaiser Shamim Khan
Chairperson

LAHORE: 24 January 2019

ڈائریکٹرز کی جائزہ رپورٹ

کمپنی کے ڈائریکٹرز کی میٹنگ 2017ء کی دفعہ 237 کی تعمیل میں 31 دسمبر 2018ء کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کے نظر ثانی شدہ حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

صنعت کا مجموعی جائزہ

رواں سال گئے کی فصل کا سائز گزشتہ سال کے مقابلے تقریباً %25 کم ہے اور کاشتکاروں کے مطابق فی ایکڑ پیداوار بھی بہت کم ہے۔ تاہم، سکروس ریکوریز گزشتہ سیزن سے، بہتر ہیں۔ ان عناصر کے مد نظر کمپنی اپنے موجودہ سال میں پیداوار میں کمی کی توقع کر رہی ہے، جیسے ملک میں مجموعی طور پر چینی کی پیداوار میں متوقع کمی ہو۔ موجودہ کرشنگ سیزن 2018-19 کیلئے پنجاب میں گئے کی امدادی قیمت -/180 روپے فی من اور سندھ میں -/182 روپے فی من کا اعلان کیا گیا ہے۔

وفاقی حکومت نے حال ہی میں 1,100,000 ٹن چینی برآمد کرنے کی اجازت دی ہے اور حکومت پنجاب کی طرف سے صرف -/5.35 روپے فی کلوگرام کی برآمدی سبسڈی دینے کا اعلان کیا ہے۔ اسی طرح کے فیصلہ کا اعلان دیگر صوبوں یعنی خیبر پختونخواہ اور سندھ میں بھی متوقع ہے۔

مالی جھلکیاں

31 دسمبر 2018ء کو ختم ہونے والی پہلی سہ ماہی کے دوران کمپنی نے 358,481 میٹرک ٹن گئے کی کرشنگ کی اور 9.722 فیصد اوسط ریکوری کے ساتھ 32,071 میٹرک ٹن سفید ریفائنڈ چینی بنائی جبکہ اس کے مقابلے میں گذشتہ سال 474,558 میٹرک ٹن گئے کی کرشنگ کی اور 8.880 فیصد اوسط ریکوری کے ساتھ 38,338 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔ موجودہ کرشنگ میں کم پیداوار کی بنیادی وجہ تھی کہ کرشنگ سیزن کا آغاز تقریباً 15 دنوں کی تاخیر سے ہوا۔

گزشتہ سال کی اسی مدت میں 2,340.264 ملین روپے خالص فروخت کے برعکس یکم اکتوبر 2018ء تا 31 دسمبر 2018ء پہلی سہ ماہی کے دوران 1,433.815 ملین روپے درج کی گئی۔ کمپنی نے زیر جائزہ سہ ماہی کے دوران ٹیکس سے قبل (232.447 ملین) روپے کا نقصان برداشت کیا جو کہ گزشتہ سال کی اسی مدت میں ٹیکس سے قبل 253.379 ملین روپے کا منافع تھا۔ منافع یابی میں یہ کمی بین الاقوامی اور مقامی مارکیٹ میں چینی کی کم سے کم قیمتوں کی وجہ سے تھی۔ سلائیٹس مقاصد کے لئے ایف بی آر کے طرف سے چینی کی مقررہ قیمت، اصل مارکیٹ قیمت سے زیادہ تھی جس نے ہمارے منافع کو مزید کم کر دیا ہے۔

تمام تر کوششیں گئے کے کاشتکاروں کو مسلسل جدید بہتر بیج کی اقسام، کھادیں، کیڑے مار ادویات اور باہم سہولیات پہنچا کر عمل کارکردگی بہتر بنانے، جدت طرازی، جدید ترین ٹیکنالوجی آلات نصب، کڑی نگرانی سے پیداواری اخراجات کو کم کر کے گئے کے معیار کو بہتر بنانے کے ذریعے کمپنی کی پیداوار اور منافع کو بڑھانے کے لئے کی جارہی ہیں جس کے نتیجے میں چینی کی ریکوری زیادہ اور گئے کے کاشتکاروں کو مالی فوائد بھی حاصل ہوں گے۔



کارپوریٹ گورننس

بہترین کارپوریٹ عوامل

ڈائریکٹرز بہتر کارپوریٹ گورننس پر عملدرآمد اور فہرستی کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2017 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ضروریات کو پورا کرتے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق تعمیل کا بیان منسلک ہے۔

1- مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد سات ہے:

• مرد: چھ

• خاتون: ایک

2- بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل مندرجہ ذیل ہے:

کیٹگری	نام
آزاد ڈائریکٹرز	جناب محمد اشرف خان درانی جناب حافظ رب نواز
ایگزیکٹو ڈائریکٹرز	جناب محمد شمیم خان (سی ای او) جناب نعمان احمد خان
نان ایگزیکٹو ڈائریکٹرز	محترمہ قیصر شمیم خان جناب عدنان احمد خان جناب محمد خان

3- بورڈ نے حسب ذیل ارکان پر مشتمل کمیٹیاں تشکیل دی ہیں۔

آڈٹ کمیٹی

• جناب محمد اشرف خان درانی (چیئر مین)

• محترمہ قیصر شمیم خان

• جناب عدنان احمد خان

ایچ آر اینڈ ریمیشن کمیٹی

• جناب حافظ رب نواز (چیئر مین)

• جناب عدنان احمد خان

• جناب محمد خان

مستقبل کا نقطہ نظر

سال 2017-18 شوگر انڈسٹری کے لئے حالیہ یادداشت میں بہت ہی غیر یقینی سالوں کا ایک سال ہے۔ ملک میں چینی کے تقریباً 1.3 ملین ٹن ذخائر کے مد نظر اور 2018-19 کے دوران چینی کی متوقع پیداوار جو ملک کی ضروریات کو پورا کرنے کے لئے کافی ہوگی، وفاقی حکومت نے کرشناک سیزن کے آغاز میں 1,100,000 ٹن چینی برآمد کرنے کی اجازت دی ہے اور صوبائی حکومت کی طرف سے ادا کی جانے والی -/5.35 روپے فی کلوگرام برآمدی سبسڈی کا اعلان کیا ہے۔

اس سال مقابلتہ گئے کی کم سے کم فصلوں اور 1,100,000 ٹن چینی برآمد کرنے کی اجازت کو مد نظر رکھتے ہوئے، ہم یہ دیکھتے ہیں کہ اس سال کے دوران چینی کی قیمتیں بہتر سطح پر برقرار رہیں گی اور اس کے علاوہ، بائی مصنوعات کی قیمتیں جیسا کہ مولاس کی قیمتیں پہلے ہی بہتر ہو گئی ہیں۔ ان عوامل کو دیکھتے ہوئے ہم 2018-19 کو گزشتہ سال کے مقابلے میں بہتر سال ہونے کی توقع رکھتے ہیں۔ ہم مسلسل اچھی کارکردگی کو برقرار رکھ رہے ہیں اور بائی مصنوعات کی قیمت میں اضافے، عمل کو زیادہ موثر بنانے اور سسٹم سے مزید بیگاس بچانے، پاور پراجیکٹ سے سنٹرل پاور پراجیکٹ (سی پی پی اے جی ایل) کو زیادہ بجلی فروخت کرنے پر زیادہ توجہ مرکوز کرنا چاہتے ہیں، جو کمپنی کی منافع یابی میں مثبت شراکت کر سکتے ہیں۔

محفوظ شدہ بگاس کی بنیاد پر پاور پلانٹ، FFES کی تنصیب اور اعلیٰ پریشر بوائلر کی تکمیل سے اخراج اور ایندھن کی کھپت کے نتیجے میں پیداوار اور بجلی کی برآمد کی صلاحیتوں میں اضافہ کی توقع ہے۔ یہ عناصر کمپنی کی مالی حالت پر مثبت اثرات ڈالیں گے جو آنے والے مسابقتی، چیلنجنگ اور سخت اقتصادی ماحول میں کامیاب ہونے کی ہماری صلاحیت کو مضبوط کرے گی۔

اظہار تشکر / اعتراف

کمپنی کے ڈائریکٹرز 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 کوششوں کو جاری رکھیں گے۔ بورڈ کمپنی کے ساتھ شریک مالی اداروں، کسانوں اور تمام شریک اسٹیک ہولڈرز کی حمایت اور تعاون کا بھی شکریہ ادا کرتے ہیں۔

Raiser Slavina

محترمہ قیصر شمیم خان

چیئر پرسن

Muhammad Shaim Khan

محمد شمیم خان

چیف ایگزیکٹو

لاہور: 24 جنوری 2019ء

Condensed Interim Statement of Financial Position

As at 31 December 2018 (Un-Audited)

	Note	(Un-Audited) 31 December 2018	(Audited) 30 September 2018
	 (Rupees)
EQUITY & LIABILITIES			
Share Capital and Reserves			
Share capital	6	150,232,320	150,232,320
Revenue reserves		93,800,000	93,800,000
Accumulated profit		1,390,670,807	1,641,525,185
		1,634,703,127	1,885,557,505
Non Current Liabilities			
Long term finance	7	1,562,008,777	1,358,208,808
Liabilities against assets subject to finance lease	8	21,052,684	16,974,899
Loans from directors	9	574,800,000	574,800,000
Deferred liabilities		279,026,426	272,202,969
		2,436,887,887	2,222,186,676
Current Liabilities			
Trade and other payables		3,729,687,386	1,824,941,014
Finance cost payable		93,934,916	90,874,346
Short term borrowings-secured	10	2,464,247,781	2,977,034,076
Uncashed Dividend warrants		60,831,027	101,007,378
Advances from directors		655,300,000	575,300,000
Current portion of long term liabilities		454,287,149	477,987,304
Provision for taxation		45,099,313	59,710,588
		7,503,387,572	6,106,854,706
Contingencies and Commitments			
	11		
		11,574,978,586	10,214,598,887

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

PROPERTY AND ASSETS

Non Current Assets

	Note	(Un-Audited) 31 December 2018 (Rupees)	(Audited) 30 September 2018
Property, plant & equipment	12	4,477,613,601	4,457,161,171
Intangible Assets		13,575,609	14,979,982
Long term deposits		464,500	464,500
Long term advances		39,126,456	39,126,456
		4,530,780,166	4,511,732,109

Current Assets

Stores, spare parts and loose tools		557,614,975	531,578,505
Stock-in-trade		3,718,362,094	2,937,537,390
Trade debts		1,236,069,101	1,270,683,142
Loans and advances		396,736,732	316,101,765
Trade deposits, prepayments other receivables		522,844,432	95,379,609
Current portion of long term advances		3,556,950	3,556,950
Taxes recoverable / adjustable		410,678,053	375,133,356
Cash and bank balances		198,336,083	172,896,061
		7,044,198,420	5,702,866,778
		<u>11,574,978,586</u>	<u>10,214,598,887</u>


Chief Executive


Chief Financial Officer


Director



Condensed Interim Statement of Profit or Loss

For the 1st Quarter Ended 31 December 2018 (Un-Audited)

		Quarter ended	
		31 December 2018	31 December 2017
	 (Rupees)	
	Note		
Sales - Net		1,433,814,451	2,340,264,291
Cost of sales	13	(1,418,088,044)	(1,890,437,509)
Gross profit		15,726,407	449,826,782
Operating expenses			
Distribution and selling expenses		(70,461,340)	(28,203,195)
Administrative expenses		(106,009,608)	(91,947,414)
		(176,470,948)	(120,150,609)
Operating (loss) / profit		(160,744,541)	329,676,173
Other income	14	38,809,265	6,003,458
		(121,935,276)	335,679,631
Finance cost		(110,511,306)	(63,522,217)
Other expenses		-	(18,778,862)
		(110,511,306)	(82,301,079)
(Loss) / Profit before taxation		(232,446,582)	253,378,552
Taxation		(18,407,796)	(76,013,566)
(Loss) / Profit after taxation		(250,854,378)	177,364,986
Earnings Per Share-Basic & Diluted	15	(16.70)	11.81

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Comprehensive Income

For the 1st Quarter Ended 31 December 2018 (Un-Audited)

	Quarter ended	
	31 December 2018	31 December 2017
 (Rupees)	
(Loss) / Profit after taxation	(250,854,378)	177,364,986
<u>Other Comprehensive Income-Net of Tax</u>		
Items that will be reclassified to profit or loss:	-	-
Items that will never be reclassified to profit or loss:	-	-
Total comprehensive (loss) / income for the period	(250,854,378)	177,364,986

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Changes in Equity

For the 1st Quarter Ended 31 December 2018 (Un-Audited)

Particular	Share Capital	General Reserves	Accumulated Profit	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as on 01 October 2017	150,232,320	93,800,000	2,089,701,346	2,333,733,666
Total Comprehensive Income for the three months	-	-	177,364,986	177,364,986
Balance as on 31 December 2017	150,232,320	93,800,000	2,267,066,332	2,511,098,652
Final Cash dividend @ 100.00 % i.e. Rs. 10.00 / per share	-	-	(150,232,320)	(150,232,320)
Interim Cash Dividend @ 88.86% i.e. Rs. 8.8 / per share	-	-	(133,125,816)	(133,125,816)
Total Comprehensive Loss for the nine months	-	-	(342,183,011)	(342,183,011)
Balance as on 30 September 2018	150,232,320	93,800,000	1,641,525,185	1,885,557,505
Total Comprehensive Loss for the three months	-	-	(250,854,378)	(250,854,378)
Balance as on 31 December 2018	150,232,320	93,800,000	1,390,670,807	1,634,703,127

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Cash Flows

For the 1st Quarter Ended 31 December 2018 (Un-Audited)

	Note	31 December 2018	31 December 2017
	 (Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(232,446,582)	253,378,552
Adjustment for:			
Depreciation		104,647,043	81,425,923
Amortization		1,404,373	-
Provision for gratuity		11,936,802	7,093,258
Gain on disposal of fixed assets		-	(270,723)
Finance cost		110,511,306	63,522,217
Workers' Profit Participation Fund		-	13,607,871
Workers Welfare Fund		-	5,170,991
		228,499,524	170,549,537
Operating cash flows before changes in working capital		(3,947,058)	423,928,089
Changes in working capital	16	588,854,752	51,341,137
Cash generated from operations		584,907,694	475,269,226
Gratuity paid		(5,113,345)	(1,209,412)
Finance cost paid		(107,450,736)	(68,478,988)
Workers Welfare fund paid		-	(17,176,933)
Income tax paid		(33,019,071)	(102,183,627)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		439,324,542	286,220,266
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(116,221,473)	(257,581,492)
Proceed from disposal of fixed assets		-	400,000
NET CASH USED IN INVESTING ACTIVITIES		(116,221,473)	(257,181,492)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finance		180,188,855	410,426,849
Lease payments		(4,889,256)	(5,217,242)
Short term borrowings - net		(512,786,295)	(207,801,912)
Advances from directors		80,000,000	85,000,000
Dividend paid		(40,176,351)	(101,728,077)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		(297,663,047)	180,679,618
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		25,440,022	209,718,393
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		172,896,061	76,643,241
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		198,336,083	286,361,634

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

Selected Notes to the Condensed Interim Financial Information

For the 1st Quarter Ended 31 December 2018 (Un-Audited)

1. CORPORATE AND GENERAL INFORMATION

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

Geographical location and address of business units/plants

Purpose	Location	Address
Registered Office	Multan	23-Pir Khursid Colony Gulgasht , Multan
Head Office	Lahore	2-D-1 Gulberg III , Lahore
Mill Site Unit-1	Layyah	Layyah Sugar Mills , Layyah
Mill Site Unit-2	Chinniot	Safina Sugar Mills , Lalian District Chinniot

2. BASIS OF PREPARATION

The condensed interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the company for the year ended 30 September 2018.

The comparative figures as at 30 September 2018 in the condensed interim statement of financial position and the related notes to the condensed interim financial information are based on audited financial statements. The comparative condensed interim profit & loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and related notes to the condensed interim financial information for the quarter ended 31 December 2017 are based on un-audited condensed interim financial information. The condensed interim profit & loss account and condensed interim statement of other comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 are neither audited nor reviewed.

3. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

4. USE OF ESTIMATES AND JUDGMENT

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
- Provisions
- Deferred taxation
- Contingencies
- Useful life of depreciable assets

5. ACCOUNTING POLICIES

- 5.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 September 2018.
- 5.2 Previous period's figures are re-arranged / re-classified where necessary to facilitate comparison and are rounded off to the nearest rupee; appropriate disclosure is given in relevant note in case of material rearrangement.

			(Un-Audited) 31 December 2018	(Audited) 30 September 2018
		 (Rupees)	
6. SHARE CAPITAL				
Number of Shares				
31-12-2018	30-09-2018			
Authorized Capital:				
<u>20,000,000</u>	<u>20,000,000</u>	Ordinary shares of Rs. 10/- each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital:				
8,368,846	8,368,846	Ordinary shares of Rs. 10/- each fully paid in cash	83,688,460	83,688,460
142,770	142,770	Ordinary shares of Rs. 10/- each issued as fully paid for consideration otherwise than cash	1,427,700	1,427,700
6,511,616	6,511,616	Ordinary shares of Rs. 10/- each issued as bonus shares	65,116,160	65,116,160
<u>15,023,232</u>	<u>15,023,232</u>		<u>150,232,320</u>	<u>150,232,320</u>

Note	(Un-Audited) 31 December 2018 (Rupees)	(Audited) 30 September 2018
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7. LONG TERM FINANCE

Loans from banking companies-secured	7.1	<u>1,562,008,777</u>	<u>1,358,208,808</u>
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- 7.1** Demand finance / Diminishing musharaka facilities of Rs. 1,367 million (2018: Rs. 1,367 million) and term finance facilities of Rs. 1,400 million (2018: Rs. 1,400 million) have been obtained from various banking companies. These loans are secured against first pari passu / hypothecation charge over all present and future fixed assets of the Company, personal guarantees of directors of the Company and subordination of directors' loan. The facilities are being repaid in quarterly instalments beginning from 13 September 2012 and ending on 05 December 2023. These carry mark up @ 3 to 6 month KIBOR + 0.50 % to 1.25 % (2018: 3 to 6 month KIBOR + 0.50 % to 1.25 %) p.a.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	(Un-Audited) 31 December 2018 (Rupees)	(Audited) 30 September 2018
Opening balance	37,763,160	25,159,141
Obtained during the year	8,878,000	31,131,000
Payments/adjustments during the year	(4,001,456)	(18,526,981)
	<u>42,639,704</u>	<u>37,763,160</u>
Less: Security deposits adjustable on expiry of lease term	(6,382,650)	(5,494,850)
	<u>36,257,054</u>	<u>32,268,310</u>
Less: Current portion grouped under current liabilities	(15,204,370)	(15,293,411)
	<u>21,052,684</u>	<u>16,974,899</u>

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

31 December 2018			
Rupees			
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	19,771,459	(2,384,128)	17,387,331
Later than one year but not later than five years	20,191,636	(1,321,913)	18,869,723
	<u>39,963,095</u>	<u>(3,706,041)</u>	<u>36,257,054</u>

30 September 2018			
Rupees			
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	17,636,428	(2,343,017)	15,293,411
Later than one year but not later than five years	18,402,126	(1,427,227)	16,974,899
	<u>36,038,554</u>	<u>(3,770,244)</u>	<u>32,268,310</u>

- 8.2 The Company has a finance lease agreement of Rs. 90 million (2018 : Rs. 90 Million) for vehicles with Bank Al Habib Limited. Rentals are payable in 12 quarterly installments ending on August 2021. The mark up rate implicit in the lease is 3 months KIBOR + 1.00% to 1.25% p.a.(2018: 3 months KIBOR + 1.00% to 1.25%) p.a. The lease is secured by way vehicle registered in the name of Bank Al Habib Limited with 10% of vehicle value held as security.
- 8.3 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.

	(Un-Audited)	(Audited)
Note	31 December 2018	30 September 2018
 (Rupees)	

9. LOANS FROM DIRECTORS

Loans from directors- unsecured	9.1	<u>574,800,000</u>	<u>574,800,000</u>
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- 9.1 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 (2018: 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.

	Note	(Un-Audited) 31 December 2018 (Rupees)	(Audited) 30 September 2018
10. SHORT TERM BORROWINGS - SECURED			
FROM BANKING COMPANIES			
Running Finance	10.1	692,756,081	708,799,196
Cash Finance	10.2	1,771,491,700	2,268,234,879
		<u>2,464,247,781</u>	<u>2,977,034,076</u>

10.1 These loans have been obtained from various banks to meet the working capital requirements and are secured against first pari passu hypothecation / registered ranking charge over current assets of the Company and personal guarantees of directors. These are subject to mark up at the rate of 1 year KIBOR minus 1.00% & 1 to 3 month KIBOR + 0.50 to 0.75% (2018: 1 year KIBOR minus 1.00% & 1 to 3 month KIBOR + 0.50 to 0.75%) p.a. The limits will expire on various dates by 31 March 2019 but are renewable.

10.2 These loans have been obtained from various banks to meet the working capital requirements and are secured against pledge over sugar bags of equivalent value with 10% to 20% margin and personal guarantees of directors. These are subject to mark up at the rate of 1 to 3 months KIBOR plus 0.15% to 0.75% (2018: 1 to 3 months KIBOR plus 0.15% to 0.75%) p.a. The limits will expire on various dates by 31 March 2019 but are renewable.

11. CONTINGENCIES AND COMMITMENTS

Contingencies

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	1,217,508	1,217,508
Income tax cases	11,955,520	11,955,520
Additional tax u/s 87 of Income Tax Ordinance, 1979	4,500,353	4,500,353
Bank guarantees	797,102,453	797,102,453
	<u>816,343,834</u>	<u>816,343,834</u>

Commitments

Contracts for capital expenditure	68,694,895	68,694,895
Letters of credit for capital expenditure	187,543,724	187,543,724
Letters of credit for other than capital expenditure	29,097,600	29,097,600
	<u>285,336,219</u>	<u>285,336,219</u>

12. PROPERTY, PLANT & EQUIPMENT

	Note	(Un-Audited) 31 December 2018 (Rupees)	(Audited) 30 September 2018
Operating Fixed Assets	12.1	4,297,385,149	4,352,220,574
Capital Work in Progress - Tangible Assets		180,228,452	104,940,597
		<u>4,477,613,601</u>	<u>4,457,161,171</u>
12.1 Operating Fixed Assets			
Opening written down value		4,352,220,574	3,281,101,666
Additions during the period- at cost	12.1.1	49,811,618	1,464,404,586
Disposals during the period- at WDV		-	(103,977)
Depreciation charged		(104,647,043)	(393,181,701)
		<u>4,297,385,149</u>	<u>4,352,220,574</u>

12.1.1 Additions and Disposals Operating Fixed Assets

	(Un-Audited) Quarter Ended 31 December 2018		(Audited) Year ended 30 September 2018	
	Addition At Cost Rupees	Disposal At WDV Rupees	Addition At Cost Rupees	Disposal At WDV Rupees
Owned Assets				
Freehold land	-	-	-	-
Building on freehold land	7,053,971	-	196,945	-
Plant and machinery	30,995,715	-	1,391,804,525	-
Tools, implements and other factory equipments	1,900,000	-	9,799,445	-
Computer & other office equipments	984,822	-	6,116,284	-
Electric installations	6,500,000	-	3,043,433	-
Vehicles	697,111	-	25,311,954	(103,977)
	<u>48,131,618</u>	<u>-</u>	<u>1,436,272,586</u>	<u>(103,977)</u>
Leased Assets				
Vehicles	1,680,000	-	28,132,000	-
	<u>1,680,000</u>	<u>-</u>	<u>28,132,000</u>	<u>-</u>
	<u>49,811,618</u>	<u>-</u>	<u>1,464,404,586</u>	<u>(103,977)</u>

	(Un-Audited) 31 December 2018	(Un-Audited) 31 December 2017
 (Rupees)	
13. COST OF SALES		
Finished goods - opening	2,930,758,478	2,792,910,415
Add: Cost of goods manufactured	2,027,747,221	2,283,708,414
	<u>4,958,505,699</u>	<u>5,076,618,829</u>
Finished goods - closing	(3,540,417,655)	(3,186,181,320)
	<u>1,418,088,044</u>	<u>1,890,437,509</u>
13.1 Cost of goods manufactured		
Work in process - opening	6,778,912	4,215,669
Raw material consumed	1,634,885,908	2,165,796,192
Salaries, wages and other benefits	94,331,236	91,579,146
Fuel and power	143,406,886	22,930,009
Stores, spares and loose tools	39,763,344	39,794,365
Repairs and maintenance	175,074,641	105,770,221
Insurance	1,862,736	3,322,362
Depreciation	99,058,668	76,480,872
Vehicles running	9,489,931	5,958,774
Miscellaneous	1,039,398	1,203,611
	<u>2,205,691,660</u>	<u>2,517,051,221</u>
Work in process - closing	(177,944,439)	(233,342,807)
	<u>2,027,747,221</u>	<u>2,283,708,414</u>
14. OTHER INCOME (EXPENSES)		
Financial Assets		
Profit on deposit accounts	111,140	277,907
Others		
Sale of scrap	32,371,422	384,841
Rental Income	86,957	82,875
Gain on Disposal of Fixed Assets	-	270,723
Others	6,239,746	4,987,112
	<u>38,809,265</u>	<u>6,003,458</u>

15. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

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

	(Un-Audited) 31 December 2018 (Rupees)	(Un-Audited) 31 December 2017
(Loss) / Profit after taxation	(250,854,378)	177,364,986
Weighted average number of ordinary shares in issue during the period	15,023,232	15,023,232
(Loss) / Earnings per share	(16.70)	11.81

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.

16. CHANGES IN WORKING CAPITAL

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	(26,036,470)	(220,297,063)
Stock-in-trade	(780,824,704)	(622,398,043)
Trade debts	34,614,041	(409,002,420)
Loans and advances	(80,634,967)	57,173,426
Trade deposits, prepayments and other receivables	(427,464,823)	(48,689,292)
Taxes recoverable/adjustable	(35,544,697)	53,666,425

Increase / (decrease) in current liabilities:

Trade and other payables	1,904,746,372	1,240,888,104
	588,854,752	51,341,137

17. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Remuneration of Chief Executive, Directors and Executives charged during the period under review is as under:

	Quarter ended 31 December 2018				Quarter ended 31 December 2017			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
R U P E E S.....							
Managerial remuneration	1,020,000	1,020,000	22,649,398	24,689,398	1,020,000	1,020,000	17,495,491	19,535,491
Utilities	-	-	489,725	489,725	-	-	330,289	330,289
Total	1,020,000	1,020,000	23,139,123	25,179,123	1,020,000	1,020,000	17,825,780	19,865,780
Number of Persons	1	1	36	38	1	1	30	32

- 17.1** The executives have been provided free unfurnished accommodation with maintained car for Company's affairs only.
- 17.2** No meeting fee has been paid to the Directors during the year.
- 17.3** Chief Executive, Directors and Executives are not entitled for any benefit other than disclosed as above.

18. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors of the Company and entities under common directorship, key management personnel and post employment retirement plan. Remuneration of the key management personnel is disclosed in note 17. Significant transactions with related parties are as follows:

Name of Related Party	Relationship	Basis of Relationship	Quarter ended	
			(Un-Audited) 31 December 2018 (Rupees)	(Un-Audited) 31 December 2017
Naubahar Bottling Company (Pvt) Limited Sale of goods	Associated undertaking	Common Directorship	154,020,500	270,108,000
Al-Moiz Industries Limited Sale of goods Purchase of Goods	Associated undertaking	Common Directorship	55,450,394 150,537,023	- 16,384,190

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 period	80,000,000	85,000,000
Markup on loans from directors	16,597,350	10,303,291

	(Un-Audited) 31 December 2018 (Rupees)	(Audited) 30 September 2018
Balance due from/(due to) related parties as at 31 December 2018 are as below:		
Naubahar Bottling Company (Pvt) Limited	(1,192,000)	13,376,000
Al-Moiz Industries Limited	38,498,549	-
Loans from directors - Long Term	(574,800,000)	(574,800,000)
Advances from directors - Short Term	(655,300,000)	(575,300,000)

19. FINANCIAL INSTRUMENTS-FAIR VALUES

	Note	Carrying Amount			Fair Value		
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
		----- Rupees -----					
<u>On-balance sheet financial instruments</u>							
31 December 2018 (Un-Audited)							
Financial assets measured at fair value		-	-	-	-	-	-
<u>Financial assets not measured at fair value</u>							
19.1		464,500	-	464,500	-	-	-
Long term Deposits		42,683,406	-	42,683,406	-	-	-
Trade debts		1,236,069,101	-	1,236,069,101	-	-	-
Loans and advances		2,315,106	-	2,315,106	-	-	-
Trade deposits, prepayments and other Receivables		5,295,015	-	5,295,015	-	-	-
Cash and bank balances		198,336,083	-	198,336,083	-	-	-
		1,485,163,211	-	1,485,163,211	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-
<u>Financial liabilities not measured at fair value</u>							
19.1		-	574,800,000	574,800,000	-	-	-
Loans from directors		-	2,001,091,556	2,001,091,556	-	-	-
Long term finance		-	36,257,054	36,257,054	-	-	-
Liabilities against assets subject to finance lease		-	1,969,000,759	1,969,000,759	-	-	-
Trade and other payables		-	60,831,027	60,831,027	-	-	-
Uncashed Dividend warrants		-	93,934,916	93,934,916	-	-	-
Finance cost payable		-	2,464,247,781	2,464,247,781	-	-	-
Short term borrowings		-	655,300,000	655,300,000	-	-	-
Advances from directors		-	7,855,463,093	7,855,463,093	-	-	-
		-	7,855,463,093	7,855,463,093	-	-	-
30 September 2018 (Audited)							
Financial assets measured at fair value		-	-	-	-	-	-
<u>Financial assets not measured at fair value</u>							
19.1		464,500	-	464,500	-	-	-
Long term advances		42,683,406	-	42,683,406	-	-	-
Long term Deposits		1,270,683,142	-	1,270,683,142	-	-	-
Trade debts		2,935,645	-	2,935,645	-	-	-
Loans and advances		4,859,051	-	4,859,051	-	-	-
Trade deposits, prepayments and other Receivables		172,896,061	-	172,896,061	-	-	-
Cash and bank balances		1,494,521,805	-	1,494,521,805	-	-	-
		1,494,521,805	-	1,494,521,805	-	-	-
<u>Financial liabilities not measured at fair value</u>							
19.1		-	574,800,000	574,800,000	-	-	-
Loans from directors		-	1,820,902,701	1,820,902,701	-	-	-
Long term finance		-	32,268,310	32,268,310	-	-	-
Liabilities against assets subject to finance lease		-	304,988,557	304,988,557	-	-	-
Trade and other payables		-	101,007,378	101,007,378	-	-	-
Uncashed Dividend warrants		-	90,874,346	90,874,346	-	-	-
Finance cost payable		-	2,977,034,076	2,977,034,076	-	-	-
Short term borrowings		-	575,300,000	575,300,000	-	-	-
Advances from directors		-	6,477,175,368	6,477,175,368	-	-	-
		-	6,477,175,368	6,477,175,368	-	-	-

19.1 The management considers the carrying amount of all financial assets and liabilities not measured at fair value at the end of the reporting period to approximate their fair value as at the reporting date.

20. SEASONALITY

The company's business is seasonal in nature. Entire cane crushing and manufacturing of sugar is done during season from November to the following March. Sugar sales are made throughout the year.

21. SUBSEQUENT MATERIAL EVENTS

There are no significant activities since 31 December 2018, affecting the condensed interim financial information apart from those disclosed in the condensed interim financial information.

22. DATE OF AUTHORIZATION

This condensed interim financial information has been authorized for issue on 24 January 2019 by the Board of Directors.


Chief Executive


Chief Financial Officer


Director



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