



THALINDUSTRIES
CORPORATION

IMAGINATION TURNS TO
INNOVATION

20 ANNUAL REPORT 21



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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. Abdul Wahid Khan	(Independent Director)

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

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Bank Islamic (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited

United Bank Limited
The Bank of Punjab
NBP Aitemaad Islamic Bank Limited

AUDIT COMMITTEE

Mr. Muhammad Ashraf Khan Durani	Chairman
Mrs. Qaiser Shamim Khan	Member
Mr. Adnan Ahmed Khan	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Wahid Khan	Chairman
Mr. Adnan Ahmed Khan	Member
Mr. Muhammad Khan	Member

RISK MANAGEMENT COMMITTEE

Mr. Abdul Wahid Khan	Chairman
Mr. Muhammad Ashraf Khan Durani	Member

NOMINATION COMMITTEE

Mr. Abdul Wahid Khan	Chairman
Mr. Muhammad Ashraf Khan Durani	Member

SHARE REGISTRAR

M/s. Corplink (Pvt) Ltd
Wings Arcade, 1-K- Commercial
Model Town, Lahore
Tel: 042-35839182, 35916719
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



VISION

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

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

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.

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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 68th Annual General Meeting of the Shareholders of The Thal Industries Corporation Limited will be held on Wednesday, the 26th January, 2022 at 15:00 at Registered office, 23- Pir Khurshid Colony, Gulgasht Multan, and through electronically video link/Zoom application, to transact the following business:

ORDINARY BUSINESS:

1. To confirm minutes of the 67th Annual General Meeting of the Thal Industries Corporation Limited held on 26-01-2021, as submitted to PSX.
2. To receive, consider and adopt Annual Audited Financial Statements of the Company for the year ended 30th September 2021 together with Auditors' and Board of Directors' reports thereon.
3. To approve and declare final Cash Dividend for the year ended 30th September 2021 @ of Rs. 3.00 per share i.e., 30% (as recommended by the Board of Directors on 27th December 2021).
4. To appoint Auditors of the Company for the next financial year 30th September, 2022 and to fix their remuneration. The present Auditors, M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, Lahore, retired and being eligible, offer themselves for re-appointment as Auditors of the Company.

SPECIAL BUSINESS:

5. To consider and approve the transactions carried out with related parties in normal course of business and if thought fit to pass the following resolutions with or without modification as special resolutions.

"RESOLVED that transactions carried out by the Company in the normal course of business with related parties for the period ended September 30, 2021 be and are hereby ratified, approved and confirmed"

Names	Nature of Transactions	Transactions during the period Amount (PKR)
Naubahar Bottling Company (Pvt.) Limited	Sale of goods	4,250,768,015
Baba Farid Sugar Mills Limited	Sale of goods Sale of machinery Purchase of goods	15,159,325 585,000 15,248,100
Almoiz Industries Limited	Sale of goods Purchase of goods	354,152,786 334,100,464

"FURTHER RESOLVED that the Chief Executive Officer of the Company or his nominee be and is hereby authorized to approve all the transactions to be carried out in the normal course of business with related parties till the next Annual General Meeting of the Company and in this connection the Chief Executive Officer of the Company or his nominee be and is hereby authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regards on behalf of the Company"

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

BY ORDER OF THE BOARD



(WASIF MAHMOOD)
Company Secretary

Lahore:
27th December, 2021

NOTE:

1. Closure of Shares Transfer Books:

Share Transfer Books of the Company will remain closed from 19-01-2022 to 26-01-2022 (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, Telephone No. 042-35916714, Email address: corplink786@gmail.com by the close of business hours (05:00 PM) on 18th January, 2022 will be considered in time for the entitlement of payout of cash dividend (if any).

2. Appointment of Proxy:

A member entitled to attend and vote at the AGM is entitled to appoint another member as proxy to attend and vote instead of him/her. The instrument appointing a proxy must be received at the Registered Office of the Company not less than 48 hours before the time fixed for AGM.

Further the company has placed Notice of AGM along with Form of Proxy for the year ended 30th Sep. 2021 on Company's website. www.thalindustries.com. These are also available at PUCARS of PSX and shareholders may obtain the same through email as well if any shareholder so desire.

3. Participation of AGM:

In view of the continued threats of Coronavirus Pandemic (COVID-19) as well as Directives/ instructions / Guidelines of SECP and other Government Dept. / Institutions, listed companies are required to modify their usual planning for general meetings and avoid large gatherings at one place and consider the provision of online participation facilities while conducting general meetings for the safety and well-being of the shareholders and general public. Accordingly, the shareholders of the company have the option to participate in the AGM either through online or in person (physically).

- (a) Online Participation in AGM via Zoom application: The shareholders may login and participate in the proceedings of AGM through their own smart phones/computers from their own convenient locations after completing all formalities as required for verification and identification of shareholders to attend the AGM electronically, the Login facility will be opened about half hour before the start of AGM
- (b) The shareholders of TIDL, who wish to attend the AGM electronically through video link, are requested to register their following particulars by sending an e-mail at info@thalindustries.com by or before the close of business hours (05:00 p.m) on 25-01-2022.

Folio /CDC account No.	No. of Shares held	Name of Shareholder	Father's/ Husband's Name	CNIC No.	Cell Phone No. with WhatsApp	Active email address

The video link and/or login credentials will be shared with the shareholders whose e-mail, containing all the requested particulars, are received at the given e-mail address by or before the date/time specified above. For any query regarding procedure/requirements of online participation in AGM, the members may please contact on the above cited e-mail address or at +92 42 35771066-71 during business hours.

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

Copies of Memorandum and Articles of Association of the Company, Listing Regulations of the Stock Exchanges, Companies Act 2017 and other relevant laws/record may be inspected during the business hours on any working day at 2-D-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.

4. Video Conferencing Facility:

If the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least 7 days prior to the date of AGM, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

In this regard, please fill the following and submit to registered address of the company at least 7 days prior to the date of AGM.

"I/We, _____ of _____, being a member of the Thal Industries Corporation Limited, holder of _____ ordinary share(s) as per Registered Folio/CDC Account/Sub Account No. _____ hereby opt for video conference facility at _____.

5. 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.

6. Guidelines for Shareholders to Access CDC's eServices Portal:

Central Depository Company (CDC) has developed Central Cash Dividend Register (CCDR) as eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain the history of dividends paid to shareholders by listed companies and access to all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies and access to all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies in retrieving details of cash dividends from centralized register and using the same for their record purposes.

Further you may access CCDR via <https://eservices.cdcaccess.com.pk> In Addition, the Dividend/Zakat & Tax deduction Report can also be obtained directly from your Participant (Stock broker) which has been provided to them on their CDS terminals, Moreover, you will also receive a copy of this report on your provided/registered email address.

7. Submission of Copy of CNIC:

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

8. Deduction of Withholding Tax on the amount of dividend:

Pursuant to Circular No.19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as: for filers of Income Tax return 15.00% and Non-filers of Income Tax return 30.00% respectively. You are therefore advised to check and ensure your Filer status from Active Tax Payer List (ATL) available to FBR, website www.fbr.gov.pk as well as ensure that your CNIC/ Passport number has been recorded by your Participant/ Investor Account Services (in case your shareholding is in book entry form) or by Company's Share Registrar M/s. Corplink (Pvt.) Ltd. (in case of physical shareholding).

9. Payment of Dividend Electronically:

According to the provisions of Section 242 of the Companies Act, 2017 ("the Act"), any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Further, rule 3 of the Companies (Distribution of Dividends) Regulations, 2017 provides that the company should make payment of cash dividend within a period of fifteen (15) working days from the date of its declaration. Therefore, the registered shareholders of the Company are requested to provide the following details in order to credit their cash dividends directly to their international bank account number (IBAN), if declared:

- (i) In case of book-entry securities in CDS, to CDS Participants; and
- (ii) In case of physical securities to the Company's Share Registrar M/s. Corplink (Pvt.) Limited, as mentioned below.

1. Name of Shareholder's _____
2. Father's / Husband's Name; _____
3. Folio Number; _____
4. Postal Address; _____
5. Name of Bank; _____
6. Name of Branch; _____
7. Address of Branch; _____
8. Title of Bank Account; _____
9. Bank Account Number (Complete with code); _____
10. IBAN Number (Complete with code); _____
11. Cell Number; _____
12. Telephone Number (if any); _____
13. CNIC Number (attach copy); _____
14. NTN (in case of corporate entity, attach copy); _____

IBAN number (International Bank Account Number) will be provided by your banker, containing alpha, number and without any space and gap.

To, Share Registrar

M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore. Ph. No. 042-35916719, 042-35839182,

10. Electronic Transmission of Audited Financial Statements & Notices of AGM:

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 financial report for electronic transmission could be downloaded from Company's website: www.thalindustries.com. The Company has already dispatched hard copy of the Audited Financial Statement to its shareholders.

11. Postal Ballot/ E-Voting:

In accordance with the Companies (Postal Ballot) Regulations, 2018, for any agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.

12. Zakat Declarations (CZ-50)

Deduction of Zakat from the amount of Dividend: In accordance with Zakat & Ushr Ordinance, 1980 and/or applicable rules & regulations made thereunder (the Laws), if any shareholder has not submitted within the timeframe prescribed under the Laws, or at least one month before the start of close period fixed for dividend entitlements a duly filled/completed and properly attested in original the Zakat Declaration (in case of Muslim) and Solemn Affirmation (in case of Non-Muslim) on the formats prescribed under the Laws to his/her Broker/ CDC (in case of CDS shareholder) and to the Company's Share Registrar (in case of physical shareholder), then his/her zakat status in the dividend entitlement register may be found as Muslim Zakat Payable, and the Company will be constrained to make compulsory deductions of Zakat @ 2.5% of face value of each share from the gross amounts of his/her cash dividends.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT 2017

A statement required under this section relating to Special Business of agenda item No. 5 is appended to the Notice of this meeting being sent to the shareholders of the Company by Post.

STATEMENT U/S 134(3) OF THE COMPANIES ACT, 2017

All transactions with associated company were carried out during the year, therefore, these transactions have been placed before the shareholders of the Company for their approval.

Ratification and Approval of Related Party Transactions:

The Company is and shall be conducting transactions of sales and purchase of goods with the Naubahar Bottling Company (Pvt.) Limited, Baba Farid Sugar Mills Limited, and Almoiz Industries Limited for the period commencing from October 1st, 2020 to period ends September 30, 2021 are entered into by the company in the normal course of business. The prices, terms and conditions agreed between the companies are based on Arm Length Basis under Related Party Transactions Policy of the Company. The directors of the company have no interest whatsoever both directly or indirectly except for common directorship. Record consisting of details of all the transactions along with all supporting documents is maintained as per legal requirements and available in the registered office of the company.

Nature and amount of Transactions along with applicable pricing policy are detailed below:

Names	Nature of Transactions	Transactions during the period Amount (PKR)	Pricing Policy
Naubahar Bottling Company (Pvt.) Limited	Sale of goods	4,250,768,015	As per approved contract between TICTL & NBC and Related Party Transactions Policy of TICTL
Baba Farid Sugar Mills Limited	Sale of goods Sale of machinery Purchase of goods	15,159,325 585,000 15,248,100	As per approved contract between TICTL & BFSML and Related Party Transactions Policy of the TICTL
Almoiz Industries Limited	Sale of goods Purchase of goods	354,152,786 334,100,464	As per approved contract between TICTL & AIL and Related Party Transactions Policy of the TICTL

The transactions with NBC, BFSML and AIL could not be approved by the board in financial statements during the fiscal year 2020-21 due to common directorship on the Board and unavailability of the required quorum in the meetings of the Board. The following five directors are interested/concerned in the related party transactions due to common directorship and/or relationships amongst common Directors.

- (i) Mr. Muhammad Shamim Khan
- (ii) Mrs. Qaiser Shamim Khan
- (iii) Mr. Adnan Ahmed Khan
- (iv) Mr. Nauman Ahmed Khan
- (v) Mr. Muhammad Khan

The Board decided to place all the above related party transactions concluded during the fiscal year 2020-21 before the shareholders in AGM for ratification and approval.

Authorization for the Board of Directors to approval related party transactions during the financial year ended Sep. 30, 2021

The Company is and shall be conducting transactions of sale and purchase of goods with NBC, BFSML & AIL during the financial year ending Sep. 30, 2021 and subsequently, in the ordinary course of business and at Arm's Length Basis as per the approved policy with respect to transactions with related parties in the normal course of business, and therefore, all the future transactions with NBC, BFSML & AIL shall be approved by the Board of Directors on quarterly basis. Considering the interests/concerns of five out of seven Directors due to their common directorship and /or relationship with Directors of NBC, BFSML & AIL, the related parties' transactions of the fiscal year 2021 are suggested to be placed before the shareholders.

The Company shall continue to carry out transactions with the related parties in the ordinary course of business till next the Annual General Meeting. The nature and scope of such related party transactions are explained above in the statement of relevant agenda item. Therefore, such transactions with related parties have to be approved by the shareholders. The shareholders may authorize the Chief Executive or his nominee to approve such transactions till the next Annual General Meeting for their formal approval/rectification.

There is no specific interest of the directors in these special resolutions, except that mentioned above.



CHAIRMAN'S REVIEW



I am pleased to present this report to the shareholders of The Thal Industries Corporation Limited (the Company) and it gives me the immense pleasure to present the financial and other information for the year ended September 30, 2021 and to appraise them on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's Goals, Corporate Objectives and Strategy based on Strategic Planning which are in line with the Vision and Mission of the Company.

The fiscal year 2020-21 began with the COVID-19 pandemic at its peak. Global economic experts predicted this would lead to devastating economic disruption for countries regardless of their size, wealth or growth trajectories. The IMF predicted that the global GDP would fall to -4.4% and that of Pakistan would fall to -0.4%. The pandemic did indeed batter Pakistan's economy, putting immense pressure on the Government to keep the ship afloat. Emergency measures including restricted public activity, extensive health systems strengthening and provision of immediate relief to the most vulnerable segments of society further constrained the Pakistan's already narrow fiscal space. Pakistan witnessed a V-shaped economic recovery showing growth in agriculture, large scale manufacturing, construction and export sectors. The policy rate remained unchanged at 7% till September 2021 which kept the business sentiment positive however

afterward policy rate has been revised 2-3 times ahead of expected schedule to curb the demand and inflation.

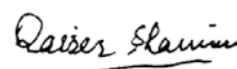
We believe in steadily improving the governance framework of the Company. For this purpose, a formal and effective mechanism in place for evaluation of the Board. Therefore, as required under the Code of Corporate Governance, an annual evaluation of the Board of the Company was carried out, the purpose was to ensure and measure the Board's overall performance and effectiveness and bench marked against expectations in the context of objectives set for the Company. The Board made arrangements for orientation of Directors to acquaint them with the Rules, Regulations & Laws issued by the Regulatory Authorities and enable them to effectively govern the affairs of the Company for and on behalf of the shareholders.

The Board met the duties as required under the Companies Act, 2017 and the Code of Corporate Governance, applicable to the Company which include approval of significant policies, establishing a sound system of internal controls, approval of budgets and financial results, along with approval of significant investments. The Audit Committee and the Human Resource & Remuneration Committee were chaired by the independent director, indicating our commitment to the highest levels of governance and transparency. The Audit Committee has continued to supervise the financial reporting processes and ensuring timely and accurate communication of information to all stakeholders.

The Board ensures that reasonable time is available for discussion on the agenda during Board Meetings. All written notices, including the agenda, supporting documents and other working papers of meetings were circulated with-in a reasonable time prior to the meetings. Further, the Board has a fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and transparent reporting to shareholders. The Company continues to deal with the current challenging business

environment and strategic changes to improve the future sustainability, the Board is fully responsive and actively guided the Management. I am confident that the Management will successfully device necessary adjustments in the Company's operations, financial management and growth strategy. Looking ahead, the Company aims to further enhance its competitive position by expanding allowable manufacturing capabilities, strengthening research and development by leveraging its expertise. The Board and management are focused on creating enduring value for all stakeholders through improved operational efficiencies, cost controls, portfolio diversification and leveraging strong customer relationships.

I would like to place on record, my sincere appreciation for devotion of duty, loyalty and hard work of the executives, officers, staff members and workers for smooth running of the Company's affairs and hope that they will continue for enhancement of productivity with great zeal and spirit under the blessings of Almighty Allah. And thanks to all the Government functionaries, banking and non-banking financial institutions, suppliers and shareholders for their continued support and cooperation for the betterment and prosperity of the Company.



Lahore:
27, December 2021

Mrs. Qaiser Shamim Khan
Chairperson

DIRECTOR'S REPORT TO THE MEMBERS

The Directors of your Company are pleased to present the 68th Annual Report together with Audited Accounts and Auditor's Report thereon for the Financial Year ended 30th September 2021.

INDUSTRY OVERVIEW

During the year under review, cultivated area of sugarcane crop remained higher, however, yield per acre being reported by the growers was lower than the same period of last year. The early start of crushing season also affected the yield and recovery of cane. Despite of low acreage yield and recovery, the Company's sugar production in this season was higher in line with country's sugar production as compared to the last season.

For current crushing season 2020-21, although notified support price of sugarcane was Rs. 200/- per 40 kg in Punjab & KPK and Rs. 202/- per 40 kg in the province of Sindh

Due to early start of cane crushing season i.e., from 10th November, 2020 as compared to last week of November conventionally, not only industry had to pass through tough competition in cane procurement that resulted into price war situation in the region but yield and sugar recovery also remained low as compared to last year. That's why the Company had to pay higher than notified support price, resulting in substantially increased cane procurement cost as compared to the last year.

PERFORMANCE OF THE COMPANY

The Company was able to crush 2,374,601 M. Tons sugarcane and produced 228,107 M. Tons white refined sugar at an average recovery of 9.609% during the year ending on September 30th, 2021 as compared to last year sugarcane crushing of 1,973,755 M. Tons and production of 189,843 M. Tons white refined sugar at an average recovery of 9.629%. The main reason of high production in current period under review is due to higher sugarcane crop as compared to last year.



FINANCIAL HIGHLIGHTS

For the year ended 30 September 2021, the Company earned pretax Profit of Rs. 2,027.013 million and after-tax profit of Rs. 1,630.303 million as compared to pretax profit of Rs. 1,597.274 million and after-tax profit of Rs. 1,263.771 million over the same period last year. This substantial increase in profitability is attributed to favorable sugar prices in the market and lower financial charges on account of lower KIBOR rates led by reduction in discount rate by State Bank of Pakistan. Earnings per share for the year ended 30 September 2021 are reported at Rs. 108.52 as compared to Rs. 84.12 for the corresponding period of last year.

Net sales were recorded at Rs. 21,424.381 million during the year ended 30 September 2021, as compared to Rs. 16,220.378 million in last year. Given increase in sales revenue is attributed to increase in average selling prices as well as sales volume of sugar and molasses.

All out efforts are being made to increase the production and profitability of the Company through process efficiency, installing modern and latest technology, reducing production cost by 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.

	2021 (Rupees in Million)	2020
Pre- Tax Profit	2,027.013	1,597.274
Provision for Taxation	(340.441)	(271.736)
Prior Year	28.998	7.479
Deferred	(85.267)	(69.246)
Profit after Taxation	1,630.303	1,263.771
Effect of OCI	(3.690)	7.344
	1,626.613	1,271.115
Accumulated Profit brought forward	3,228.372	1,979.792
	4,854.985	3,250.907
APPROPRIATIONS		
Cash Dividend paid during the year @ 30% (2020: 15%)	(45.070)	(22.535)
Accumulated profit carried forward	4,809.915	3,228.372
Earnings per share (Rs.)	108.52	84.12

EARNING PER SHARE:

The earning per share of the company for the year under review stood at Rs. 108.52 (2020: Rs. 84.12)

DIVIDEND

Your Board has recommended 30% (2020: 30%) cash dividend for the financial year that ended 30, September 2021.

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 is committed 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 markup free credit basis for Autumn sowing 2021, 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

According to initial survey the sugarcane crop yield per acre in the year 2021-22 is expected more or equal to last year (2020-21) but Government strategy of early start of crushing has detrimental to yield and recovery. In anticipation of the prevailing sugar prices in local market, it is expected that there will be price war over the sugarcane purchase among sugar mills of surrounding area. Carryover sugar stock for season 2020-21 was lowest level. However due to implementation of price fixation regulation under Price Control and Prevention of Profiteering and Hoarding Act, 1977 it is expected that sugar prices may remain under pressure in the coming period.

However, prices of Molasses may remain high due to rupee devaluation and bagasse prices are also expected to show same trend due to lower production. Due to prevailing economic indicators in the country, SBP has also increased KIBOR by 2.75% since September, 2021 and is expected to increase further, which will adversely affect the profitability of the Company in future.

During COVID-19 pandemic Federal and Provincial Governments responded well to the crisis and implemented a carefully crafted lockdown. It is expected that current wave of Covid-19 would also be managed well.

RELATED PARTIES DISCLOSURE

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a) The Financial Statements prepared by the company fairly present its state of affairs, the result of operations, cash flows and changes in equity
- b) Proper books of accounts of the company have been maintained
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement
- d) International Financial Reporting Standards as applicable in Pakistan and the requirements of the Companies Act, 2017 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 Exchange. So far 211,157 shares of the company have been transferred by the shareholders to the Central Depository Company, Pakistan
- g) The company has appointed M/s CORPLINK (Pvt) Ltd., independent share Registrar in terms of section 195 of the Companies Act, 2017
- h) There is no doubt upon the Company's ability to continue as a going concern
- i) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of Stock Exchanges
- j) The key operating and financial data of the last six (06) years is annexed herewith
- k) There are no statutory payments against the company on account of Taxes, duties, levies and other charges except for those which are being paid in the normal course of business
- l) The Company maintains unfunded gratuity scheme for its permanent employees
- m) Share transactions (if any) have been reported by the Directors, CFO, other Executives, Auditors, Company secretary or their spouses and minor children during the year ended 30 September, 2021 are annexed in pattern of shareholding
- n) All the information as required to be placed on Company's website under SRO-634(1) 2014 is appropriately placed at www.thalindustries.com.

BOARD MEETINGS

During the year under review, 4 board meetings were held and attendance of each Director in the board meeting was as under:

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

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, 2019 and the Rule Book of Pakistan Stock Exchange.

The statement of compliance with the CCG is enclosed.

- The total number of directors are seven as per the following:
 - Male: Six
 - Female: One
- The composition of the Board of Directors (the Board") is as follows:

Category	Names
Independent Director	Mr. Muhammad Ashraf Khan Durani Mr. Abdul Wahid Khan
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

- 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. Abdul Wahid Khan (Chairman)
- Mr. Adnan Ahmed Khan
- Mr. Muhammad Khan

NOMINATION COMMITTEE

- Mr. Abdul Wahid Khan (Chairman)
- Mr. Muhammad Ashraf Khan Durani

RISK MANAGEMENT COMMITTEE

- Mr. Abdul Wahid Khan (Chairman)
 - Mr. Muhammad Ashraf Khan Durani
4. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. The detail is given in Note: 37 to the Financial Statement.

PATTERN OF SHARE HOLDING

The statement of pattern of shareholding along with categories of shareholding of the company as noted on September 30, 2021 required under section 227 of the Companies Act, 2017 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, 2022.

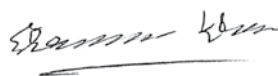
OTHER STATEMENTS AND REPORTS

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

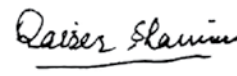
ACKNOWLEDGEMENT

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

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



Muhammad Shamim Khan
Chief Executive



Mrs. Qaiser Shamim Khan
Chairperson

Lahore: 27th December, 2021

ڈائریکٹرز کی ممبران کو رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والے مالی سال کے لئے 68 ویں سالانہ رپورٹ معہ نظر ثانی شدہ حسابات اور اس پراڈیٹرز کی رپورٹ بخوشی پیش کر رہے ہیں۔

صنعت کا مجموعی جائزہ

زیر جائزہ مدت کے دوران، گنے کی فصل کا کاشت شدہ رقبہ زیادہ رہا، تاہم، کاشتکاروں کی طرف سے بیان کی گئی فی ایکڑ پیداوار گزشتہ سال کی اسی مدت کے مقابلے کم تھی۔ کرشنک سیزن کے جلد آغاز نے بھی گنے کی پیداوار اور ریکوری کو متاثر کیا۔ فی ایکڑ کم پیداوار اور ریکوری کے باوجود، اس سیزن میں مجموعی طور پر چینی کی پیداوار گزشتہ سال کے مقابلے ملک کی چینی کی پیداوار کے مطابق زیادہ تھی۔

حالیہ کرشنک سیزن 2020-21 کیلئے گنے کی کم سے کم قیمت خرید پنجاب اور کے پی کے میں -/200 روپے اور سندھ میں -/202 روپے فی من مقرر کی گئی۔

گنے کی کرشنک سیزن کے روایتی طور پر نومبر کے آخری ہفتے کے مقابلے میں 10 نومبر 2020 سے جلد آغاز کی وجہ سے نہ صرف صنعت کو گنے کی خریداری میں سخت مقابلے سے گزرنا پڑا جس کے نتیجے میں خطے میں قیمتوں کی جنگ کی صورت حال پیدا ہوئی بلکہ پیداوار اور چینی کی ریکوری بھی گزشتہ سال کے مقابلے میں کم رہی۔ اسی لیے کمپنی کو اعلان کردہ کم از کم قیمت سے زیادہ ادائیگی کرنی پڑی، جس کے نتیجے میں گنے کی خریداری کی لاگت میں پچھلے سال کے مقابلے میں کافی اضافہ ہوا۔

کمپنی کی کارکردگی

30 ستمبر 2021 کو ختم ہونے والے سال کے دوران، کمپنی نے 2,374,601 میٹرک ٹن گنے کی کرشنک کی اور 9,609 فیصد اوسط ریکوری کے ساتھ 228,107 میٹرک ٹن سفید ریفاائنڈ چینی بنائی۔ جبکہ اس کے مقابلے میں گزشتہ سال 1,973,755 میٹرک ٹن گنے کی کرشنک کی اور 9,629 فیصد اوسط ریکوری کے ساتھ 189,843 میٹرک ٹن سفید ریفاائنڈ چینی بنائی۔ زیر جائزہ حالیہ مدت میں زیادہ پیداوار کی بڑی وجہ گزشتہ سال کے مقابلے میں گنے کی زیادہ فصل ہے۔

مالی جھلکیاں

30 ستمبر 2021 کو ختم ہونے والے سال کے لئے، کمپنی نے قبل از ٹیکس منافع 2,027.013 ملین روپے اور بعد از ٹیکس منافع 1,630.303 ملین روپے کمایا جبکہ گزشتہ سال قبل از ٹیکس منافع 1,597.274 ملین روپے اور بعد از ٹیکس منافع 1,263.771 ملین روپے حاصل کیا۔ منافع میں یہ غیر معمولی اضافہ مارکیٹ میں چینی کی موزوں قیمتیں اور بینک دولت پاکستان کی طرف سے ڈسکاؤنٹ شرح میں کمی کے باعث کاہنہ کی کم شرحوں کی مد میں مالی چارجز کی کمی سے منسوب ہے۔ 30 ستمبر 2021 کو ختم ہونے والے سال کیلئے فی شیئر آمدنی 108.52 روپے درج کی گئی جبکہ گزشتہ سال کی اسی مدت کے لئے فی شیئر آمدنی 84.12 روپے تھی۔

30 ستمبر 2021 کو ختم ہونے والے سال کے دوران خالص فروخت 21,424.381 ملین روپے درج کی گئی جبکہ گزشتہ سال کی اسی مدت میں 16,220.378 ملین روپے تھی۔ فروخت حجم میں دیا گیا اضافہ چینی اور مولا سس کے فروخت حجم اور اوسط فروختی قیمتوں میں اضافہ کی وجہ سے ہوا۔

تمام تر کوششیں گنے کے کاشتکاروں کو مسلسل جدید بہتر بیج کی اقسام، کھادیں، کیڑے مارا دویات 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 گنے کے معیار کو بہتر بنانے کے ذریعے کمپنی کی پیداوار اور منافع کو بڑھانے کے لئے کی جارہی ہیں جس کے نتیجے میں نہ صرف چینی کی ریکوری زیادہ بلکہ گنے کے کاشتکاروں کو مالی فوائد بھی حاصل ہوں گے۔

مالیاتی نتائج درج ذیل ہیں

تفصیلات	2021 (روپے بلین میں)	2020 (روپے بلین میں)
قبل از ٹیکس منافع	2,027.013	1,597.274
ٹیکس کی ادائیگی	(340.441)	(271.736)
پچھلے سال	28.998	7.479
زیر التوا ٹیکس (Deferred)	(85.267)	(69.246)
بعد از ٹیکس منافع	1,630.303	1,263.771
دیگر جامع آمدنی (OCI) کا اثر	(3.690)	7.344
	1,626.613	1,271.115
مجموعی منافع جو آگے آیا	3,228.372	1,979.792
	4,854.985	3,250.907
تصرفات		
سال کے دوران ادا شدہ حتمی نقد منافع منقسمہ بشرح 30% (15% : 2020)	(45.070)	(22.535)
مجموعی منافع جو آگے گیا	4,809.915	3,228.372
فی شیئر آمدنی	108.52	84.12

فی شیئر آمدنی:

زیر جائزہ سال کے لئے کمپنی کی فی شیئر آمدنی 108.52 روپے (2020: 84.12 روپے)

منافع منقسمہ (ڈیویڈنڈ)

30 ستمبر 2021 کو ختم ہونے والے مالی سال کے لئے بورڈ نے 30% (2020: 30%) نقد منافع تقسیم کرنے کی سفارش کی ہے۔

تحقیق و ترقی

زری 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 پیمانے پر ان کی کاشت شامل ہے۔ یہ نہ صرف گنے کی فی ایکڑ پیداوار بڑھاتی ہے بلکہ کاشتکاروں کی آمدنی میں اضافہ اور مسابقتی فصول کے مقابلے میں گنے کی بوائی کے لئے زیادہ شوق پیدا کرتی ہے۔ یہ کمپنی کو گنے کی سپلائی، مجموعی طور پر شوگر کی ریکوری کو بڑھاتی ہے اور براہ راست کمپنی کے منافع کو بہتر بناتی ہے۔

گزشتہ سالوں کی طرح، انتظامیہ نے خزاں 2021 کی بوائی کے لئے سود کے بغیر قرض کی بنیاد پر گنے کے کاشتکاروں کو کھاد اور کیڑے مار ادویات کے ساتھ ساتھ اعلیٰ پیداوار / ریکوری اور بیماری / فروسٹ 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

ابتدائی سروے کے مطابق سال 2021-22 میں گنے کی فی ایکڑ پیداوار گزشتہ سال (2020-21) کے مقابلے زیادہ یا اس کے مساوی ہونے کی توقع ہے لیکن کرشنگ کے جلد آغاز کی حکومتی حکمت عملی پیداوار اور ریکوری کے لیے نقصان دہ ہے۔ مقامی مارکیٹ میں چینی کی موجودہ قیمتوں کے پیش نظر، یہ توقع کی جارہی ہے کہ آس پاس کے علاقے کی شوگر ملوں میں گنے کی خریداری پر قیمتوں کی جنگ ہوگی۔ سیزن 2020-21 کے لیے کیری اور چینی کا اسٹاک کم ترین سطح پر تھا۔ تاہم قیمتوں پر قابو پانے اور منافع خوری اور ذخیرہ اندوزی کی روک تھام کے ایکٹ 1977 کے تحت قیمتوں کے تعین کے ضابطے کے نفاذ کی وجہ سے یہ توقع ہے کہ چینی کی قیمتیں آئندہ عرصہ دباؤ میں رہیں گی۔

تاہم، روپے کی قدر میں کمی کی وجہ سے مولا سس کی قیمتیں زیادہ رہ سکتی ہیں اور کم پیداوار کی وجہ سے بیگاس کی قیمتوں میں بھی رجحان ظاہر ہونے کی توقع ہے۔ ملک میں مروجہ اقتصادی اشاروں کی وجہ سے، SBP نے ستمبر 2021 میں بھی KIBOR میں 2.75% اضافہ کیا ہے اور اس میں مزید اضافہ متوقع ہے، جو مستقبل میں کمپنی کے منافع کو بری طرح متاثر کرے گا۔

COVID-19 وبائی بیماری کے دوران وفاقی اور صوبائی حکومتوں نے اس بحران پر اچھا لائحہ عمل اپنایا اور محتاط انداز میں لاک ڈاؤن کو نافذ کیا۔ توقع ہے کہ کوویڈ 19 کی موجودہ لہر کا بھی اچھی طرح سے انتظام کیا جائے گا۔

متعلقہ پارٹیوں سے تعلقات

متعلقہ فریقوں کے درمیان لین دین مارکیٹ کی مقرر کردہ قیمتوں کے مطابق طریقہ کار کے موازنہ سے مقرر کردہ قابل رسائی قیمتوں پر کیا جاتا ہے۔ کمپنی قیمتوں کی منتقلی پر بہترین ضابطے 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 کھاتے 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 ایکٹ 2017 کی ضروریات کی پیروی کی گئی ہے اور کسی بھی قسم کا کوئی انحراف نہیں کیا گیا۔
- اندرونی کنٹرول کا نظام صنعت کی ضروریات اور جدید انتظامی اصولوں کے مطابق ڈیزائن کیا گیا ہے اور اسکی مؤثر 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 211,157 حصص سنٹرل ڈیپازٹری کمپنی پاکستان کو حصص داران کی طرف سے منتقل کئے گئے ہیں۔
- کمپنی نے کمپنیز ایکٹ 2017 کی دفعہ 195 کی شرائط میں میسرز کارپ لک (پرائیویٹ) لمیٹڈ کو انڈیپنڈنٹ شیئر رجسٹرار مقرر کیا ہے۔
- کمپنی کے گورننگ 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 عوائل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
- ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو بقایا ہوں، سوائے ان کے جن کا معمول کے کاروبار میں انکشاف کیا گیا ہے۔
- کمپنی اپنے مستقل ملازمین کے لئے غیر فنڈ ڈگریجویٹ سکیم برقرار رکھتی ہے۔
- 30 ستمبر 2021ء ختمہ سال کے دوران ڈائریکٹرز، سی ایف او، دیگر ایگزیکٹوز، آڈیٹرز، کمپنی سیکرٹری یا ان کے زوج اور نابالغ بچوں کی طرف سے حصص کی تجارت (اگر کوئی ہو) نمونہء حصص داری سے منسلک ہیں۔
- n 2014 (1) SRO-634 کے تحت تمام درکار معلومات کو بطریق احسن کمپنی کی ویب سائٹ www.thalindustries.com پر رکھ دیا گیا ہے۔

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

کارپوریٹ گورننس

بہترین کارپوریٹ عوامل

ڈائریکٹرز بہترین کارپوریٹ گورننس پر عملدرآمد اور فہرستی کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2019 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ضروریات کو پورا کرتے ہیں۔ CCG کے مطابق تعمیل کا بیان منسلک ہے۔

1۔ حسب 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 عبدالواحد خان
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 ریمزیشن کمیٹی

• جناب عبدالواحد خان (چیئرمین)

• جناب عدنان احمد خان

• جناب محمد خان

تقرری کمیٹی

• جناب عبدالواحد خان (چیئرمین)

• جناب محمد اشرف خان درانی

رسک مینجمنٹ کمیٹی

• جناب عبدالواحد خان (چیئرمین)

• جناب محمد اشرف خان درانی

4۔ بورڈ آف ڈائریکٹرز نے ایکٹ اور ریگولیشنز کے مطابق ڈائریکٹرز کے مشاہرہ کے لئے فارمل پالیسی اور شفاف طریقہ کار ترتیب دیا ہے۔ جس کی تفصیل مالی گوشواروں کے نوٹ 37 میں دی گئی ہے۔

نمونہ حصہ داری

کمپنیز ایکٹ 2017 کی دفعہ 227 اور کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت درکار 30 ستمبر 2021 کو مذکورہ کے مطابق شیئرز ہولڈنگ کا نمونہ بمعہ کمپنی کے شیئرز ہولڈنگ کی اقسام رپورٹ ہذا کے ہمراہ منسلک ہیں۔

آڈیٹرز کی تعیناتی

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس سکدوش ہو گئے ہیں اور اہل ہونے کی بناء پر دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی نے میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کو 30 ستمبر 2022 کو ختم ہونے والے سال کے لئے بطور آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔

دیگر وضاحتیں اور رپورٹس

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

اظہار تشکر / اعتراف

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

منجانب بورڈ آف ڈائریکٹرز

تھل انڈسٹریز کارپوریشن لمیٹڈ

Raiser Shauin

محترمہ قیسر شیم خان

چیئرمین

Raiser Shauin

محمد شیم خان

چیف ایگزیکٹو

لاہور: 27 دسمبر 2021ء

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 Act, 2017, 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:

	2021	2020	2019	2018	2017	2016
Quantitative Data (M. Tons)						
Cane Crushed	2,374,601	1,973,755	2,006,892	2,697,755	2,869,699	1,839,916
Sugar Produced	228,107	189,843	204,406	260,788	279,308	178,912
Refined Sugar Purchased	2,965	1,089	750	237	-	749.15
Profitability (Rs in 000)						
Gross Sales	24,780,888	18,748,618	15,670,122	15,351,153	16,261,713	11,511,115
Sales (Net)	21,424,381	16,220,378	14,359,613	14,104,443	14,918,562	10,673,418
Gross Profit	3,336,815	2,759,754	1,738,295	369,282	1,842,981	1,342,155
Profit / (Loss) before Taxation	2,027,013	1,597,274	542,575	-153,140	941,522	666,550
Profit / (Loss) after Taxation	1,630,304	1,263,771	342,299	-160,451	708,395	660,182
Financial Position (Rs in 000)						
Tangible Fixed Assets	4,768,667	4,940,193	4,879,358	4,457,161	3,876,640	3,179,407
Other Non Current Assets	465	17,622	40,212	54,571	63,745	44,510
	4,769,132	4,957,815	4,919,570	4,511,732	3,940,385	3,223,917
Current Assets						
	4,062,262	3,653,803	4,342,856	5,702,867	4,908,411	3,564,768
Current Liabilities	2,258,688	3,398,088	4,970,173	6,106,855	4,369,065	3,155,104
Net Working Capital Employed	1,803,574	255,715	-627,317	-403,988	539,346	409,664
Capital Employed	6,572,706	5,213,530	4,292,253	4,107,744	4,479,731	3,633,581
Long Term Loan & Other Liabilities	943,959	1,166,326	2,068,429	2,222,187	2,145,997	1,743,659
Shareholder's Equity	5,628,747	4,047,204	2,223,824	1,885,558	2,333,734	1,889,921
Represented By:						
Share Capital	150,232	150,232	150,232	150,232	150,232	150,232
Reserve & Unappropriated profit / (loss) carried forward	5,478,515	3,896,972	2,073,592	1,735,325	2,183,501	1,739,689
	5,628,747	4,047,204	2,223,824	1,885,558	2,333,734	1,889,921
Ratios						
Gross Profit Ratio (%age)	15.57	17.01	12.11	2.62	12.35	12.57
Net Profit / (Loss) Before Tax Ratio (%age)	9.46	9.85	3.78	-1.09	6.31	6.24
Net debt-to-equity (Times)	0.15	0.39	2	3.08	1.99	2.06
Current Ratio	1.80	1.08	0.87	0.93	1.12	1.13
Break up Value per Share (Rs.)	374.68	269.40	148.03	125.51	155.34	125.8
Earning / (Loss) per Share (Rs.)	108.52	84.12	22.78	-10.68	47.15	43.94
Dividend Paid (%age)	30.00%	15.00%	0.00%	188.86%	175.78%	50
Dividend Paid (Rs in 000)	45,069	22,535	-	283,358	264,078	75,116

FORM-34

THE COMPANIES ACT, 2017 (SECTION 227(2)(F))

PATTERN OF HOLDING OF SHARES

1. Incorporation Number 0000619

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

2.1 Pattern of holding of the shares held by the shareholders as at 30/09/2021

2.2 Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
555	1	100	24,179
277	101	500	74,574
104	501	1,000	75,703
82	1,001	5,000	201,450
18	5,001	10,000	128,808
1	10,001	15,000	11,842
2	15,001	20,000	38,570
5	45,001	50,000	248,608
1	50,001	55,000	55,000
1	60,001	65,000	60,400
1	1,340,001	1,345,000	1,343,174
1	1,500,001	1,505,000	1,502,223
1	2,250,001	2,255,000	2,253,698
1	9,005,001	9,010,000	9,005,003
1050			15,023,232

2.3 Categories of shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	14,225,098	94.6873%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	25	0.0002%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
2.3.5 Insurance Companies	170	0.0011%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	11,258,701	74.9419%
2.3.8 General Public		
a. Local	790,682	5.2631%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
- Joint Stock Companies	7,257	0.0483%

CATEGORIES OF SHARE HOLDERS

As on 30th September 2021

S. No.	NAME	HOLDING	%AGE
<u>DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN</u>			
1	MR. MUHAMMAD SHAMIM KHAN	9,005,003	59.9405%
2	MRS. QAISER SHAMIM KHAN	2,253,698	15.0014%
3	MR. ADNAN AHMED KHAN	1,343,174	8.9406%
4	MR. NAUMAN AHMED KHAN	1,502,223	9.9993%
5	MR. MUHAMMAD KHAN	5,000	0.0333%
6	MR. MUHAMMAD ASHRAF KHAN DURANI	5,000	0.0333%
7	MR. ABDUL WAHID KHAN	1,000	0.0067%
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%
		14,225,098	94.6873%
<u>ASSOCIATED COMPANIES</u>			
		0	0.0000%
<u>NIT & ICP</u>			
1	INVESTMENT CORPORATION OF PAKISTAN	25	0.0002%
<u>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS</u>			
		0	0.0000%
<u>INSURANCE COMPANIES</u>			
1	ADAMJEE INSURANCE COMPANY LTD	170	0.0011%
<u>MODARABA & MUTUAL FUND</u>			
		0	0.0000%
<u>JOINT STOCK COMPANIES</u>			
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	FAWAD YUSUF SECURITIES (PRIVATE) LIMITED - MF (CDC)	1,600	0.0107%
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%
		7,257	0.0483%
<u>SHARES HELD BY THE GENERAL PUBLIC (Foreign)</u>			
		0	0.0000%
<u>SHARES HELD BY THE GENERAL PUBLIC (Local)</u>			
		790,682	5.2631%
		790,682	5.2631%
TOTAL:		15,023,232	100.0000%

S. No.	NAME	HOLDING	%AGE
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SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

1	MR. MUHAMMAD SHAMIM KHAN	9,005,003	59.9405%
2	MRS. QAISER SHAMIM KHAN	2,253,698	15.0014%
		<hr/>	<hr/>
		11,258,701	74.9419%

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

1	MR. MUHAMMAD SHAMIM KHAN	9,005,003	59.9405%
2	MRS. QAISER SHAMIM KHAN	2,253,698	15.0014%
3	MR. NAUMAN AHMED KHAN	1,502,223	9.9993%
4	MR. ADNAN AHMED KHAN	1,343,174	8.9406%
		<hr/>	<hr/>
		14,104,098	93.8819%

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.

SR. NO.	NAME	SALE	PURCHASE
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NIL

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

NAME OF THE COMPANY: THE THAL INDUSTRIES CORPORATION LIMITED
YEAR ENDED: SEPTEMBER 30, 2021

The Thal Industries Corporation Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of directors are seven (07) as per the following:

- a. Male: 06
- b. Female: 01

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

Category	Names
Independent Directors	Mr. Muhammad Ashraf Khan Durani Mr. Abdul Wahid Khan
Non-Executive Directors	Mrs. Qaiser Shamim Khan Mr. Adnan Ahmed Khan Mr. Muhammad Khan
Executive Directors	Mr. Muhammad Shamim Khan (CEO) Mr. Nauman Ahmed Khan
Female Directors	Mrs. Qaiser Shamim Khan

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

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

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

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

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

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

9. The Board has arranged Directors' Training program of the following:

Mr. Abdul Wahid Khan

One director has completed training previously and remaining five directors are exempted from such training as they have fourteen years of education and fifteen years of experience on the board of the listed company.

10. The Board has approved appointment of chief financial officer, company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. No new appointments were made during the year.
11. Chief financial officer and chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

A. AUDIT COMMITTEE

Names	Designation held
Mr. Muhammad Ashraf Khan Durani	Chairman
Mrs. Qaiser Shamim Khan	Member
Mr. Adnan Ahmed Khan	Member

B. HR AND REMUNERATION COMMITTEE

Names	Designation held
Mr. Abdul Wahid Khan	Chairman
Mr. Adnan Ahmed Khan	Member
Mr. Muhammad Khan	Member

C) NOMINATION COMMITTEE

Names	Designation held
Mr. Abdul Wahid Khan	Chairman
Mr. Muhammad Ashraf Khan Durani	Member

D) RISK MANAGEMENT COMMITTEE

Names	Designation held
Mr. Abdul Wahid Khan	Chairman
Mr. Muhammad Ashraf Khan Durani	Member

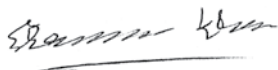
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/ half yearly/yearly) of the committees were as per following:
 - a) **Audit Committee**
Six meetings of Audit Committee were held during the financial year ended 30th September 2021.
 - b) **HR and Remuneration Committee**
One meeting of HR and Remuneration Committee was held during the financial year ended 30th September 2021.
 - c) **Nomination Committee**
One meeting of Nomination Committee was held during the financial year ended 30th September 2021.

d) Risk Management Committee

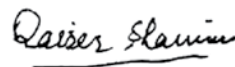
One meeting of Risk Management Committee was held during the financial year ended 30th September 2021.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with international federation of accountant (IFAC) guidelines on code of ethics as adopted by Institute of chartered accountants of Pakistan and that they and partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 have been complied with. expect for independent director in which fraction is not rounded up as one as this "clause" was added in the new regulation issued on September 25, 2019, and the Board was constituted before that date and the Regulation has provided relaxation that for the purpose of electing independent director, the Board shall be reconstituted not later than expiry of its current terms.
19. We confirm that all requirements of the Regulations have been complied with.

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



Muhammad Shamim Khan
Chief Executive



Mrs. Qaiser Shamim Khan
Chairperson

Lahore: 27 December 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of The Thal Industries Corporation Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of The Thal Industries Corporation Limited for the year ended 30 September 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of 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 Regulations require 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. 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2021.



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: Rashid Rahman Mir

Lahore: 27 December 2021

INDEPENDENT AUDITOR'S REPORT

To the members of The Thal Industries Corporation Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **The Thal Industries Corporation Limited (the Company)**, which comprise the statement of financial position as at 30 September 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Sr.No	Key audit matters	How the matter was addressed in our audit
1.	<p><u>Capitalization of property, plant and equipment</u></p> <p>Refer notes 2.9 and 16 to the financial statements.</p> <p>The Company has incurred significant capital expenditure of Rs. 130.70 million during the year on Balancing, Modernization and Replacement (BMR) of its manufacturing facilities.</p> <p>We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on capitalization of borrowing costs and depreciation charge for the year.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining understanding of the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and ensured accuracy of its recording in the system; • testing, on sample basis, the costs incurred on capital assets with supporting documentation and contracts; • assessing the nature of costs incurred for the capital assets through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; • Conducting visit to the sites to which significant capital expenditure relates to verify existence of manufacturing facilities.
2.	<p><u>Valuation of stock in trade</u></p> <p>Refer notes 2.15 and 20 to the financial statements.</p> <p>The stock-in trade at 30 September 2021 amounted to Rs. 613.47 million. Given the relative size of the stock-in-trade with respect to the total assets, it was identified as key audit matter as it involves significant managements judgment in determining the carrying value of stock in trade.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • assessing the appropriateness of the Company's accounting policy for valuation of stock in trade and compliance of the policy with applicable standards; • obtaining an understanding of internal controls over valuation of stock-in-trade and testing, on a sample basis, their design, implementation and operating effectiveness; • obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, and costs necessary to make the sales and their basis; • testing on sample basis the net realizable value of finished goods to recent selling prices and comparing the NRV, to the cost of stock in trade to assess whether any adjustments are required to the value of stock in trade in accordance with the accounting policy.

3	<p>The Company has a significant balance of trade debts amounting to Rs. 759.58 million. Provision against doubtful trade debts is based on loss allowance for Expected Credit Loss (ECLs) as disclosed in note 21 with related policies in 2.18.</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant judgment in determining the recoverable amount of trade debts.</p>	<p>Our audit procedures to assess the valuation of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining understanding of procedures and system of the Company for recording and accounting such type of financial assets; • obtaining an understanding of the basis for the determination of provision required at the year end and the receivables collection process; and • checking the accuracy of the data on test basis extracted from the Company's accounting system which has been used to calculate the provision required including subsequent recoveries.
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Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Rashid Rahman Mir.



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

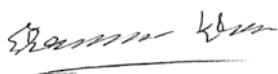
LAHORE: DECEMBER 27, 2021

STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Note	2021 Rupees	2020 Rupees
EQUITY & LIABILITIES			
Share Capital and Reserves			
Share capital	3	150,232,320	150,232,320
Revenue reserves	4	93,800,000	93,800,000
Accumulated profit		4,809,915,225	3,228,371,604
		5,053,947,545	3,472,403,924
LOANS FROM DIRECTORS			
	5	574,800,000	574,800,000
NON CURRENT LIABILITIES			
Long term finance	6	476,654,175	790,725,680
Lease liabilities	7	64,823,627	76,983,903
Deferred income - Government grant	8	51,507	1,302,673
Deferred liabilities	9	402,429,557	297,313,927
		943,958,866	1,166,326,183
CURRENT LIABILITIES			
Trade and other payables	10	1,246,526,039	1,843,671,429
Finance cost payable	11	16,471,659	31,534,455
Short term borrowings-secured	12	122,783,266	465,524,759
Advances from directors	13	95,300,000	265,300,000
Current portion of long term liabilities	14	478,042,898	470,660,854
Uncashed dividend warrants		22,491,719	22,968,904
Provision for taxation		277,072,200	298,427,455
		2,258,687,781	3,398,087,856
CONTINGENCIES AND COMMITMENTS			
	15		
		8,831,394,192	8,611,617,963

The annexed notes 1 to 48 form an integral part of these financial statements.



CHIEF EXECUTIVE

	Note	2021 Rupees	2020 Rupees
PROPERTY AND ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	4,768,666,532	4,940,192,856
Intangible assets	17	1,000	3,744,996
Long term deposits		464,500	464,500
Long term advances	18	-	13,412,458
		4,769,132,032	4,957,814,810
CURRENT ASSETS			
Stores, spare parts and loose tools	19	752,263,119	683,656,187
Stock-in-trade	20	613,465,626	983,869,301
Trade debts	21	759,579,816	679,686,515
Loans and advances	22	491,417,116	370,595,631
Short term investments	23	679,729,542	-
Trade deposits, prepayments and other receivables	24	81,404,528	70,690,212
Current portion of long term advances	18	34,801,348	38,360,843
Taxes recoverable/ adjustable	25	249,444,704	358,288,798
Cash and bank balances	26	400,156,361	468,655,666
		4,062,262,160	3,653,803,153
		8,831,394,192	8,611,617,963


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2021

	Note	2021 Rupees	2020 Rupees
Sales - net	27	21,424,381,307	16,220,377,603
Cost of sales	28	(18,087,566,332)	(13,460,623,936)
Gross profit		3,336,814,975	2,759,753,667
Operating expenses			
Distribution and selling expenses	29	(212,350,069)	(144,328,487)
Administrative expenses	30	(580,452,858)	(622,055,856)
		(792,802,927)	(766,384,343)
Operating profit		2,544,012,048	1,993,369,324
Other income	31	88,354,796	516,137,755
		2,632,366,844	2,509,507,079
Finance cost	32	(471,229,634)	(775,924,705)
Other expenses	33	(134,124,333)	(136,308,655)
		(605,353,967)	(912,233,360)
Profit before taxation		2,027,012,877	1,597,273,719
Taxation	34	(396,709,187)	(333,502,866)
Profit after taxation		1,630,303,690	1,263,770,853
<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:			
Re-measurement of staff gratuity (loss)/ gain		(5,197,709)	10,343,642
Related impact on deferred tax		1,507,336	(2,999,656)
		(3,690,373)	7,343,986
Total comprehensive income for the year		1,626,613,317	1,271,114,839
Earnings per share - basic and diluted	35	108.52	84.12

The annexed notes 1 to 48 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2021

Particulars	Share capital	General reserves	Accumulated profit	Sub total	Loans from directors	Total
	Rupees					
Balance as on 01 October 2019	150,232,320	93,800,000	1,979,791,613	2,223,823,933	574,800,000	2,798,623,933
Total comprehensive income for the year	-	-	1,271,114,839	1,271,114,839	-	1,271,114,839
Final cash dividend @ 15.00 % i.e. Rs. 1.5 per share			(22,534,848)	(22,534,848)	-	(22,534,848)
Balance as on 30 September 2020	150,232,320	93,800,000	3,228,371,604	3,472,403,924	574,800,000	4,047,203,924
Total comprehensive income for the year	-	-	1,626,613,317	1,626,613,317	-	1,626,613,317
Final cash dividend @ 30.00 % i.e. Rs. 3 per share			(45,069,696)	(45,069,696)	-	(45,069,696)
Balance as on 30 September 2021	150,232,320	93,800,000	4,809,915,225	5,053,947,545	574,800,000	5,628,747,545

The annexed notes 1 to 48 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF CASH FLOWS

For the year ended 30 September 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,027,012,877	1,597,273,719
Adjustment for:			
- Depreciation		500,210,730	507,282,336
- Amortization		3,743,996	5,617,493
- Provision for gratuity		38,211,203	40,449,182
- Gain on disposal of fixed assets		(1,751,743)	(15,387,388)
- Finance cost		471,229,634	775,924,705
- Workers' profit participation fund		108,056,861	86,679,119
- Workers welfare fund		26,067,472	49,629,536
		1,145,768,153	1,450,194,983
Operating cash flows before changes in working capital		3,172,781,030	3,047,468,702
Changes in working capital	36	(408,881,309)	989,226,481
Cash generated from operations		2,763,899,721	4,036,695,183
Gratuity paid		(22,052,578)	(26,794,786)
Finance cost paid		(480,254,576)	(926,262,145)
Workers' profit participation fund paid		(92,716,973)	(31,385,196)
Workers welfare fund paid		(32,938,065)	(1,172,977)
Income tax paid		(332,797,810)	(192,124,366)
Net cash generated from operating activities		1,803,139,719	2,858,955,713
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(289,673,317)	(480,018,608)
Long term advances		13,412,458	16,971,955
Short term investments		(679,729,542)	-
Proceeds from disposal of fixed assets		3,088,015	22,203,650
Net cash used in investing activities		(952,902,386)	(440,843,003)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance		(316,747,037)	(440,719,292)
Government grant		(2,514,778)	4,317,430
Lease liability paid		(41,186,449)	(29,341,638)
Short term borrowings - net		(342,741,493)	(1,502,139,872)
Advances from directors		(170,000,000)	(90,000,000)
Dividend paid		(45,546,881)	(57,126,293)
Net cash used in financing activities		(918,736,638)	(2,115,009,665)
Net (decrease)/ increase in cash and cash equivalents		(68,499,305)	303,103,045
Cash and cash equivalents at the beginning of the year		468,655,666	165,552,621
Cash and cash equivalents at the end of the year	26	400,156,361	468,655,666

The annexed notes 1 to 48 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

1. CORPORATE AND GENERAL INFORMATION

Reporting entity

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) 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.

2.2 Initial application of a standard, amendment or an interpretation to an existing standard and forthcoming requirements

a) Standards and interpretations that became 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 other than increased disclosures in certain cases:

- IAS 1 -Presentation of Financial Statements- (Amendments regarding the definition of material)
- IAS 8 -Accounting Policies, Changes in Accounting Estimates and Errors- (Amendments regarding definition of material)

- IFRS 3 - Business Combinations - (Amended-definition of business)
- IFRS-7 Financial Instruments: Disclosures- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-9 Financial Instruments- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-16 Leases- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-16 Leases- (Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification)
- IAS-39 Financial Instruments: Recognition and Measurement- (Amendments regarding replacement issues in the context of the IBOR reform)

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 3- Business Combinations - (Amendments updating a reference to the Conceptual Framework) - (applicable for annual periods beginning on or after 1 January 2022)
- IFRS 4- Insurance Contracts - (Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) issued) - (Effective for annual periods beginning on or after 1 January 2023)
- IFRS 4- Insurance Contracts - (Amendments regarding replacement issues in the context of the IBOR reform) - (Effective for annual periods beginning on or after 1 January 2021)
- IFRS 9- Financial Instruments - (Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) - (Effective for annual periods beginning on or after 1 January 2022)
- IAS 1- Presentation of Financial Statements - (Amendments regarding the classification of liabilities) - (Effective for annual periods beginning on or after 1 January 2023)
- IAS 1- Presentation of Financial Statements - (Amendment to defer the effective date of the January 2020 amendments) - (Effective for annual periods beginning on or after 1 January 2023)
- IAS 1- Presentation of Financial Statements - (Amendments regarding the disclosure of accounting policies) - (Effective for annual periods beginning on or after 1 January 2023)
- IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors - (Amendments regarding the the definition of accounting estimates) - (Effective for annual periods beginning on or after 1 January 2023)
- IAS 12- Income Taxes - (Amendments regarding deferred tax on leases and decommissioning obligations) - (Effective for annual periods beginning on or after 1 January 2023).

- IAS 16- Property, Plant and Equipment - (Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use) - (Effective for annual periods beginning on or after 1 January 2022).
- IAS 37- Provisions, Contingent Liabilities and Contingent Assets - (Amendments regarding the costs to include when assessing whether a contract is onerous) - (Effective for annual periods beginning on or after 1 January 2022).

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

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 the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Staff retirement benefits	(note 2.5 and 9.1)
- Provisions	(note 2.6)
- Deferred taxation	(note 2.7 and 9.2)
- Contingencies	(note 15)
- Useful life of depreciable assets	(note 2.9 and 16.1)
- Useful life of amortisable assets	(note 2.11 and 17)

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 statement of profit or loss. 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 the statement of profit or loss.

2.6 Provisions

Provisions are recognized in the statement of financial position 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 statement of financial position 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 statement of financial position 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 the statement of profit or loss.

2.9 Property, plant and 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 the estimated useful life of an asset at the rates specified in note 16.1

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 method 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 the statement of profit or loss.

2.10 Capital work in progress

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

2.11 Intangible assets

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

Amortization is charged to the statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets at the rates specified in note 17.1 unless such lives are indefinite. Amortization on additions to intangible assets is charged from month in which an item is acquired or capitalized while no amortization is charged from the month in which the item is disposed off.

2.12 Borrowing costs

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

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

2.13 Accounting for leases

Right-of-use asset

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located

The right-to-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful life of right-of-use asset is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental

borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement.

The Company applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use asset recognised.

Short term leases

The Company has elected not to recognise the right-of-use asset and lease liability for short term leases of properties that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense.

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 statement of financial position 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

Cost in relation to work in process and finished goods means production cost including all production overheads determined using average cost method. 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 when significant risks and rewards (dispatch of goods to customer) of ownership of the goods are transferred to the customers.

Income from bank deposits and loans and advances is recognized on accrual basis.

2.17 Dividend

Dividend to the Company's shareholders is recognized as a liability in the period in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

2.18 Financial Instruments

i) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The financial assets of the Company as at statement of financial position date are carried at amortized cost and fair value through profit or loss.

Amortized Cost

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

- a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

ii) Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Derecognition

The financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

iii) Trade and other payables

Liability for trade and other amounts payable are carried at cost which is the fair value of consideration to be paid in future for goods and services.

iv) Trade debts, advances and deposits

These are initially recorded at cost which is fair value and any impairment would be charged on the basis of ECL.

v) **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to setoff the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise running finances, cash balances and items of short term borrowings with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

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 statement of financial position 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 statement of profit or loss.

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

2021 (Number of shares)	2020	Note	2021 Rupees	2020 Rupees
Authorized share capital:				
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up share capital:				
8,368,846	8,368,846	Ordinary shares of Rs. 10/- each fully paid in cash	83,688,460	83,688,460
142,770	142,770	Ordinary shares of Rs. 10/- each issued as fully paid for consideration otherwise than cash	1,427,700	1,427,700
6,511,616	6,511,616	Ordinary shares of Rs. 10/- each issued as bonus shares	65,116,160	65,116,160
15,023,232	15,023,232		150,232,320	150,232,320

All the shares are similar with respect to their rights on voting board selection, first refusal and block voting.

	Note	2021 Rupees	2020 Rupees
4. REVENUE RESERVES			
General reserve		93,800,000	93,800,000

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

5. LOANS FROM DIRECTORS

UNSECURED	5.1	574,800,000	574,800,000
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- 5.1** These loans are unsecured, mark up free and payable at the convenience of the Company and 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. The management considers these loans as temporary equity and this view is supported by State Bank of Pakistan's Prudential Regulations and TR 32 of the Institute of Chartered Accountants of Pakistan. These loans are subordinated to bank loans. Last year these loans were shown as non current liabilities, classification of these loans have been changed for better presentation.

6. LONG TERM FINANCE - SECURED

From banking companies:

Opening balance		1,227,661,262	1,668,380,554
Obtained during the year			
Term/Demand Finance		100,000,000	-
Loan under refinance scheme for payment of wages and salaries 6.1		28,779,688	79,301,731
Adjustment pertaining to Acceration of Interest Expense		4,124,659	-
Adjustment pertaining to fair value of loan at below market interest rate		-	(4,317,430)
		1,360,565,609	1,743,364,855
Paid during the year		(449,651,384)	(515,703,593)
		910,914,225	1,227,661,262
Less: Current portion	6.1 & 6.2 14	(434,260,050)	(436,935,582)
		476,654,175	790,725,680

- 6.1** This represents long term loan under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' (the Scheme) introduced by State Bank of Pakistan. According to conditions of the Scheme, the Company after availing this loan will not lay off their workers / employees at least during three months from the date of first disbursement (June 04, 2020) except in case of any disciplinary action. The facility carries markup @ 3% p.a. and is secured against first exclusive charge over fixed assets. The principal is repayable in eight quarterly instalments starting from January 2021.

The aforesaid loan has been obtained from Bank Alfalah and ending on Oct 01, 2022.

- 6.2** Demand finance / Diminishing musharaka facilities of Rs. 603 million (2020: Rs. 673 million) and term finance facilities of Rs. 1,660 million (2020: 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 22 September 2015 and ending on 30 April 2026. These carry mark up @ 3 to 6 month KIBOR + 0.50 % to 1.00 % (2020: @ 3 to 6 month KIBOR + 0.50 % to 0.75) p.a.

7. LEASE LIABILITIES

	Note	2021 Rupees	2020 Rupees
Opening balance		118,484,188	49,885,385
Finance cost accretion		7,311,374	-
Obtained during the year		36,130,500	32,085,000
Impact on the date of initial application of IFRS 16		-	2,058,690
Lease modification		4,216,861	60,770,951
Payments/ adjustments during the year		(48,609,373)	(26,315,838)
		117,533,550	118,484,188
Less: security deposits adjustable on expiry of lease term		(10,678,220)	(10,789,770)
		106,855,330	107,694,418
Less: Current maturity of lease liabilities	14	(42,031,703)	(30,710,515)
Long-term lease liabilities		64,823,627	76,983,903

7.1 Maturity analysis-contractual undiscounted cash flow:

	30 September 2021		
	Rupees		
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	50,905,735	(8,874,032)	42,031,703
Later than one year but not later than five years	72,491,362	(7,667,735)	64,823,627
	123,397,097	(16,541,767)	106,855,330

	30 September 2020		
	Rupees		
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	41,052,380	(10,341,865)	30,710,515
Later than one year but not later than five years	90,782,627	(13,798,724)	76,983,903
	131,835,007	(24,140,589)	107,694,418

- 7.2** The Company has a finance lease agreements of Rs. 116.68 million (2020 : Rs. 67 Million) for vehicles with various banks. Rentals are payable in monthly/ quarterly instalments ending on September 2024. The mark up rate implicit in the lease is 3 months KIBOR +0.75% to 1.25% (2020: 3 months KIBOR + 1.00% to 1.25%) p.a. The lease is secured by way of personal guarantees of directors of the Company and vehicle registered in the name of banks with 10% of vehicle value held as security.
- 7.3** 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.
- 7.4** The Company also has lease contracts for offices used in its operations. These leases generally have lease terms between 3 to 6 years. In general, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Company and the lessors. The Company is bound by certain covenants which include but are not limited to payment of certain taxes and to exercise reasonable care.

	Note	2021 Rupees	2020 Rupees
8. DEFERRED INCOME - GOVERNMENT GRANT			
Opening balance		4,317,430	-
Grant recognized on loan at below market interest rate		1,657,074	4,317,430
Less: Charged to statement of profit or loss	32	(4,171,852)	-
		<u>1,802,652</u>	<u>4,317,430</u>
Less: Current portion		(1,751,145)	(3,014,757)
		<u>51,507</u>	<u>1,302,673</u>
Government grant- Non-current liabilities			

The Company recognised government grant on below market interest loan received - (note 6.2) in accordance with IAS - 20 'Accounting for Government Grants and Disclosure of Government Assistance'.

9. DEFERRED LIABILITIES

Staff gratuity (as determined in actuarial valuation)	9.1	180,614,509	159,258,175
Deferred taxation	9.2	221,815,048	138,055,752
		<u>402,429,557</u>	<u>297,313,927</u>

9.1 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 2021, using the "Projected Unit Credit Method". The relevant information in the actuarial report is given in the following sub notes. The amount recognized in the statement of financial position represents the present value of the defined benefit obligation as on 30 September 2021 according to the amended IAS-19 "Employees Benefits".

	Note	2021 Rupees	2020 Rupees
Present value of defined benefit liability as at beginning of the year		159,258,175	155,947,421
Cost chargeable to profit or loss account during the year		38,211,203	40,449,182
Cost chargeable to other comprehensive income		5,197,709	(10,343,642)
Benefit paid during the year		(22,052,578)	(26,794,786)
Net defined benefit liability as at end of the year		180,614,509	159,258,175
Present value of defined benefit obligations		180,614,509	159,258,175
Benefits due but not paid		-	-
Defined benefit liability as at 30 September		180,614,509	159,258,175
Reconciliation of defined benefit obligation is as follows:			
Present value of defined benefit obligations (PVDBO) at the beginning of the year		159,258,175	155,947,421
- Benefits due but not paid as at beginning of the year		-	-
- Current service cost for the year		23,758,594	21,917,679
- Interest cost for the year		14,452,609	18,531,503
- Benefits paid during the year		(22,052,578)	(26,794,786)
- Benefits due but not paid as at end of the year		-	-
- Actuarial losses/ (gains) due to experience adjustments		5,197,709	(10,343,642)
Present value of defined benefit obligations (PVDBO) at the end of the year		180,614,509	159,258,175
Amount charged to profit or loss account during the year:			
- Current service cost for the year		23,758,594	21,917,679
- Interest cost for the year		14,452,609	18,531,503
Expense charged to profit or loss account		38,211,203	40,449,182
Expense is recognized as below:			
Cost of sales	28	27,172,265	29,388,898
Administrative expenses	30	11,038,938	11,060,284
		38,211,203	40,449,182
Amount charged to other comprehensive income during the year:			
<u>Re-measurement of plan obligation:</u>			
- Experience adjustments		5,197,709	(10,343,642)
Total re-measurements charged to other comprehensive income		5,197,709	(10,343,642)

Assumptions used for valuation of the defined benefit obligation are as under:

Discount rate
Expected rate of increase in salary in future years

Mortality rates

Average expected remaining working life time of employees

2021	2020
Gratuity per annum	Gratuity per annum
10.50%	9.75%
9.50%	8.75%
SLIC (2001-05)	SLIC (2001-05)
10 Years	10 Years

Year end sensitivity analysis on defined benefit obligation:

Discount rate + 100 bps
Discount rate - 100 bps
Future salary increase + 100 bps
Future salary decrease - 100 bps

2021 Rupees	2020 Rupees
165,142,943	144,732,218
197,535,084	176,359,846
197,535,542	176,359,846
165,143,038	144,483,791

9.2 Deferred taxation

Deferred tax liability arising in respect of depreciation of owned assets
Deferred tax liability arising in respect of fair value difference on investments
Deferred tax liability arising in respect of assets subject to finance lease

501,648,783	510,798,981
98,464	-
3,958,844	8,734,809
505,706,091	519,533,790

Deductible temporary differences:

Deferred tax assets arising in respect of employees benefits
Deferred tax assets arising in respect of loans and advances
Deferred tax assets arising in respect of allowance for ECL
Deferred tax asset on Minimum tax u/s 113 adjustable against future tax liability

(52,378,208)	(46,184,871)
(838,074)	(838,074)
(16,268,600)	(5,010,617)
(214,406,161)	(329,444,476)
(283,891,043)	(381,478,038)
221,815,048	138,055,752

Deferred tax liability as on 30 September

	Note	2021 Rupees	2020 Rupees
10. TRADE AND OTHER PAYABLES			
Creditors	10.3	318,994,214	269,151,284
Accrued liabilities		82,268,672	155,727,192
Contract liability	10.1	434,920,457	1,168,125,179
Income tax deducted at source		3,022,115	2,309,512
Sales tax payable		257,677,754	113,222,584
Workers' profit participation fund	10.2	108,056,861	86,679,119
Workers welfare fund payable		41,585,966	48,456,559
		<u>1,246,526,039</u>	<u>1,843,671,429</u>
10.1	This includes following amount due to associated undertaking for sale of refined sugar :		
Naubahar Bottling Co. (Pvt) Ltd		-	8,200,000
10.2 Workers' profit participation fund			
Opening balance		86,679,119	28,556,584
Interest for the year		6,037,854	2,828,612
		<u>92,716,973</u>	<u>31,385,196</u>
Less payments made:			
To workers' profit participation fund		<u>92,716,973</u>	<u>31,385,196</u>
		<u>92,716,973</u>	<u>31,385,196</u>
Share of the Company's profit for the year	33	108,056,861	86,679,119
		<u>108,056,861</u>	<u>86,679,119</u>
10.2.1	The Company allocates the workers' profit participation fund as soon as financial statements are finalized after audit. Interest is being paid at the rate of KIBOR +2.5% p.a. or 75% of the rate at which dividend is declared on its ordinary shares, whichever is higher (as prescribed under the Act) on funds utilized by the Company till the date of allocation.		
10.3	This includes amount due to cane growers amounting to Rs. 5,765,656 (2020: 5,910,374).		
11. FINANCE COST PAYABLE			
Short term borrowings - secured		3,513,541	14,335,138
Long term borrowings - secured		12,958,118	17,199,317
		<u>16,471,659</u>	<u>31,534,455</u>

		Note	2021 Rupees	2020 Rupees
12. SHORT TERM BORROWINGS - SECURED				
FROM BANKING COMPANIES				
	Sanctioned Limits (Rs. in millions)			
	2021	2020		
Running finance	915	915	122,788,055	197,690,366
Cash finance	13,867	8,970	(4,789)	267,279,939
Bank overdrawn			-	554,454
			122,783,266	465,524,759

12.1 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% and 1 to 3 month KIBOR + 0.50 to 1.00% (2020: 1 year KIBOR minus 1.00% and 1 to 3 month KIBOR + 0.50 to 1.00%) p.a. The limits will expire on various dates by 31 March 2022 but are renewable.

12.2 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 5% to 25% margin and personal guarantees of directors. These are subject to mark up at the rate of 1 to 9 months KIBOR plus 0.30% to 1.00% (2020: 1 to 3 months KIBOR plus 0.30% to 1.00%) p.a. The limits will expire on various dates by 31 July 2022 but are renewable.

	Note	2021 Rupees	2020 Rupees
13. ADVANCES FROM DIRECTORS		95,300,000	265,300,000

13.1 Advances from directors are taken to meet working capital requirements and are utilized accordingly. These are unsecured, interest free and are payable on demand

14. CURRENT PORTION OF LONG TERM LIABILITIES

Long term finance	6	434,260,050	436,935,582
Liabilities against assets subject to finance lease	7	42,031,703	30,710,515
Deferred income - Government grant	8	1,751,145	3,014,757
		478,042,898	470,660,854

	Note	2021 Rupees	2020 Rupees
15. CONTINGENCIES AND COMMITMENTS			
<u>Contingencies</u>			
Sales tax on molasses	15.1	1,217,508	1,217,508
Income tax cases	15.2	11,955,520	11,955,520
Additional tax u/s 87 of Income Tax Ordinance, 1979	15.3	4,500,353	4,500,353
Bank guarantees	15.4	960,957,931	1,040,161,653
Various claims against the Company not acknowledged as debt which are pending in the Court for decision		1,568,000	1,568,000
		<u>980,199,312</u>	<u>1,059,403,034</u>
<u>Commitments</u>			
Contracts for capital expenditure		15,077,408	19,233,432
Letters of credit for capital expenditure		29,433,700	14,368,284
Letters of credit for other than capital expenditure		80,682,700	5,265,483
		<u>125,193,808</u>	<u>38,867,199</u>

15.1 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.

15.2 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.

15.3 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.

15.4 Bank guarantees of Rs. 943.75 million were issued by banks for advance against sales of sugar. One bank guarantee of Rs. 1.57 million was issued to Alternative Energy Development Board against power generation licensing. One bank guarantee of Rs. 0.800 million was issued to Total Parco Pakistan Limited against purchase of fuel products. One bank guarantee of Rs. 4 million was issued to Ghani Gases Limited against supply of commercial gas. These guarantees will expire on various dates upto November 2021. Bank guarantee of Rs. 10 million/- was issued by Bank Al-Habib Limited, New Garden Town Branch, Awami Complex, New Garden Town Lahore in favour of Lahore High Court, in light of order dated 16/06/2020 passed in writ petition No 26578 of 2020 titled The Thal Ind Corp Ltd Vs Federation of Pakistan & others. Bank guarantee of Rs. 0.842 million was issued by Bank Al-Habib Limited Main Branch Lahore in favour of Collector of Sales Tax Multan. Liabilities against this guarantee were fully discharged by the Company. The Company requested the Sales Tax Collector for release of captioned bank guarantee which is still pending for decision with the Appellate Tribunal at Lahore.

16. PROPERTY, PLANT AND EQUIPMENT

Operating tangible assets	16.1	4,575,895,034	4,913,463,653
Capital work-in-progress - at cost	16.4	192,771,498	26,729,203
		<u>4,768,666,532</u>	<u>4,940,192,856</u>

*The amount of borrowing cost capitalized to capital work in progress amounted to Nil (2020 : Rs. 88,443,645/-).

16.1 Operating tangible assets

Freehold land	Buildings on freehold land	Plant and machinery	Tools, implements and other factory equipments	Computer and other office equipments	Electric installation	Vehicles	Total
RUPEES							

OWNED ASSETS

Balance as at 01 October 2019	345,547,993	738,208,448	5,662,202,566	168,120,663	60,184,369	79,863,877	240,622,447	7,294,750,363
Additions during the year	-	1,979,142	1,074,954,086	31,691,871	2,024,021	794,995	9,937,943	1,121,382,058
Disposals	-	-	(48,327,471)	-	(76,500)	-	(5,382,737)	(53,786,708)
Transferred from leased assets	-	-	-	-	-	-	1,887,000	1,887,000
Balance as at 30 September 2020	345,547,993	740,187,590	6,688,829,181	199,812,534	62,131,890	80,658,872	247,064,653	8,364,232,713
Additions during the year	-	20,117,155	77,955,820	6,975,731	2,183,453	350,340	23,122,422	130,704,921
Disposals	-	-	(800,000)	-	-	-	(4,584,530)	(5,384,530)
Transferred from leased assets	-	-	-	-	-	-	37,077,866	37,077,866
Balance as at 30 September 2021	345,547,993	760,304,745	6,765,985,001	206,788,265	64,315,343	81,009,212	302,680,411	8,526,630,970

DEPRECIATION

Balance as at 01 October 2019	-	420,734,698	2,463,190,725	79,942,230	35,505,164	36,009,156	123,088,409	3,158,470,382
Charge for the year	-	31,917,389	399,943,715	10,673,266	4,038,468	4,448,718	25,030,053	476,051,609
Depreciation on disposals	-	-	(41,957,143)	-	(10,487)	-	(5,002,816)	(46,970,446)
Transferred from leased assets	-	-	-	-	-	-	1,031,963	1,031,963
Balance as at 30 September 2020	-	452,652,087	2,821,177,297	90,615,496	39,533,145	40,457,874	144,147,609	3,588,583,508
Charge for the year	-	29,957,759	391,321,097	12,058,918	3,719,066	4,030,472	26,984,989	468,072,301
Depreciation on disposals	-	-	(449,249)	-	-	-	(3,599,010)	(4,048,259)
Transferred from leased assets	-	-	-	-	-	-	18,634,902	18,634,902
Balance as at 30 September 2021	-	482,609,846	3,212,049,145	102,674,414	43,252,211	44,488,346	186,168,490	4,071,242,452

LEASED ASSETS

COST								
Balance as at 01 October 2019	-	-	-	-	-	-	78,296,221	78,296,221
Additions during the year	-	75,639,358	-	-	-	-	29,319,980	104,959,338
Transfer to owned asset	-	-	-	-	-	-	(1,887,000)	(1,887,000)
Balance as at 30 September 2020	-	75,639,358	-	-	-	-	105,729,201	181,368,559
Additions during the year	-	4,216,861	-	-	-	-	29,056,600	33,273,461
Transfer to owned asset	-	-	-	-	-	-	(37,077,866)	(37,077,866)
Balance as at 30 September 2021	-	79,856,219	-	-	-	-	97,707,935	177,564,154

DEPRECIATION

Balance as at 01 October 2019	-	-	-	-	-	-	13,355,348	13,355,348
Charge for the year	-	13,233,726	-	-	-	-	17,997,000	31,230,726
Transfer to owned assets	-	-	-	-	-	-	(1,031,963)	(1,031,963)
Balance as at 30 September 2020	-	13,233,726	-	-	-	-	30,320,385	43,554,111
Charge for the year	-	15,537,686	-	-	-	-	16,600,743	32,138,429
Transfer to owned assets	-	-	-	-	-	-	(18,634,902)	(18,634,902)
Balance as at 30 September 2021	-	28,771,412	-	-	-	-	28,286,226	57,057,638
Written down value as at 30 September 2021	345,547,993	328,779,706	3,553,935,856	104,113,851	21,063,132	36,520,866	185,933,630	4,575,895,034
Written down value as at 30 September 2020	345,547,993	349,941,135	3,867,651,884	109,197,038	22,598,745	40,200,998	178,325,860	4,913,463,653
Rate of depreciation (%)	-	10	10	10-15	10-30	10	20	

Depreciation charged has been allocated as follows:

		2021			2020		
		Owned Assets	Leased Assets	Total	Owned Assets	Leased Assets	Total
	Note	---Rupees---			---Rupees---		
Cost of goods manufactured	28.1	449,693,946	-	449,693,946	461,499,080	-	461,499,080
Administrative expenses	30	18,378,355	32,138,429	50,516,784	14,552,530	31,230,726	45,783,256
Total		468,072,301	32,138,429	500,210,730	476,051,610	31,230,726	507,282,336

16.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of immovable property	Total Area	Covered Area
		(In Acres)	(In Sq Meter)
a) Layyah Sugar Mills, Layyah	Factory & Residential Colony	109.562	583,618
b) Safina Sugar Mills, Lalian District Chinniot	Factory & Residential Colony	102.237	307,654

16.3 The details of operating fixed assets disposed off during the year have not been provided because aggregate book value of these assets don't exceed Rs. 5,000,000.

16.4 Capital work-in-progress - at cost

	2021 Rupees	2020 Rupees
Plant and machinery	97,683,894	22,342,524
Buildings	95,087,604	4,386,679
	192,771,498	26,729,203

Particulars	Plant & Machinery	Buildings	Computer and other office equipments	Tools, implements and other factory equipments	Total
-----Rupees-----					
Balance as at 01 October, 2019	639,543,187	38,594,163	-	-	678,137,350
Capital expenditure incurred during the year	458,103,833	6,224,931	-	-	464,328,764
Transferred to operating tangible assets	(1,075,304,496)	(40,432,415)	-	-	(1,115,736,911)
Balance as at 30 September 2020	22,342,524	4,386,679	-	-	26,729,203
Capital expenditure incurred during the year	90,983,792	110,818,080	-	-	201,801,872
Transferred to operating tangible assets	(15,642,422)	(20,117,155)	-	-	(35,759,577)
Balance as at 30 September 2021	97,683,894	95,087,604	-	-	192,771,498

	Note	2021 Rupees	2020 Rupees
17. INTANGIBLE ASSETS			
Computer Softwares			
Cost			
Opening balance		22,469,973	22,469,973
Transfer from CWIP		-	-
Closing balance		22,469,973	22,469,973
Amortization			
Opening balance		(18,724,977)	(13,107,484)
Amortization Expense	30	(3,743,996)	(5,617,493)
Closing balance		(22,468,973)	(18,724,977)
Net book value as at 30 September		1,000	3,744,996

17.1 The Company amortize intangible asset @ 25% per annum on straight line basis. As assets are still in use, thus these are carried in books at notional value.

18. LONG TERM ADVANCES

Long term advances face value		55,000,000	55,000,000
Unamortized notional interest		(337,541)	(1,698,921)
Payment received		(19,861,111)	(1,527,778)
		34,801,348	51,773,301
Less: Current portion		(34,801,348)	(38,360,843)
Non current asset		-	13,412,458

18.1 This represents 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. This loan is repayable in 36 equal monthly instalments starting after 18 months of commercial operation date of the power plant. The power plant commenced the operation from December 2017. The loan has been carried at amortized cost which has been determined using a discount rate of 6% per annum being the expected rate of return on such loans.

19. STORES, SPARE PARTS AND LOOSE TOOLS

Stores		378,532,122	345,150,143
Spare parts	19.1	356,218,427	328,750,235
Loose tools		17,512,570	9,755,809
		752,263,119	683,656,187

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

20. STOCK IN TRADE

Work in process		5,188,121	12,394,709
Finished goods:			
- Sugar	20.1	423,434,644	911,537,968
- Molasses		184,842,861	59,936,624
		608,277,505	971,474,592
		613,465,626	983,869,301

- 20.1** It includes pledged stocks of Nil (2020: Rs. 295,620,911/-) against borrowings from various financial institutions.

	Note	2021 Rupees	2020 Rupees
21. TRADE DEBTS			
Unsecured and considered good by the management	21.1	815,678,437	696,964,505
Impairment allowance for expected credit loss	21.3	(56,098,621)	(17,277,990)
		<u>759,579,816</u>	<u>679,686,515</u>
21.1 This includes amount due from associated undertaking as follows:			
Almoiz Industries Limited	21.1.1	-	2,160,364
Naubahar Bottling Co. (Pvt) Limited	21.1.2	51,961,000	-
Baba Farid Sugar Mills Limited	21.1.3	-	9,265,018
		<u>51,961,000</u>	<u>11,425,382</u>

21.1.1 The maximum aggregate balance due from Almoiz Industries Limited at the end of any month during the year was Rs. 126,536,970/- (2020: 12,681,692/-).

21.1.2 The maximum aggregate balance due from Naubahar Bottling Co. (Pvt) Limited at the end of any month during the year was Rs. 190,639,603/- (2020: Rs. 424,002,146/-).

21.1.3 The maximum aggregate balance due from Baba Farid Sugar Mills Limited at the end of any month during the year was Rs. 19,317,419/- (2020: 10,594,499/-).

21.2 The aging of trade receivable (associated companies) at the reporting date is:

	Associated Companies	
	2021	2020
Not past due	51,961,000	-
Past due 1-30 days	-	-
Past due 30-150 days	-	11,057,331
Past due 150 days	-	368,051
	<u>51,961,000</u>	<u>11,425,382</u>

		2021 Rupees	2020 Rupees
21.3 Impairment allowance for expected credit loss			
As at beginning of the year		17,277,990	7,245,063
Recognized during the year	30	38,820,631	10,032,927
As at end of the year		<u>56,098,621</u>	<u>17,277,990</u>

	Note	2021 Rupees	2020 Rupees
22. LOANS AND ADVANCES			
Unsecured, interest free and considered good			
- Growers	22.1	232,473,822	237,251,010
- Suppliers	22.2	255,748,280	130,673,038
- Employees	22.3	3,195,014	2,671,583
		<u>491,417,116</u>	<u>370,595,631</u>
22.1	Advances to sugar cane growers for agricultural inputs against commitment to supply sugar cane in the following season and is adjusted against price of cane supplied.		
22.2	Advances to suppliers	258,638,191	133,562,949
	Provision against doubtful advances	(2,889,911)	(2,889,911)
		<u>255,748,280</u>	<u>130,673,038</u>
22.2.1	Opening balance of provision	(2,889,911)	(2,889,911)
	Add: provided during the year	-	-
	Less: reversal during the year	-	-
	Closing balance of provision	<u>(2,889,911)</u>	<u>(2,889,911)</u>
22.3	These advances are given to employees against their salaries and do not include any advance to Chief Executive or Directors. Amount due from executives is Rs. 189,351 (2020: Nil) at the year end.		
23. SHORT TERM INVESTMENTS			
Measured at FVTPL			
Term deposits with banks	23.1	500,000,000	-
Debt securities			
Pakistan Investment Bonds	23.2	14,941,871	-
GOP Ijarah Sukuks	23.2	14,729,500	-
Mutual funds -First Habib Cash Fund			
1,487,742 (2020: Nil) Units		150,058,171	-
		<u>679,729,542</u>	<u>-</u>
23.1	These represent term deposits with 1 month maturity period carrying profit rate @ 6.7% per annum. The fair value of above investments is equal to its carrying amounts.		
23.2	Pakistan Investment Bonds and GOP Ijarah Sukuks carry markup at rate 8.27% and 7.48% per annum with maturity upto June, 2030 and December, 2025 respectively.		
24. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Margin against bank guarantees		84,216	84,216
Letters of credits		71,056,284	48,104,497
Prepayments		5,976,009	5,165,845
Other receivables		3,388,567	17,335,654
Profit accrued		899,452	-
		<u>81,404,528</u>	<u>70,690,212</u>

		2021 Rupees	2020 Rupees
25. TAXES RECOVERABLE / ADJUSTABLE			
Advance income tax		236,373,490	351,987,445
Sales tax - input		13,071,214	6,301,353
		249,444,704	358,288,798
26. CASH AND BANK BALANCES			
Cash in hand		840,743	768,026
Cash with banks:			
- Current accounts		185,434,592	200,297,201
- Saving accounts	26.1	213,881,026	267,590,439
		399,315,618	467,887,640
		400,156,361	468,655,666

26.1 These carry profit at rates of 5.5% (2020: 5.5% to 11.25%) per annum.

27. SALES - NET

Local sales:

Sugar	21,721,318,336	16,176,664,922
By Products:		
Molasses	2,131,387,795	1,729,522,705
Press mud	29,060,281	5,872,648
Bagasse	257,759,294	208,859,677
Electricity	641,362,215	627,697,817
	24,780,887,921	18,748,617,769
Less: Sales Tax/ Special Excise Duty		
Sugar	(3,150,484,795)	(2,326,884,808)
Molasses	(110,648,664)	(126,661,093)
Press mud	(4,763,941)	(853,291)
Bagasse	(37,452,257)	(30,347,133)
Electricity	(53,156,957)	(43,493,841)
	(3,356,506,614)	(2,528,240,166)
	21,424,381,307	16,220,377,603

*Contract liabilities as at the beginnig of the year, amounting to Rs. 1,168,125,179/- (2020: Rs. 1,394,017,655/), of which Rs. 1,121,761,821/- have been recognized during the year as sales against such advances.

	Note	2021 Rupees	2020 Rupees
28. COST OF SALES			
Finished goods - opening		971,474,592	1,537,727,208
Add: cost of goods manufactured	28.1	17,724,369,245	12,894,371,320
		<hr/>	<hr/>
		18,695,843,837	14,432,098,528
Finished goods - closing		(608,277,505)	(971,474,592)
		<hr/>	<hr/>
		18,087,566,332	13,460,623,936
		<hr/>	<hr/>
28.1 Cost of goods manufactured:			
Work in process - opening		12,394,709	4,723,041
Raw material consumed	28.1.1	15,550,751,614	11,016,853,809
Cost of refined sugar purchased		264,975,303	74,228,679
Salaries, wages and other benefits	28.1.2	437,503,802	502,742,298
Fuel and power		78,106,465	101,346,649
Stores, spare parts and loose tools		263,723,734	218,992,349
Repairs and maintenance		563,248,772	458,157,536
Insurance		5,561,422	5,137,750
Depreciation	16.1	449,693,946	461,499,080
Vehicles running		97,488,703	59,203,578
Miscellaneous		6,108,896	3,881,259
		<hr/>	<hr/>
		17,729,557,366	12,906,766,029
Work in process - closing		(5,188,121)	(12,394,709)
		<hr/>	<hr/>
		17,724,369,245	12,894,371,320
		<hr/>	<hr/>
28.1.1 Raw material consumed			
Sugar cane purchases		15,397,795,753	10,884,395,463
Sugarcane procurement related and other expenses		152,955,861	132,458,346
		<hr/>	<hr/>
		15,550,751,614	11,016,853,809
		<hr/>	<hr/>
28.1.2 Salaries, wages and other benefits include Rs. 27,172,265/- (2020: Rs. 29,388,898/-) in respect of gratuity (Refer note 9.1).			
29. DISTRIBUTION AND SELLING EXPENSES			
Salaries, wages and other benefits		10,357,805	10,983,400
Freight outward		136,922,213	79,599,040
Godown expenses		46,005,614	39,458,497
Insurance		5,041,012	4,828,490
Commission on sale of sugar		14,023,425	9,459,060
		<hr/>	<hr/>
		212,350,069	144,328,487
		<hr/>	<hr/>

	Note	2021 Rupees	2020 Rupees
30. ADMINISTRATIVE EXPENSES			
Directors' remuneration		4,080,000	4,080,000
Salaries and other benefits	30.1	289,897,824	319,470,673
Rent, rates and taxes		3,491,259	5,653,719
Travelling and conveyance		1,724,879	4,202,382
Foreign travelling		1,514,604	1,635,770
Fees and subscriptions		10,136,484	8,625,224
Repair and maintenance		13,977,845	7,867,022
Vehicles running		29,284,112	27,792,972
Postage and telephone		8,516,228	6,985,878
Printing and stationery		5,468,614	4,155,974
Legal and professional		50,809,680	87,389,203
Auditors' remuneration	30.2	2,068,583	1,880,530
Depreciation	16.1	50,516,784	45,783,255
Ammortization cost	17	3,743,996	5,617,494
Donations	30.3	5,750,050	50,369,564
Impairment allowance for expected credit losses	21.3	38,820,631	10,032,927
Miscellaneous		60,651,285	30,513,269
		580,452,858	622,055,856

30.1 Salaries and other benefits include Rs. 11,038,938/- (2020: Rs. 11,060,284/-) in respect of gratuity. (Refer note 9.1)

30.2 Auditors' remuneration:

Fee for statutory audit	1,610,510	1,464,100
Income tax consultation services	458,073	416,430
	2,068,583	1,880,530

30.3 None of the directors or their spouses have any interest in the donees.

The names of donees to whom donation amount exceeds Rs. 1,000,000 or 10% of the Company's total donation which ever is higher are as follows:

District Headquarters Hospital Layyah (DHQ Layyah)	3,899,797	-
Lahore University of Management Sciences (LUMS)	813,630	-
Agha Khan Hospital & Medical College Foundation	-	2,000,000
Prime Minister's COVID-19 Relief fund	-	25,000,000

	Note	2021 Rupees	2020 Rupees
31. OTHER INCOME			
Financial Assets			
Profit on deposit accounts		8,374,440	1,906,248
Income on unwinding of long term advances		1,361,380	2,347,359
Other assets			
Gain on disposal of stores		3,771,974	(298,365)
Gain on disposal of fixed assets		1,751,743	15,387,388
Net gain on investments at fair value through profit or loss		729,542	-
Sale of scrap		33,359,015	30,182,299
Gain on agriculture inputs to growers		12,624,313	7,264,852
Rental income		741,121	694,927
Refunds from FBR		-	432,778,603
Miscellaneous		25,641,268	25,874,444
		88,354,796	516,137,755
32. FINANCE COST			
Interest / mark-up on:			
- Short term borrowings		364,362,985	587,315,106
- Lease finance		11,905,156	13,037,892
- Long term finance		78,581,853	153,165,291
- Government grant amortization	8	(4,171,852)	-
- Interest expense for SBP salary loan		4,124,659	-
		(47,193)	-
Interest on workers' profit participation fund	10.2	6,037,854	2,828,612
Bank charges and commission		10,388,979	19,577,804
		471,229,634	775,924,705
33. OTHER EXPENSES			
Workers' profit participation fund	10.2	108,056,861	86,679,119
Workers' welfare fund - current	10	41,585,966	48,456,559
- prior		(15,518,494)	1,172,977
		134,124,333	136,308,655
34. TAXATION			
Current	34.1	340,441,005	271,735,938
Prior year	34.2	(28,998,450)	(7,478,819)
Deferred	34.3	85,266,632	69,245,747
		396,709,187	333,502,866

34.1 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 2021 except for assessment year 1992-93, 1993-94, 2001-02, 2002-03 and 2003-04 which are under appeal (Refer note 15 for detail).

Tax expense reconciliation has not been prepared as the Company is charged to alternate corporate tax (ACT) and the relation between income tax expense and accounting profit is not meaningful.

34.2 The prior year figures consists of Rs. 28,998,450/- pertains to tax year 2021 on account of adjustment of refunds from FBR and impact of sales to indirect exporter .

	Note	2021 Rupees	2020 Rupees
34.3 Deferred			
Closing deferred tax liability	9.2	221,815,048	138,055,752
Opening deferred tax liability	9.2	(138,055,752)	(65,810,349)
Deferred tax (income)/ expense		83,759,296	72,245,403
Deferred tax attributable to other comprehensive income		1,507,336	(2,999,656)
Deferred tax attributable to profit and loss		85,266,632	69,245,747

35. 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	1,630,303,690	1,263,770,853
Weighted average number of ordinary shares in issue during the period	15,023,232	15,023,232
Earnings per share	108.52	84.12

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.

36. CHANGES IN WORKING CAPITAL

(Increase)/ decrease in current assets:

Stores, spare parts and loose tools	(68,606,932)	(42,507,440)
Stock-in-trade	370,403,675	558,580,948
Trade debts	(79,893,301)	223,953,104
Loans and advances	(120,821,485)	131,846,488
Trade deposits, prepayments and other receivables	(10,714,316)	26,792,754
Current portion of long term advances	3,559,495	(17,791,535)
Taxes recoverable/ adjustable	108,844,094	111,282,131

Increase/ (decrease) in current liabilities:

Trade and other payables	(611,652,539)	(2,929,968)
	(408,881,309)	989,226,481

37. 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:

	2021				2020			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	R U P E E S							
Managerial Remuneration	2,040,000	2,040,000	106,135,180	110,215,180	2,040,000	2,040,000	91,619,084	95,699,084
Utilities	-	-	3,537,839	3,537,839	-	-	3,148,175	3,148,175
Bonus	-	-	15,265,085	15,265,085	-	-	19,994,481	19,994,481
Gratuity expense	-	-	9,537,288	9,537,288	-	-	6,825,886	6,825,886
Total	2,040,000	2,040,000	134,475,392	138,555,392	2,040,000	2,040,000	121,587,626	125,667,626
Number of Persons	1	1	31	33	1	1	31	33

37.1 The Executives have been provided free unfurnished accommodation with maintained car for the Company's affairs only.

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

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

38. 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.

Amounts due from and due to related parties are shown in note 5, 10, 13, 21 and 22. Remuneration of the key management personnel is disclosed in note 37.

38.1 Following are the related parties with whom the Company had entered into transactions during the year:

Sr No	Name	Postion	Direct Shareholding
1	Naubahar Bottling Co. (Pvt) Limited	Common Directorship	Associated undertaking
2	Almoiz Industries Limited	Common Directorship	Associated undertaking
3	Baba Farid Sugar Mills Limited	Common Directorship	Associated undertaking
4	Mr. Muhammad Shamim Khan	Director	59.941%
5	Mrs. Qaiser Shamim Khan	Director	15.001%
6	Mr. Adnan Ahmed Khan	Director	8.941%
7	Mr. Nauman Ahmed Khan	Director	9.999%
8	Mr. Muhammad Khan	Director	0.033%
9	Mr. Muhammad Ashraf Khan Durani	Director	0.033%
10	Mr. Abdul Wahid Khan	Director	0.0067%
11	Mr. Wasif Mehmood	Key management personnel	N/A

38.2 Transaction with related parties and associated undertakings, other than those disclosed elsewhere in the financial statements are as follows:

Name of Related Party	Relationship	Basis of Relationship	2021 Rupees	2020 Rupees
Naubahar Bottling Co. (Pvt) Limited - Sale of goods	Associated undertaking	Common Directorship	4,250,768,015	3,826,472,303
Almoiz Industries Limited - Sale of goods - Purchase of goods	Associated undertaking	Common Directorship	354,152,786 334,100,464	139,715,970 91,198,000
Baba Farid Sugar Mills Limited - Sale of goods - Sale of machinery - Purchase of goods	Associated undertaking	Common Directorship	15,159,325 585,000 15,248,100	8,896,967 23,000,000 322,042

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	(170,000,000)	(90,000,000)
Dividend paid	35,993,251	21,165,147
Disposal of vehicle	507,132	-
Lease Commitments	9,750,000	8,400,000

39. FINANCIAL INSTRUMENTS

The objective of the Company's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders.

The Company's activities expose it to a variety of risks:

- Credit risk
- Liquidity risk
- Market risk

Risk Management Framework

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

39.1 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. 1,882,298,816/- (2020: Rs. 1,220,671,435/-), the financial assets which are subject to credit risk amounted to Rs. 1,881,458,073/- (2020: Rs. 1,219,903,409/-).

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.

39.1.1 Concentration of 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. 771,092,593/- of the trade receivables carrying amount at year end (2020 : Rs. 580,177,343/-) 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:

	2021 Rupees	2020 Rupees
Long term deposits	464,500	464,500
Long term advances	34,801,348	51,773,301
Trade debts	759,579,816	679,686,515
Loan and advances	3,195,014	2,671,583
Short term investments	679,729,542	-
Trade deposits and other receivables	4,372,235	17,419,870
Bank balances	399,315,618	467,887,640
	<u>1,881,458,073</u>	<u>1,219,903,409</u>

All trade debtors at the statement of financial position date represent domestic parties.

The aging of trade receivable at the reporting date is:

	2021		
	Gross amount	Remeasurement of ECL	Net amount
Not past due	366,479,300	-	366,479,300
Past due 1-30 days	15,400,857	74,888	15,325,969
Past due 30-365 days	314,685,980	38,032,115	276,653,865
Over 1 year	119,112,300	17,991,618	101,120,682
	<u>815,678,437</u>	<u>56,098,621</u>	<u>759,579,816</u>

	2020		
	Gross amount	Remeasurement of ECL	Net amount
Not past due	347,917,301	-	347,917,301
Past due 1-30 days	34,110,540	28,987	34,081,553
Past due 30-365 days	231,720,102	8,877,675	222,842,427
Over 1 year	83,216,562	8,371,328	74,845,234
	<u>696,964,505</u>	<u>17,277,990</u>	<u>679,686,515</u>

39.2 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.

Exposure to liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the maturity date.

	2021					
	Carrying amount	Contractual Cash flows	Six Months or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial Liabilities:						
Long term finance	910,914,225	1,001,055,145	249,334,831	242,383,128	377,150,646	132,186,540
Liabilities against assets subject to finance lease	106,855,330	123,397,097	27,276,781	23,628,954	36,331,085	36,160,277
Trade and other payables	401,262,886	401,262,886	-	401,262,886	-	-
Uncashed dividend warrants	22,491,719	22,491,719	-	22,491,719	-	-
Finance cost payable	16,471,659	16,471,659	16,471,659	-	-	-
Short term borrowings	122,783,266	122,783,266	-	122,783,266	-	-
Advances from directors	95,300,000	95,300,000	-	95,300,000	-	-
	<u>1,676,079,085</u>	<u>1,782,761,772</u>	<u>293,083,271</u>	<u>907,849,953</u>	<u>413,481,731</u>	<u>168,346,817</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

	2020					
	Carrying amount	Contractual Cash flows	Six Months or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial Liabilities:						
Long term finance	1,227,661,262	1,428,767,013	284,367,154	259,477,663	488,999,786	395,922,411
Liabilities against assets subject to finance lease	107,694,418	131,835,007	21,280,684	19,771,696	37,906,631	52,875,996
Trade and other payables	424,878,476	424,878,476	-	424,878,476	-	-
Uncashed dividend warrants	22,968,904	22,968,904	-	22,968,904	-	-
Finance cost payable	31,534,455	31,534,455	31,534,455	-	-	-
Short term borrowings	465,524,759	465,524,759	-	465,524,759	-	-
Advances from directors	265,300,000	265,300,000	-	265,300,000	-	-
	2,545,562,274	2,770,808,614	337,182,293	1,457,921,498	526,906,417	448,798,407

39.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

39.3.1 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.

39.3.2 Interest rate risk

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

	2021	2020	2021	2020
	Effective rate		Carrying amount	
	(in Percent)		(Rupees)	
<u>Financial liabilities</u>				
<u>Variable rate instruments</u>				
Long term finances	7.85% to 8.44%	7.42% to 14.30%	910,914,225	1,227,661,262
Liabilities against assets subject to finance lease	8.04% to 8.85%	8.25% to 14.8%	106,855,330	107,694,418
Short term borrowings	7.51% to 8.28%	7.42% to 15.14%	122,783,266	465,524,759
			1,140,552,821	1,800,880,439

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

If KIBOR had been 1% higher/ lower with all other variables held constant, the impact on the profit before tax for the year would have been stated below. The analysis is performed on same basis for 2020.

	Increase/ decrease in %	Effect on profit before tax (Rupees)
As at 30 September 2021		
Cash flow sensitivity-Variable rate financial liabilities	1%	11,405,528
As at 30 September 2020		
Cash flow sensitivity-Variable rate financial liabilities	1%	18,008,804

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

39.3.3 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.

39.4 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: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 September 2021 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.

39.5 Financial instrument by categories

Financial Assets

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

At amortised cost	
2021	2020
Rupees	
464,500	464,500
34,801,348	51,773,301
759,579,816	679,686,515
3,195,014	2,671,583
4,372,235	17,419,870
400,156,361	468,655,666
1,202,569,274	1,220,671,435

Short term investments

At FVTPL	
679,729,542	-
1,882,298,816	1,220,671,435

Financial Liabilities

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

At amortised cost	
2021	2020
Rupees	
910,914,225	1,227,661,262
106,855,330	107,694,418
401,262,886	424,878,476
22,491,719	22,968,904
16,471,659	31,534,455
122,783,266	465,524,759
95,300,000	265,300,000
1,676,079,085	2,545,562,274

40. CAPITAL RISK MANAGEMENT

The Company's objectives for managing capital are:

- to safeguard the entity's ability to continue as a going concern; and
- 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 divided by equity. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Equity comprises share capital, reserves, loan from directors and retained earnings.

During 2021, the Company's strategy, which was unchanged from 2020, was to maintain the net debt-to-equity ratio upto 3.50 times, in order to secure access to finance at a reasonable cost.

	2021 Rupees	2020 Rupees
The net debt-to-equity ratios at 30 September 2021 and at 30 September 2020 are as follows:		
Total debts	1,235,852,821	2,066,180,439
Less: Cash and cash equivalents	(400,156,361)	(468,655,666)
Net debt	835,696,460	1,597,524,773
Total equity	5,628,747,545	4,047,203,924
Net debt-to-equity (Times)	0.15	0.39

The decrease in debt-to-equity ratio during 2021 resulted from decrease in dependance on borrowings and increase in equity due to profits during the year.

41. PLANT CAPACITY AND ACTUAL PRODUCTION

		2021	2020
Designed crushing capacity:	Metric Tons/day	23,000	23,000
Capacity on the basis of operating days	Metric Tons	2,610,500	2,518,500
Actual crushing	Metric Tons	2,374,601	1,973,755
Sugar production from cane	Metric Tons	228,107	189,843

- 41.1** The under utilization of the capacity is mainly due to non functionality and reduced efficiency of the outdated plant and machinery.

42. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Dividend

The board of directors have proposed final cash dividend for the year ended 30 September 2021 of Rs. 3.00 (2020: Rs.3.00) per share i.e. 30% (2020: 30%) amounting to Rs. 45,069,696 (2020: Rs. 45,069,696/-) at their meeting held on 27th December 2021 for approval of the members.

43. NUMBER OF EMPLOYEES

The total and average number of employees during the year as at 30 September 2021 and 2020 respectively are as follows:

	2021	2020
Number of employees as at 30 September	593	592
Average number of employees during the year	599	604

44. NON-CASH FINANCING ACTIVITIES

During the year, the Company acquired property, plant and equipment amounting to Rs. 36,130,500/- (2020: Rs. 32,085,000/-) by means of finance lease.

45. 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.

46. OPERATING SEGMENTS

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

- a) Revenue from sale of sugar and its by-products represents 100% (2020: 100%) of the sale of the Company.
- b) 100% (2020: 100%) of the sale for the year of the Company is made to customers located in Pakistan and 0% (2020: 0%) of the sale for the year is made to customers located outside Pakistan.
- c) All non-current assets of the Company as at 30 September 2021 are located in Pakistan.
- d) Sale to the following customers accounts for more than 10 % of the sales of the company:

	2021		2020	
	Rs.	Percentage	Rs.	Percentage
Naubahar Bottling Co. (Pvt) Limited	4,250,768,015	20%	3,826,472,303	24%

47. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

A novel strain of corona virus (COVID-19) that was classified as a pandemic by the World Health Organization in March 2020, impacting countries globally. This pandemic has significantly affected all segments of economy. The fair value determination at the measurement date has become more challenging due to the uncertainty of the economic impact of COVID-19. The Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and management have evaluated and concluded that there is no going concern uncertainty and there are no material implications of COVID-19 impacts that requires disclosures/ adjustments in these financial statements.

48. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on 27 December 2021 by the Board of Directors of the Company.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


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 68th Annual General Meeting of the company to be held at Registered office 23-Pir Khurshid Colony, Multan on Wednesday, the 26th January, 2022 at 3.00 p.m. and every adjournment thereof:

As witness my hand this _____ day of _____ 2022

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. 50/-

Date _____

Place _____

Notes: _____

1. This form of proxy, in order to be effected must be deposited duly completed at the Head Office 2-D-1, Gulberg III, Lahore 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.



THALINDUSTRIES

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 Gulgashat Multan.
Ph: 061-6524621 - 6524675
Fax: 061-6524675

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