THALINDUSTRIES

CORPORATION



SUSTAINABLE
GROWTH TOGETHER

ANNUAL REPORT
2021-22

TABLE OF CONTENTS

P.2
Company Information

P.3
Vision and Mission Statement

P.5
Notice of Annual General Meeting

P.11
Chairman's Review

P.13
Director's Report

P.23
Statement of Ethics & Business Practices

P.18
Director's Report Urdu

P.24
Six Years Summary of Financial Highlights

P.25
Pattern of Holding of Shares

P.26
Categories of Share Holders

P.28
Statement of Compliance

P.31
Review Report to the Members

P.32
Independent Auditor's Report to the Members

P.36
Statement of Financial Position

P.38
Statement of Profit or Loss and other Comprehensive income

P.39
Statement of Changes in Equity

P.40
Statement of Cash Flows

P.41
Notes to the Financial Statements

P.77
Proxy Form

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
BankIslamic (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Dubai Islamic Bank
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

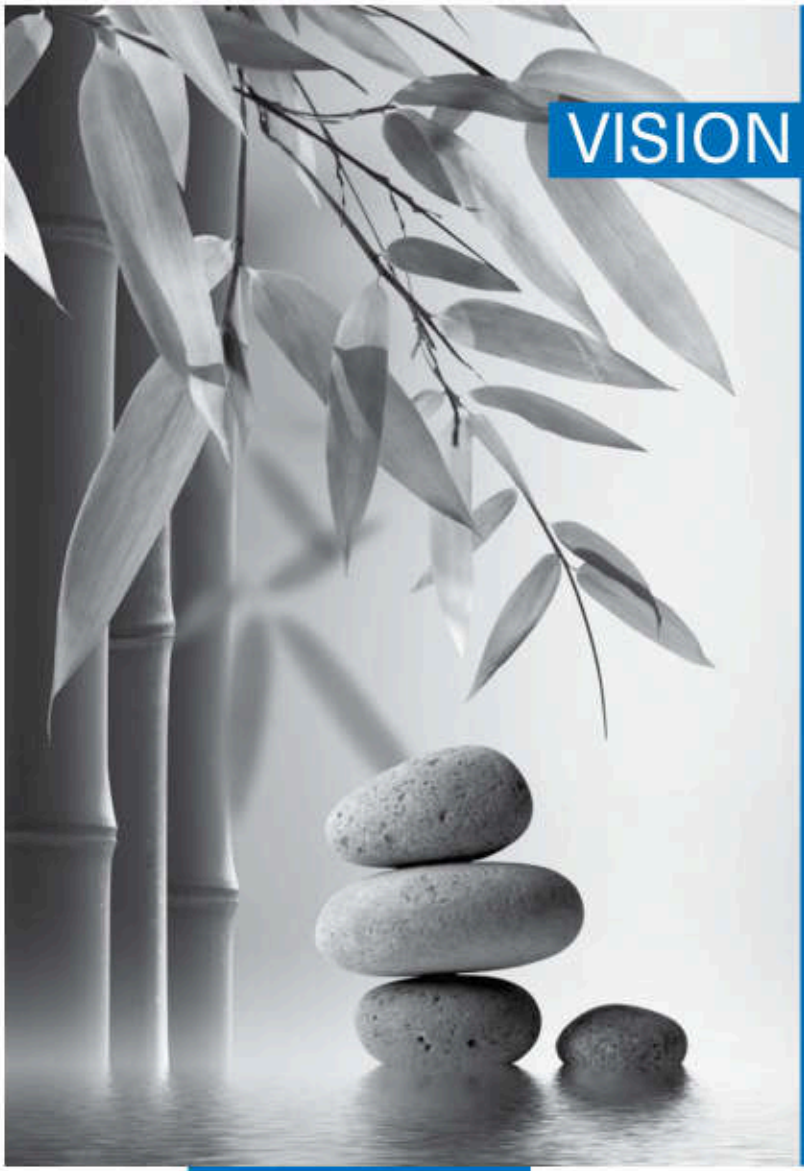
REGISTERED OFFICE
23- Pir Khurshid Colony Gulgasht, Multan
Tel: 061-6524621, 6524675
Fax: 061-6524675

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 AND MISSION STATEMENT



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 69th Annual General Meeting of the Shareholders of **The Thal Industries Corporation Limited** will be held on **Wednesday, the 25th January, 2023 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 68th Annual General Meeting of the Thal Industries Corporation Limited held on 26-01-2022, as submitted to PSX.

2. To receive, consider and adopt Annual Audited Financial Statements of the Company for the year ended 30th September 2022 together with Auditors' and Board of Directors' reports thereon.

3. To approve and declare final Cash Dividend for the year ended 30th September 2022 @ of Rs. 3.50 per share i.e., 35% (as recommended by the Board of Directors on 27th December 2022).

4. To appoint Auditors of the Company for the next financial year 30th September, 2023 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, 2022 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	2,983,029,608
Baba Farid Sugar Mills Limited	Sale of goods Purchase of goods	18,495,655 517,140
Almoiz Industries Limited	Sale of goods Purchase of goods	136,687,651 110,915,231

   "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, 2022

NOTE:

1. Closure of Shares Transfer Books:

Share Transfer Books of the Company will remain closed from 18-01-2023 to 25-01-2023 (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 17th January, 2023 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. 2022 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. Coronavirus Contingency Planning For AGM:

In view of continued threats of new variants of Coronavirus Pandemic 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 with minimized physical attendance and that too with due implementation of COVID-19 related SOPs of federal and provincial governments along with arrangement for online participation. Accordingly, for the purposes of prioritizing wellbeing, health and safety of TICL shareholders, directors and employees, the Company has made both arrangements while also ensuring compliance with quorum and other legal / regulatory requirements of general meetings. Shareholders of TICL are encouraged to participate in AGM electronically through video link / Zoom Application and further encouraged to consolidate their attendance through proxies.

(a) Online Participation in AGM vis 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 TICL, 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 24-01-2023.

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. Deduction of Zakat from the amount of Dividend:

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.

a) 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, 2021 to period ends September 30, 2022 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	2,983,029,608	As per approved contract between TICL & NBC and Related Party Transactions Policy of TICL
Baba Farid Sugar Mills Limited	Sale of goods Purchase of goods	18,495,655 517,140	As per approved contract between TICL & BFSML and Related Party Transactions Policy of the TICL
Almoiz Industries Limited	Sale of goods Purchase of goods	136,687,651 110,915,231	As per approved contract between TICL & AIL and Related Party Transactions Policy of the TICL

The transactions with NBC, BFSML and AIL could not be approved by the board in financial statements during the fiscal year 2021-22 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

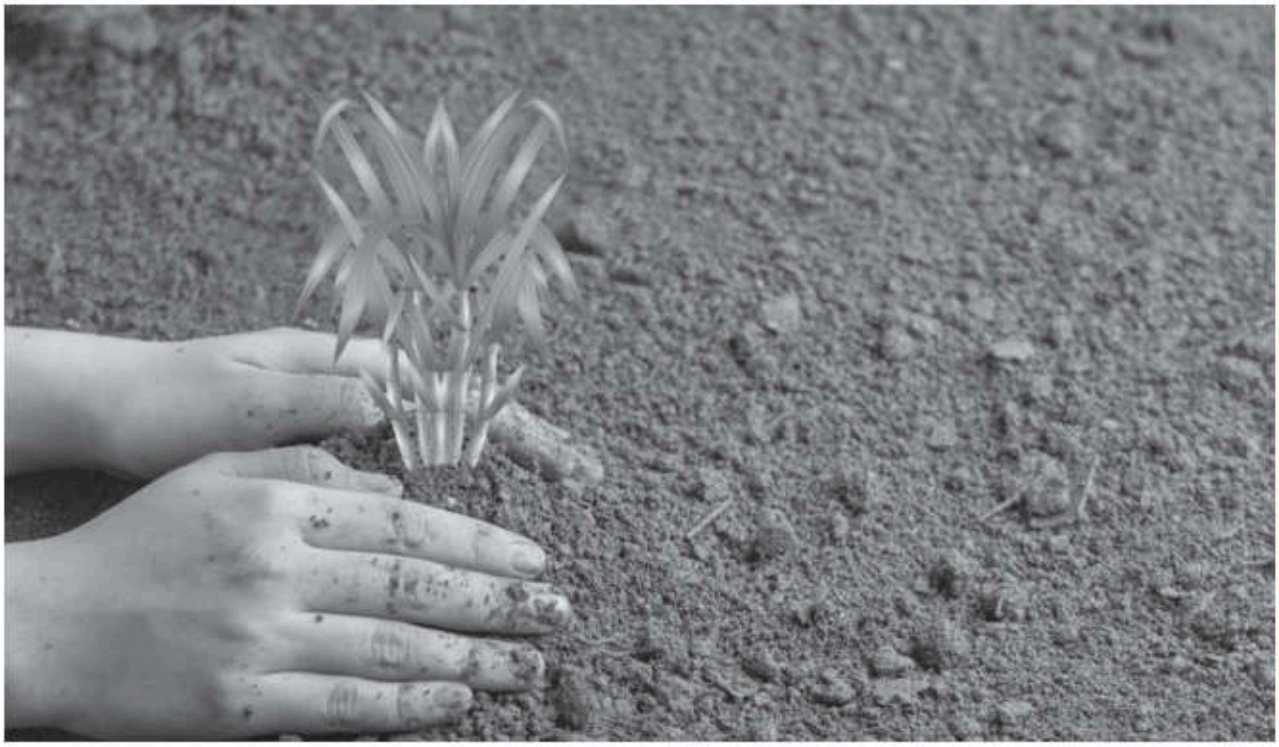
The Board decided to place all the above related party transactions concluded during the fiscal year 2020-21 before the shareholders in AGM for ratification and approval.

Authorization for the Board of Directors to approval related party transactions during the financial year ended Sep. 30, 2022

The Company is and shall be conducting transactions of sale and purchase of goods and payment of lease rentals with NBC, BFSML & AIL during the financial year ending Sep. 30, 2022 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 2022 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, 2022 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 year under review was challenging for the business environment due to unprecedented domestic political unrest, high inflationary pressure, significant twin deficit, dwindling foreign exchange reserves, rapidly depreciating currency and in addition to it Russia-Ukraine conflict which dented the global economic that was already under recovery from corona pandemic impacts. State bank of Pakistan has tightened the monetary policy in a move to combat inflationary pressure and promote sustained economic recovery. In September 2021 the policy rate was 7.25% that jumped to 15% in July 2022 and in November 2022 it climbed to 16%. It's a massive 7.25% increase in a single year accounting 107% increase. PKR-USD parity was 172 at the start of financial year that took a leap to settles at 227 at the close of the financial year. It was again a mammoth increase of 32% in just a single year.

CPI increase was witnesses more than 20% on YOY basis. During the year torrential rains and widespread flooding that were never seen before, added further to woes of the already struggling economy. This unprecedented flooding is claimed to be an outcome of climate changes due to global warming. Pakistan is among the list of most affected countries due to climate change though it is contributing among the least in global warming. The stated factors among others led to macroeconomic imbalances. As per World Bank report Pakistan's economy is expected to grow by about 2% for fiscal year 2023.

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.

Qaiser Shamim

Lahore:
27, December 2022

Mrs. Qaiser Shamim Khan
Chairperson

DIRECTOR'S REPORT TO THE MEMBERS

The Directors of your Company are pleased to present the 69th Annual Report together with Audited Accounts and Auditor's Report thereon for the Financial Year ended 30th September 2022.

INDUSTRY OVERVIEW

Sugarcane is among the largest crops of Pakistan. Sugar is second largest agro-based industry after textile in the country. Its production accounts for 3.7% in agriculture's value addition and 0.8% in GDP. During 2021-22, sugarcane was cropped on 1,260 thousand hectares and recorded an increase of 8.2% compared as compared to last year's sown area of 1,165 thousand hectares. A bumper sugarcane crop production recorded at 88.651 million tons during 2021-22, up by 9.4 percent over last year (81.009 million tons). As per economic survey of Pakistan better sugarcane procurement price incentivized growers to dedicate more area to sugarcane and favorable weather conditions, better management and timely availability of quality inputs made the crop yield better.

For current crushing season 2021-22, notified support price of sugarcane was Rs. 225/- per 40 kg in Punjab & KPK and Rs. 250/- per 40 kg in the province of Sindh. Due to early start of crushing season from 15 November 2021 tough competition has been observed in cane procurement that resulted into price war like situation in the region. Average sugarcane purchase cost remained higher than the support price.

PERFORMANCE OF THE COMPANY

The Company was able to crush 3,059,465 M. Tons sugarcane and produced 305,521 M. Tons white refined sugar at an average recovery of 9.989% during the year ending on September 30th, 2022 as compared to last year sugarcane crushing of 2,374,601 M. Tons and production of 228,107 M. Tons white refined sugar at an average recovery of 9.609%. The main reason of high production in current period under review is due to higher sugarcane crop and better recoveries as compared to last year.



For the year ended 30 September 2022, the Company earned pretax Profit of Rs. 2,408.051 million and after-tax profit of Rs. 1,781.871 million as compared to pretax profit of Rs. 2,027.013 million and after-tax profit of Rs. 1,630.303 million over the same period last year. This substantial increase in profitability is mainly due to increase in sugarcane recovery. Earnings per share for the year ended 30 September 2022 are reported at Rs. 118.61 as compared to Rs. 108.52 for the corresponding period of last year.

Net sales were recorded at Rs. 19,800.471 million during the year ended 30 September 2022, as compared to Rs. 21,424.381 million in last year. Given decrease in sales revenue is attributed to decrease in average selling prices as well as sales volume of sugar.

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.

	2022	2021
	(Rupees in Million)	
Pre- Tax Profit	2,408.050	2,027.013
Current Year Tax	(608.785)	(340.441)
Prior Year	214.746	28.998
Deferred	(232.140)	(85.267)
Profit after Taxation	1,781.871	1,630.303
Effect of OCI	(6.908)	(3.690)
	1,774.962	1,626.613
Accumulated Profit brought forward	4,809.915	3,228.372
	6,584.878	4,854.985
APPROPRIATIONS		
Cash Dividend paid during the year @ 30% (2021: 30%)	(45.070)	(45.070)
Accumulated profit carried forward	6,539.808	4,809.915
Earnings per share (Rs.)	118.61	108.52

EARNING PER SHARE:

The earning per share of the company for the year under review stood at Rs. 118.61 (2021: Rs.108.52)

DIVIDEND

Your Board has recommended 35% (2021: 30%) cash dividend for the financial year that ended 30, September 2022.

RISK MITIGATION

The Board of Directors, Board's Audit Committee, and Steering Committee comprising of the senior management team led by the Chief Executive Officer are responsible for oversight of Company's operations and to evolve proactive strategies to mitigate any potential adverse impact of major risks.

CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base to maintain investors, creditors, and market confidence and to safeguard its ability to continue as a going concern. The Company manages its capital structure and makes appropriate adjustments to move with economic changes and the risks associated with safeguarding its asset base. Your Company's management believes in maintaining an appropriate debt-equity ratio and optimal mix of long and short-term debts.

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 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 surveys the sugarcane crop size in current crushing season is estimated to be higher than last year and due to the reported increased crop yield, sugar production of this year expected to remain higher as compared to last year. Government has fixed a support price of Rs.300/maund for sugarcane. This will substantially burden the mills and hence sugar price is forced to move upward despite being under pressure. In this sugar surplus situation in the country that lead to depressed sugar prices many sugar mills will not be able to clear farmer's payments in timely manner unless the sugar export will be allowed to international market. Although if allowed, this export will also be greatly helpful to the country in this extremely low FCY reserve position. The option of sugar export is not only important for this year rather for next year as well because industry is expecting another bumper cane crop next year. Year 2023 is expected to be more challenging for business being the election year as it would inherit a prolonged political uncertainty, economic chaos, high inflation, under pressure local currency, sky high interest rates, difficulty in imports, global economic recession, climate adversities due to global warming, Russia-Ukraine conflict among others.

During the current financial year, State Bank of Pakistan (SBP) has increased base rate by 800 bps which has jacked up the mark up rates which will result in substantially increased borrowing cost of the Company. Any further increase in mark-up/SBP discount rates may adversely affect the profitability of the Company. Inflationary pressure is also high that may also increase cost of business.

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 214,930 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 196 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, 2022 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	3
4	Mr. Nauman Ahmed Khan	3
5	Mr. Muhammad Khan	3
6	Mr. Abdul Wahid Khan	4
7	Mr. Muhammad Ashraf Khan Durani	3

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.

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

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

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

AUDIT COMMITTEE

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

HR AND REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTE

- Mr. Abdul Wahid Khan (Chairman)
- Mr. Muhmmad 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, 2022 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, 2023.

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, 2022

ڈائریکٹرز کی ممبران کو رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والے مالی سال کے لئے 69ویں سالانہ رپورٹ معہ نظرثانی شدہ حسابات اور اس پر آڈیٹرز کی رپورٹ بخوشی پیش کر رہے ہیں۔

صنعت کا مجموعی جائزہ

گنے کا شمار پاکستان کی سب سے بڑی فصلوں میں ہوتا ہے۔ ملک میں ٹیکسٹائل کے بعد چینی دوسری سب سے بڑی زرعی صنعت ہے۔ اس کی پیداوار زراعت کے ویلیو ایڈیشن میں 3.7 فیصد اور جی ڈی پی میں 0.8 فیصد ہے۔ 22-2021 کے دوران 1,260 ہزار ہیکٹر پر گنے کی کاشت کی گئی اور پچھلے سال کے 1,165 ہزار ہیکٹر رقبہ کے مقابلے میں 8.2 فیصد اضافہ ریکارڈ کیا گیا۔ 22-2021 کے دوران گنے کی بمپر فصل کی پیداوار 88.651 ملین ٹن ریکارڈ کی گئی، جو گزشتہ سال (81.009 ملین ٹن) کے مقابلے میں 9.4 فیصد زیادہ ہے۔ پاکستان کے اقتصادی سروے کے مطابق گنے کی خریداری کی بہتر قیمت نے کاشتکاروں کو گنے کے لیے زیادہ رقبہ وقف کرنے کی ترغیب دی اور موسم کی موافقت، بہتر انتظامات اور معیاری ان پٹس کی بروقت دستیابی نے فصل کی پیداوار کو بہتر بنایا۔

زیر جائزہ مدت کے دوران، گنے کی فصل کا کاشت شدہ رقبہ زیادہ رہا اور کاشتکاروں کی طرف سے بیان کی گئی فی ایکڑ پیداوار بھی گزشتہ سال کی اسی مدت کے مقابلے زیادہ تھی۔ فصل کی کٹائی کے جلد آغاز کے باوجود، کمپنی نے گنے کی بہتر اقسام کو فروغ دینے اور اچھی پریکٹسز کے لئے زرعی ٹیم کی طرف سے کی گئی غیر معمولی کوششوں کی بدولت گزشتہ سال کے مقابلے موجودہ سیزن میں چینی کی بہتر ریکوریز حاصل کی ہیں۔

حالیہ کرشنگ سیزن 22-2021 کیلئے گنے کی کم سے کم قیمت خرید پنجاب اور کے پی کے میں -/225 روپے فی من اور صوبہ سندھ میں -/250 روپے فی من مقرر کی گئی۔ 15 نومبر 2021 سے کرشنگ سیزن کے جلد آغاز کی وجہ سے گنے کی خریداری میں سخت مقابلہ دیکھا گیا جس کے نتیجے خطہ میں قیمت جنگ کی صورت حال پائی گئی ہے۔ گنے کی اوسط قیمت خرید امدادی قیمت سے زیادہ رہی ہے۔

کمپنی کی کارکردگی

30 ستمبر 2022 کو ختم ہونے والے سال کے دوران، کمپنی نے 3,059,465 میٹرک ٹن گنے کی کرشنگ کی اور 9.989 فیصد اوسط ریکوری کے ساتھ 305,521 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔ جبکہ اس کے مقابلے میں گذشتہ سال 2,374,601 میٹرک ٹن گنے کی کرشنگ کی اور 9.609 فیصد اوسط ریکوری کے ساتھ 228,107 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔ زیر جائزہ حالیہ مدت میں زیادہ پیداوار کی بڑی وجہ گزشتہ سال کے مقابلے گنے کی زیادہ فصل ہے۔

مالی جھلکیاں

30 ستمبر 2022 کو ختم ہونے والے سال کے لئے، کمپنی نے قبل از ٹیکس منافع 2,408.051 ملین روپے اور بعد از ٹیکس منافع 1,781.871 ملین روپے کمایا جبکہ گزشتہ سال قبل از ٹیکس منافع 2,027.013 ملین روپے اور بعد از ٹیکس منافع 1,630.303 ملین روپے حاصل کیا۔ منافع میں یہ غیر معمولی اضافہ بنیادی طور پر گنے کی ریکوری میں اضافہ کی بدولت ہوا ہے۔ 30 ستمبر 2022 کو ختم ہونے والے سال کیلئے فی شیئر آمدنی 118.61 روپے درج کی گئی جبکہ گزشتہ سال کی اسی مدت کے لئے فی شیئر آمدنی 108.52 روپے تھی۔

30 ستمبر 2022 کو ختم ہونے والے سال کے دوران خالص فروخت 19,800.471 ملین روپے درج کی گئی جبکہ گزشتہ سال کی اسی مدت میں 21,424.381 ملین روپے تھی۔ فروخت حجم میں دی گئی کمی، چینی کے فروخت حجم اور اوسط فروختی قیمتوں میں کمی کی وجہ سے ہوا۔

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

مالیاتی نتائج درجہ ذیل ہیں:

تفصیلات	2022 (روپے ملین میں)	2021 (روپے ملین میں)
قبل از ٹیکس منافع	2,408.050	2,027.013
رواں سال ٹیکس کی ادائیگی	(608.785)	(340.441)
پچھلے سال	214.746	28.998
زیر التوا ٹیکس (Deferred)	(232.140)	(85.267)
بعد از ٹیکس منافع	1,781.871	1,630.303
دیگر جامع آمدنی (OCI) کا اثر	(6.908)	(3.690)
	1,774.962	1,626.613
مجموعی منافع جو آگے آیا	4,809.915	3,228.372
	6,584.878	4,854.985

تصرفات		
سال کے دوران ادا شدہ حتمی نقد منافع منقسمہ بشرح 30%(30% : 2021)	(45.070)	(45.070)
مجموعی منافع جو آگے گیا	6,539.808	4,809.915
فی شیئر آمدنی	118.61	108.52

فی شیئر آمدنی:

زیر جائزہ سال کے لئے کمپنی کی فی شیئر آمدنی 118.61 روپے (108.52:2021 روپے) رہی۔

منافع منقسمہ (ڈیویڈینڈ)

30 ستمبر 2022 کو ختم ہونے والے مالی سال کے لئے بورڈ نے 35%(30%:2021) نقد منافع تقسیم کرنے کی سفارش کی ہے۔

خطرے کی تخفیف

بورڈ آف ڈائریکٹرز، بورڈ کی آڈٹ کمیٹی، اور چیف ایگزیکٹو آفیسر کی قیادت میں سینئر مینجمنٹ ٹیم پر مشتمل اسٹیئرنگ کمیٹی کمپنی کے آپریشنز کی نگرانی اور بڑے خطرات کے کسی بھی ممکنہ منفی اثرات کو کم کرنے کے لیے فعال حکمت عملی تیار کرنے کی ذمہ دار ہے۔

کیپٹل مینجمنٹ

کمپنی کی پالیسی سرمایہ کاروں، قرض دہندگان، اور مارکیٹ کے اعتماد کو برقرار رکھنے کے لیے ایک مضبوط سرمائے کی بنیاد کو برقرار رکھنا ہے اور ایک جاری تشویش کے طور پر جاری رہنے کی اپنی صلاحیت کی حفاظت کرنا ہے۔ کمپنی اپنے سرمائے کے ڈھانچے کا انتظام کرتی ہے اور معاشی تبدیلیوں اور اس کے اثاثہ کی بنیاد کی حفاظت سے وابستہ خطرات کے ساتھ آگے بڑھنے کے لیے مناسب ایڈجسٹمنٹ کرتی ہے۔ آپ کی کمپنی کی انتظامیہ مناسب قرض ایکویٹی تناسب اور طویل اور مختصر مدت کے قرضوں کے بہترین مرکب کو برقرار رکھنے پر یقین رکھتی ہے۔

تحقیق وترقی

زرعی تحقیق وترقی کمپنی کی پالیسی کا ایک لازمی حصہ ہے جس میں بہترین زرعی طریقوں کے ساتھ ترقی پسند کاشتکاروں کے ذریعے گنے کی مختلف 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 فصلوں کے مقابلے میں گنے کی بوائی کے لئے زیادہ شوق پیدا کرتی ہے۔ یہ کمپنی کو گنے کی سپلائی، مجموعی طور پر شوگر کی ریکوری کو بڑھاتی ہے اور براہ راست کمپنی کے منافع کو بہتر بناتی ہے۔

گزشتہ سالوں کی طرح، انتظامیہ نے خزاں 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

سروے کے مطابق موجودہ کرشنگ سیزن میں گنے کی فصل کا سائز گزشتہ سال سے زیادہ ہونے کا تخمینہ لگایا گیا ہے اور فصل کی پیداوار میں اضافے کی اطلاع کے باعث اس سال چینی کی پیداوار گزشتہ سال کے مقابلے زیادہ رہنے کی توقع ہے۔ حکومت نے گنے کی امدادی قیمت -/300 روپے فی من مقرر کی ہے۔ اس سے ملوں پر کافی بوجھ پڑے گا اور اس لیے چینی کی قیمت دباؤ کے باوجود بڑھنے پر مجبور ہے۔ ملک میں چینی کی سرپلس کی اس صورت حال جو چینی کی قیمتوں میں کمی کا باعث بنتی ہے، میں بہت سی شوگر ملیں اس وقت تک کسانوں کی ادائیگیاں بروقت نہیں کر پائیں گی جب تک کہ چینی کی بین الاقوامی منڈی میں برآمد کی اجازت نہیں دی جائے گی۔ اگرچہ اگر اجازت دی جائے تو یہ برآمد ملک کے لیے اس انتہائی کم ایف سی وائی ریزرو پوزیشن میں بھی بہت مددگار ثابت ہوگی۔ چینی کی برآمد کا آپشن نہ صرف اس سال بلکہ اگلے سال کے لیے بھی اہم ہے کیونکہ انڈسٹری اگلے سال گنے کی ایک اور بمپر فصل کی توقع کر رہی ہے۔ انتخابی سال ہونے کی وجہ سے سال 2023 کاروبار کے لیے زیادہ چیلنجنگ ہونے کی امید ہے کیونکہ اس میں طویل سیاسی غیر یقینی صورتحال، گلوبل وارمنگ، روس اور یوکرین کے درمیان تنازعہ کی وجہ سے معاشی افراتفری، بلند افراط زر، دباؤ میں رہنے والی مقامی کرنسی، شرح سود کی بلند شرح، درآمدات میں دشواری، عالمی اقتصادی کساد بازاری، موسمیاتی مشکلات درپیش ہوں گی۔

رواں مالی سال کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے بینچ مارک ریٹ میں 800 bps تک کا اضافہ کر دیا ہے جس سے مارک اپ کی شرحوں میں اضافہ ہو گیا ہے جس کے نتیجے میں کمپنی کے قرض کی لاگت میں خاطر خواہ اضافہ ہوگا۔ مارک اپ/SBP ڈسکاؤنٹ ریٹس میں مزید اضافہ کمپنی کے منافع کو بُری طرح متاثر کر سکتا ہے۔ افراط زر کا دباؤ بھی زیادہ ہے جس سے کاروبار کرنے کی لاگت بھی بڑھ سکتی ہے۔

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 ضابطہ کے مطابق مکمل طور پر عمل کرتی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

a)۔ کمپنی کی طرف سے تیار کردہ مالیاتی حسابات اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

b)۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

c)۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

d)۔ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات او کمپنیز ایکٹ 2017 کی ضروریات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

e)۔ اندرونی کنٹرول کا نظام صنعت کی ضروریات اور جدید انتظامی اصولوں کے مطابق ڈیزائن 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۔

f)۔ کمپنی سنٹرل ڈیپازٹری سسٹم اور پاکستان اسٹاک ایکسچینج کے فہرستی قواعد وضوابط پر عمل کرتی ہے۔ کیونکہ کمپنی 214,930 حصص سنٹرل ڈیپازٹری کمپنی پاکستان کو حصص داران کی طرف سے منتقل کئے گئے ہیں۔

g)۔ کمپنی نے کمپنیز ایکٹ 2017 کی دفعہ 195 کی شرائط میں میسرز کارپ لنک (پرائیویٹ) لمیٹڈ کو انڈیپنڈنٹ شیئر رجسٹرار مقرر کیا ہے۔

h)۔ کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

i)۔ پاکستان اسٹاک ایکسچینج کے فہرستی قواعد وضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عوامل سے کوئی مادی انحراف نہیں کیا گیا ہے۔

j)۔ گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

k)۔ ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو بقایا ہوں، سوائے ان کے جن کا معمول کے کاروبار میں انکشاف کیا گیا ہے۔

l)۔ کمپنی اپنے مستقل ملازمین کے لئے غیر فنڈڈ گریجوئٹی سکیم برقرار رکھتی ہے۔

m)۔ 30 ستمبر 2022 بختتمہ 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) نمونہ حصص داری سے منسلک ہیں۔

n)۔ 2014 SRO-634(1) 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	3
4	جناب نعمان احمد خان	3
5	جناب محمد خان	3
6	جناب عبدالواحد	4
7	جناب محمد اشرف خان درانی	3

کارپوریٹ گورننس

بہترین کارپوریٹ عوامل

ڈائریکٹرز بہتر کارپوریٹ گورننس پر مملد رآمد اور فہرستی کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2019 اور پاکستان اسٹاک ایکسچینج کی رُول 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
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 (چیئرمین)
- محترمہ قیصر شمیم خان
- جناب عدنان احمد خان

ایچ آر اینڈ ریمنریشن کمیٹی

- جناب عبدالواحد (چیئرمین)
- جناب عدنان احمد خان
- جناب محمد خان

تقرری کمیٹی

- جناب عبدالواحد (چیئرمین)
- جناب محمد اشرف خان درانی

رسک مینجمنٹ کمیٹی

- جناب عبدالواحد (چیئرمین)
- جناب محمد اشرف خان درانی

4۔ بورڈ آف ڈائریکٹرز نے ایکٹ اور ان 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 2022 کو مذکورہ کے مطابق شیئر ہولڈنگ کا نمونہ بمعہ کمپنی کے شیئر ہولڈنگ کی اقسام رپورٹ ہذا کے ہمراہ منسلک ہیں۔

آڈیٹرز کی تعیناتی

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس سبکدوش ہوگئے ہیں اور اہل ہونے کی بناء پر دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی نے میسرز رحمان سرفراز رحیم اقبال رفیق ، چارٹرڈ اکاؤنٹنٹس کو 30 ستمبر 2023 کو ختم ہونے والے سال کے لئے بطور آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔

دیگر زوضاحتیں اور رپورٹس

ضابطہ اخلاق اور کاروباری عوامل کی وضاحت، مالی جھلکیوں کا چھ سالہ خلاصہ، شیئر 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

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

منجانب بورڈ آف ڈائریکٹر
تھل انڈسٹریز کارپوریشن لمیٹڈ

Qaiser Shamim

محترمہ قیصر شمیم خان
چیئرپرسن

محمد شمیم خان
چیف ایگزیکٹو

لاہور: 27 دسمبر 2022ء

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:

	2022	2021	2020	2019	2018	2017
Quantitative Data (M. Tons)						
Cane Crushed	3,059,465	2,374,601	1,973,755	2,006,892	2,697,755	2,869,699
Sugar Produced	305,521	228,107	189,843	204,406	260,788	279,308
Refined Sugar Purchased	450	2,965	1,089	750	237	-
Profitability (Rs in 000)						
Gross Sales	22,870,719	24,780,888	18,748,618	15,670,122	15,351,153	16,261,713
Sales (Net)	19,800,471	21,424,381	16,220,378	14,359,613	14,104,443	14,918,562
Gross Profit	4,035,499	3,336,815	2,759,754	1,738,295	369,282	1,842,981
Profit / (Loss) before Taxation	2,408,051	2,027,013	1,597,274	542,575	-153,140	941,522
Profit / (Loss) after Taxation	1,781,871	1,630,304	1,263,771	342,299	-160,451	708,395
Financial Position (Rs in 000)						
Tangible Fixed Assets	5,077,541	4,768,667	4,940,193	4,879,358	4,457,161	3,876,640
Other Non Current Assets	465	465	17,622	40,212	54,571	63,745
	5,078,006	4,769,132	4,957,815	4,919,570	4,511,732	3,940,385
Current Assets	10,631,009	4,062,262	3,653,803	4,342,856	5,702,867	4,908,411
Current Liabilities	7,458,948	2,258,688	3,398,088	4,970,173	6,106,855	4,369,065
Net Working Capital Employed	3,172,061	1,803,574	255,715	-627,317	-403,988	539,346
Capital Employed	8,250,068	6,572,706	5,213,530	4,292,253	4,107,744	4,479,731
Long Term Loan & Other Liabilities	931,427	943,959	1,166,326	2,068,429	2,222,187	2,145,997
Shareholder's Equity	7,318,641	5,628,747	4,047,204	2,223,824	1,885,558	2,333,734
Represented By:						
Share Capital	150,232	150,232	150,232	150,232	150,232	150,232
Reserve & Unappropriated profit / (loss) carried forward	7,168,409	5,478,515	3,896,972	2,073,592	1,735,325	2,183,501
	7,318,641	5,628,747	4,047,204	2,223,824	1,885,558	2,333,734
Ratios						
Gross Profit Ratio (%age)	20.38	15.57	17.01	12.11	2.62	12.35
Net Profit / (Loss) Before Tax Ratio (%age)	12.16	9.46	9.85	3.78	-1.09	6.31
Net debt-to-equity (Times)	0.33	0.15	0.39	2	3.09	1.99
Current Ratio	1.43	1.80	1.08	0.87	0.93	1.12
Break up Value per Share (Rs.)	487.16	374.68	269.40	148.03	125.51	155.34
Earning / (Loss) per Share (Rs.)	118.61	108.52	84.12	22.78	-10.69	47.15
Dividend Paid (%age)	30.00%	30.00%	15.00%	0.00%	188.86%	175.78%
Dividend Paid (Rs in 000)	45,069	45,069	22,535	-	283,358	264,078

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: 30/09/2022

2.2 Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
550	1	100	24,294
264	101	500	70,712
98	501	1,000	71,704
79	1,001	5,000	198,096
22	5,001	10,000	160,202
1	10,001	15,000	11,842
1	15,001	20,000	18,776
5	45,001	50,000	248,608
1	50,001	55,000	55,000
1	55,001	60,000	59,900
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
1026			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	782,882	5.2111%
	b. Foreign	0	0.0000%
2.3.9	Others (to be specified)		
	- Joint Stock Companies	15,057	0.1002%

CATEGORIES OF
SHARE HOLDERS
As on 30th September 2022

S. No.	NAME	HOLDING	%AGE
DIRECTORS, CEO THEIR SPOUSES & MINOR CHIDREN			
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%
ASSOCIATED COMPANIES		0	0.0000%
NIT & ICP			
1	INVESTMENT CORPORATION OF PAKISTAN	25	0.0002%
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS		0	0.0000%
INSURANCE COMPANIES			
1	ADAMJEE INSURANCE COMPANY LTD	170	0.0011%
MODARABA & MUTUAL FUND		0	0.0000%
JOINT STOCK COMPANIES			
1	GHULAM RASOOL & SONS	295	0.0020%
2	SH. MOHAMMAD IBRAHIM AND SONS	295	0.0020%
3	MANZOOR AHMAD AND SONS	63	0.0004%
4	SALIM SOZER SECURITIES (PRIVATE) LIMITED (CDC)	5,000	0.0333%
5	AKIK CAPITAL (PRIVATE) LIMITED (CDC)	9,300	0.0619%
6	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000%
7	MRA SECURITIES LIMITED - MF (CDC)	100	0.0007%
8	SARFARAZ MAHMOOD (PVT) LTD. (CDC)	3	0.0000%
		15,057	0.1002%
SHARES HELD BY THE GENERAL PUBLIC (Foreign)		0	0.0000%
SHARES HELD BY THE GENERAL PUBLIC (Local)		782,882	5.2111%
		782,882	5.2111%
	TOTAL:	15,023,232	100.0000%

S. No.	NAME	HOLDING	%AGE
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%
		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%
		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
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, 2022

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

* The number of independent directors has not been rounded up to three since the two independent directors elected have the required competencies, knowledge and experience to support the smooth functioning of the board.

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
   Mr. Muhammad Ashraf Khan Durani

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 2022. .

b) **HR and Remuneration Committee**
One meeting of HR and Remuneration Committee was held during the financial year ended 30th September 2022.

c) **Nomination Committee**
One meeting of Nomination Committee was held during the financial year ended 30th September 2022.

d) **Risk Management Committee**
One meeting of Risk Management Committee was held during the financial year ended 30th September 2022.

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.

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 2022

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 2022 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 2022.



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

Lahore: 27 December 2022

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 2022,** 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 2022 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.	Capitalization of property, plant and equipment Refer notes 2.9 and 16 to the financial statements. The Company has incurred significant capital expenditure of Rs. 570.55 million during the year on Balancing, Modernization and Replacement (BMR) of its manufacturing facilities. 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.	Our audit procedures, amongst others, included the following: • 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.	Valuation of stock in trade Refer notes 2.15 and 20 to the financial statements. The stock-in-trade at 30 September 2022 amounted to Rs. 5,877.78 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.	Our audit procedures, amongst others, included the following: • 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	The Company has a significant balance of trade debts amounting to Rs. 762.65 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. We identified recoverability of trade debts as a key audit matter as it involves significant judgment in determining the recoverable amount of trade debts.	Our audit procedures to assess the valuation of trade debts, amongst others, included the following: • 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.

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 duringour 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:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) 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;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) 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, 2022

UDIN: AR202210146CROSC08ZI

STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Note	2022 Rupees	2021 Rupees
EQUITY & LIABILITIES			
Share Capital and Reserves			
Share capital	3	150,232,320	150,232,320
Revenue reserves			
General reserve	4	93,800,000	93,800,000
Accumulated profit		6,539,807,782	4,809,915,225
		6,783,840,102	5,053,947,545
LOANS FROM DIRECTORS	5	534,800,000	574,800,000
		7,318,640,102	5,628,747,545
NON CURRENT LIABILITIES			
Long term borrowings	6	233,333,338	476,654,175
Lease liabilities	7	40,837,816	64,823,627
Deferred income - Government grant	8	-	51,507
Deferred liabilities	9	657,256,253	402,429,557
		931,427,407	943,958,866
CURRENT LIABILITIES			
Trade and other payables	10	3,392,289,077	1,246,526,039
Finance cost payable	11	172,408,897	16,471,659
Short term borrowings	12	2,782,164,849	122,783,266
Advances from directors	13	45,300,000	95,300,000
Current portion of non-current liabilities	14	411,370,372	478,042,898
Uncashed dividend warrants		19,938,089	22,491,719
Provision for taxation		635,476,666	277,072,200
		7,458,947,950	2,258,687,781
CONTINGENCIES AND COMMITMENTS	15		
		15,709,015,459	8,831,394,192

The annexed notes 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE

	Note	2022 Rupees	2021 Rupees
PROPERTY AND ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	5,077,541,167	4,768,666,532
Intangible assets	17	1,000	1,000
Long term deposits		464,500	464,500
Long term advances	18	-	-
		5,078,006,667	4,769,132,032
CURRENT ASSETS			
Stores, spare parts and loose tools	19	920,997,193	752,263,119
Stock-in-trade	20	5,877,777,971	613,465,626
Trade debts	21	762,651,990	759,579,816
Loans and advances	22	815,470,953	491,417,116
Short term investments	23	118,908,586	679,729,542
Trade deposits, prepayments and other receivables	24	458,911,385	81,404,528
Current portion of long term advances	18	18,333,347	34,801,348
Taxes recoverable/ adjustable	25	553,989,385	249,444,704
Cash and bank balances	26	1,103,967,982	400,156,361
		10,631,008,792	4,062,262,160
		15,709,015,459	8,831,394,192

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2022

	Note	2022 Rupees	2021 Rupees
Sales - net	27	19,800,471,245	21,424,381,307
Cost of sales	28	(15,764,971,813)	(18,087,566,332)
Gross profit		4,035,499,432	3,336,814,975
Operating expenses			
Distribution and selling expenses	29	(204,161,308)	(212,350,069)
Administrative expenses	30	(620,945,174)	(580,452,858)
		(825,106,482)	(792,802,927)
Operating profit		3,210,392,950	2,544,012,048
Other income	31	250,384,564	88,354,796
		3,460,777,514	2,632,366,844
Finance cost	32	(874,257,082)	(471,229,634)
Other expenses	33	(178,469,910)	(134,124,333)
		(1,052,726,992)	(605,353,967)
Profit before taxation		2,408,050,522	2,027,012,877
Taxation	34	(626,179,595)	(396,709,187)
Profit after taxation		1,781,870,927	1,630,303,690
Other comprehensive income-net of tax			
Items that will be reclassified to profit or loss		-	-
Items that will never be reclassified to profit or loss:			
Re-measurement of staff gratuity (loss)/ gain		(9,730,527)	(5,197,709)
Related impact on deferred tax		2,821,853	1,507,336
		(6,908,674)	(3,690,373)
Total comprehensive income for the year		1,774,962,253	1,626,613,317
Earnings per share - basic and diluted	35	118.61	108.52

The annexed notes 1 to 47 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 2022

Particulars	Share capital	General reserves	Accu-mulated profit	Sub total	Loans from directors	Total
	Rupees					
Balance as on 01 October 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
Total comprehensive income for the year	-	-	1,774,962,253	1,774,962,253	-	1,774,962,253
Repayment of loans from directors	-	-	-	-	(40,000,000)	(40,000,000)
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 2022	150,232,320	93,800,000	6,539,807,782	6,783,840,102	534,800,000	7,318,640,102

The annexed notes 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

STATEMENT OF CASH FLOWS

For the year ended 30 September 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,408,050,522	2,027,012,877
Adjustment for:			
- Depreciation		480,175,735	500,210,730
- Amortization		-	3,743,996
- Provision for gratuity		48,110,434	38,211,203
- Net gain on investments at fair value through profit or loss		(1,270,046)	-
- Gain on disposal of property, plant and equipment		(855,570)	(1,751,743)
- Finance cost		874,257,082	471,229,634
- Reversal of impairment allowance under expected credit loss		(13,084,740)	-
- Workers' Profit Participation Fund		129,326,022	108,056,861
- Workers' Welfare Fund		49,143,888	26,067,472
		1,565,802,805	1,145,768,153
Operating cash flows before changes in working capital		3,973,853,327	3,172,781,030
Changes in working capital	36	(4,337,321,238)	(408,881,309)
Cash (used in)/ generated from operations		(363,467,911)	2,763,899,721
Gratuity paid		(32,333,183)	(22,052,578)
Finance cost paid		(700,831,852)	(468,349,420)
Workers' Profit Participation Fund paid		(114,584,680)	(92,716,973)
Workers' Welfare Fund paid		-	(32,938,065)
Income tax paid		(35,634,358)	(332,797,810)
Net cash (used in)/ generated from operating activities		(1,246,851,984)	1,815,044,875
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(773,590,753)	(289,673,317)
Long term advances		-	13,412,458
Short term investments		562,091,003	(679,729,542)
Proceeds from disposal of property, plant and equipment		1,458,152	3,088,015
Net cash used in investing activities		(210,041,598)	(952,902,386)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings - net		(301,941,414)	(316,747,037)
Government grant		(1,802,652)	(2,514,778)
Lease liability paid		(57,308,988)	(53,091,605)
Short term borrowings - net		2,659,381,583	(342,741,493)
Loan from directors		(40,000,000)	-
Advances from directors		(50,000,000)	(170,000,000)
Dividend paid		(47,623,326)	(45,546,881)
Net cash generated from/ (used in) financing activities		2,160,705,203	(930,641,794)
Net (decrease)/ increase in cash and cash equivalents		703,811,621	(68,499,305)
Cash and cash equivalents at the beginning of the year		400,156,361	468,655,666
Cash and cash equivalents at the end of the year	26	1,103,967,982	400,156,361

The annexed notes 1 to 47 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 2022

1. CORPORATE AND GENERAL INFORMATION

Reporting entity

The Thal Industries Corporation Limited (the Company) is a public limited company incorporated in Pakistan on 7th September 1953 under the Companies Act, 1913 (now the 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 locations and addresses 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:

- IFRS 9 - Financial Instruments (Amendment regarding interest rate benchmark reform-Phase-2).
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment regarding interest rate benchmark reform- Phase-2).

- IFRS 7 - Financial Instruments: Disclosures - (Amendment regarding interest rate benchmark reform-Phase-2).
- IFRS 16 Leases- (Amendment regarding interest rate benchmark reform-Phase-2).
- IFRS-16 Leases- (Amendment to Covid-19 related rent concession beyond 30 June 2021).

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

The following standards (revised or amended) and interpretations became effective for the annual periods beginning on or after the mentioned dates 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:

- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework)- (applicable for annual periods beginning on or after 1 January 2022).
- IFRS 9 - Financial Instruments - (Amendments to 10 percent test for derecognition of financial liabilities in fee)-(applicable for annual periods beginning on or after 1 January 2022).
- IFRS 10/ IAS 28 - Consolidated Financial Statements and Investment in Associates - (Amendment regarding the sale or contribution of assets between an investor and its associate or joint venture) - (Application date not yet finalized).
- IAS 16- Property, Plant and Equipment - (Amendments regarding proceeds before intended use) - (applicable for annual periods beginning on or after 1 January 2022).
- IAS 1- Presentation of Financial Statements - (Amendment regarding classification of liabilities as current and non-current)- (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 definition of accounting estimates)- (Effective for annual periods beginning on or after 1 January 2023).
- IAS 12- Income Taxes - (Amendments regarding deferred tax related to assets and laibilities arising from single transaction)-(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).
- IAS 41 - Agriculture - (Amendment regarding taxation in fair value measurement) - (effective for annual periods beginning on or after 1 January 2023).

'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 rates. Foreign currency transactions are translated into Pak Rupees at the rates of exchange 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 impairement loss, if any, and represents expenditure incurred during the construction and installation of property, plant and equipment. 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 sepecified 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-of-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 the 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 specifed 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 intially 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 set off 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 are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents includes cash in hand, current and deposit account balances with banks.

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

2022 (Number of shares)	2021		Note	2022 Rupees	2021 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	2022 Rupees	2021 Rupees
4.	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	534,800,000	574,800,000

5.1 These loans are unsecured, markup 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.

6.	LONG TERM BORROWING - SECURED			
	From banking companies:			
	Opening balance		910,914,225	1,227,661,262
	Obtained during the year		-	-
	Term/Demand Finance		150,000,000	100,000,000
	Loan under refinance scheme for payment of wages and salaries	6.1	-	28,779,688
	Adjustment pertaining to accretion of interest expense	32	1,849,833	4,124,659
			1,062,764,058	1,360,565,609
	Paid during the year		(453,791,247)	(449,651,384)
		6.1& 6.2	608,972,811	910,914,225
	Less: Current portion	14	(375,639,473)	(434,260,050)
			233,333,338	476,654,175

6.1 This represented 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 carried markup @ SBP + 3% p.a. and is secured against first exclusive charge over fixed assets. The aforesaid loan was obtained from Bank Alfalah Limited and had been repaid in quarterly installments from January 2021 till September 2022.

6.2 Demand finance/ Diminishing musharaka facilities of Rs. 260 million (2021: Rs. 603 million) and term finance facilities of Rs. 1,109 million (2021: Rs. 1,660 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 markup @ 3 to 6 month KIBOR + 0.50 % to 1.00 % (2021: @ 3 to 6 month KIBOR + 0.50 % to 1.00 %) p.a.

7. LEASE LIABILITIES

	Note	2022 Rupees	2021 Rupees
Opening balance		117,533,550	118,484,188
Finance cost	32	10,960,173	11,905,156
Obtained during the year		16,062,200	36,130,500
Lease modification		-	4,216,861
Payments/ adjustments during the year		(57,710,538)	(53,203,155)
		86,845,385	117,533,550
Less: security deposits adjustable on expiry of lease term		(10,276,670)	(10,678,220)
		76,568,715	106,855,330
Less: Current maturity of lease liabilities	14	(35,730,899)	(42,031,703)
		40,837,816	64,823,627

7.1 Maturity analysis-contractual undiscounted cash flow:

	30 September 2022		
	Rupees		
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	43,377,373	(7,646,474)	35,730,899
Later than one year but not later than five years	44,309,290	(3,471,474)	40,837,816
	87,686,663	(11,117,948)	76,568,715

	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

7.2 The Company has a finance lease agreements of Rs. 123.82 million (2021: Rs. 116.68 Million) for vehicles with various banks. Rentals are payable in monthly/ quarterly instalments ending on September 2024. The markup rate implicit in the lease is 3 months KIBOR + 0.75% to 1.25% (2021: 3 months KIBOR + 0.75% 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	2022 Rupees	2021 Rupees
8. DEFERRED INCOME - GOVERNMENT GRANT			
Opening balance		1,802,652	4,317,430
Grant recognized on loan at below market interest rate		-	1,657,074
Less: Charged to the statement of profit or loss	32	(1,802,652)	(4,171,852)
		-	1,802,652
Less: Current portion		-	(1,751,145)
		-	51,507

The Company recognised Government grant on below market interest loan received - (note 6.1) 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	206,122,287	180,614,509
Deferred taxation	9.2	451,133,966	221,815,048
		657,256,253	402,429,557

9.1 Staff gratuity

The Company operates a unfunded 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 2022, 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 2022 according to the amended IAS-19 "Employees Benefits".

	Note	2022 Rupees	2021 Rupees
Present value of defined benefit liability as at beginning of the year		180,614,509	159,258,175
Cost chargeable to the statement of profit or loss during the year		48,110,434	38,211,203
Cost chargeable to other comprehensive income		9,730,527	5,197,709
Benefit paid during the year		(32,333,183)	(22,052,578)
Net defined benefit liability as at end of the year		206,122,287	180,614,509
Present value of defined benefit obligations		206,122,287	180,614,509
Benefits due but not paid		-	-
Defined benefit liability as at 30 September		206,122,287	180,614,509
Reconciliation of defined benefit obligation is as follows:			
Present value of defined benefit obligations (PVDBO) at the beginning of the year		180,614,509	159,258,175
- Benefits due but not paid as at beginning of the year		-	-
- Current service cost for the year		30,843,403	23,758,594
- Interest cost for the year		17,267,031	14,452,609
- Benefits paid during the year		(32,333,183)	(22,052,578)
- Benefits due but not paid as at end of the year		-	-
- Actuarial losses due to experience adjustments		9,730,527	5,197,709
Present value of defined benefit obligations (PVDBO) at the end of the year		206,122,287	180,614,509
Amount charged to profit or loss account during the year:			
- Current service cost for the year		30,843,403	23,758,594
- Interest cost for the year		17,267,031	14,452,609
Expense charged to profit or loss account		48,110,434	38,211,203
Expense is recognized as below:			
Cost of sales	28	33,254,874	27,172,265
Administrative expenses	30	14,855,560	11,038,938
		48,110,434	38,211,203
Amount charged to other comprehensive income during the year:			
Remeasurement of plan obligation:			
- Experience adjustments		9,730,527	5,197,709
Total remeasurements charged to other comprehensive income		9,730,527	5,197,709

	2022	2021
	Gratuity per annum	Gratuity per annum
Assumptions used for valuation of the defined benefit obligation are as under:		
Discount rate	13.25%	10.50%
Expected rate of increase in salary in future years	12.25%	9.50%
Mortality rates	SLIC (2001-06)	SLIC (2001-05)
Withdrawal rates		
Average expected remaining working life time of employees	9 Years	10 Years

	2022 Rupees	2021 Rupees
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	187,560,318	165,142,943
Discount rate - 100 bps	226,531,860	197,535,084
Future salary increase + 100 bps	226,526,851	197,535,542
Future salary decrease - 100 bps	187,558,014	165,143,038

9.2 Deferred taxation

Deferred tax liability arising in respect of depreciation of owned assets	523,129,005	501,648,783
Deferred tax liability arising in respect of fair value difference on investments	-	98,464
Deferred tax liability arising in respect of assets subject to finance lease	8,865,377	3,958,844
	531,994,382	505,706,091
Deductible temporary differences:		
Deferred tax assets arising in respect of employees benefits	(59,775,463)	(52,378,208)
Deferred tax assets arising in respect of loans and advances	(838,074)	(838,074)
Defferred tax assets arising in respect of allowance for ECL	(12,474,025)	(16,268,600)
Deferred tax assets arising in respect of fair value difference on investments	(7,772,854)	-
Deferred tax asset on Minimum tax u/s 113 adjustable against future tax liability	-	(214,406,161)
	(80,860,416)	(283,891,043)
Deferred tax liability as on 30 September	451,133,966	221,815,048

10. TRADE AND OTHER PAYABLES

	Note	2022 Rupees	2021 Rupees
Creditors	10.1	453,664,179	318,994,214
Accrued liabilities		69,230,870	82,268,672
Contract liability		2,390,152,108	434,920,457
Income tax deducted at source		3,028,397	3,022,115
Sales tax payable		256,157,647	257,677,754
Workers' Profit Participation Fund	10.2	129,326,022	108,056,861
Workers' Welfare Fund payable		90,729,854	41,585,966
		3,392,289,077	1,246,526,039

10.1 This includes amount due to cane growers amounting to Rs. 5,938,233 (2021: 5,765,656).

10.2 Workers' profit participation fund

Opening balance		108,056,861	86,679,119
Interest for the year	32	6,527,819	6,037,854
		114,584,680	92,716,973
Less: Payments made to Workers' Profit Participation Fund		(114,584,680)	(92,716,973)
Add: Share of the Company's profit for the year	33	129,326,022	108,056,861
		129,326,022	108,056,861

10.2.1 The Company allocates the Workers' Profit Participation Fund as soon as the 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.

11. FINANCE COST PAYABLE

Short term borrowings - secured	159,020,980	3,513,541
Long term borrowings - secured	13,387,917	12,958,118
	172,408,897	16,471,659

12. SHORT TERM BORROWINGS - SECURED

	Sanctioned Limits (Rs. in millions) 2022	2021	Note	2022 Rupees	2021 Rupees
FROM BANKING COMPANIES					
Running finance	675	915	12.1	97,050,149	122,788,055
Cash finance	15,000	13,867	12.2	2,685,114,700	(4,789)
				2,782,164,849	122,783,266

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 markup at the rate of 1 month KIBOR + 0.5% to 0.75% and 1 year KIBOR minus 1% (2021: 1 year KIBOR minus 1.00% and 1 to 3 month + 0.50 to 1.00%) p.a. The limits will expire on various dates by 31 March 2025 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 markup at the rate of 1 to 9 months KIBOR plus 0.15% to 1.50% (2021: 1 to 9 months KIBOR plus 0.30% to 1.00%) p.a. The limits will expire on various dates by 31 March 2025 but are renewable.

	Note	2022 Rupees	2021 Rupees
13. ADVANCES FROM DIRECTORS		45,300,000	95,300,000

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

14. CURRENT PORTION OF LONG TERM LIABILITIES

Long term borrowings	6	375,639,473	434,260,050
Lease liabilities	7	35,730,899	42,031,703
Deferred income - Government grant	8	-	1,751,145
		411,370,372	478,042,898

	Note	2022 Rupees	2021 Rupees
15. CONTINGENCIES AND COMMITMENTS			
Contingencies			
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	2,648,641,653	960,957,931
Various claims against the Company not acknowledged as debt which are pending in the Court for decision		1,568,000	1,568,000
		2,667,883,034	980,199,312
Commitments			
Contracts for capital expenditure		77,263,432	15,077,408
Letters of credit for capital expenditure		41,390,580	29,433,700
Letters of credit for other than capital expenditure		54,617,911	80,682,700
		173,271,923	125,193,808

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. 2,630 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 Borad against power generation licensing. One bank guarantee of Rs. 2 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 March 2023. Bank guarantee of Rs. 10 million/- was issued by Bank Al-Habib Limited, New Graden 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 Fedration 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 has requested the Sales Tax Collector for release of captioned bank gurantee which is still pending for decision with the Appellate Tribunal at Lahore.

16. PROPERTY, PLANT AND EQUIPMENT			
Operating tangible assets	16.1	4,693,764,038	4,575,895,034
Capital work-in-progress - at cost	16.4	383,777,129	192,771,498
		5,077,541,167	4,768,666,532

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 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
Additions during the year	-	136,370,428	406,882,080	16,292,346	3,521,984	4,041,191	3,439,890	570,547,919
Trasfer LSM/SSM			-					-
Disposals	-	-	-	-	(662,977)	-	(343,821)	(1,006,798)
Transferred from leased assets	-	-	-	-	-	-	20,262,875	20,262,875
Balance as at 30 September 2022	345,547,993	896,675,173	7,172,867,081	223,080,611	67,174,350	85,050,403	326,039,355	9,116,434,966
DEPRECIATION								
Balance as at 01 October 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
Charge for the year	-	33,140,450	371,721,999	11,570,140	3,724,712	3,817,950	23,976,257	447,951,508
Depreciation on disposals	-	-	-	-	(211,887)	-	(192,329)	(404,216)
Transferred from leased assets	-	-	-	-	-	-	11,020,166	11,020,166
Balance as at 30 September 2022	-	515,750,296	3,583,771,144	114,244,554	46,765,036	48,306,296	220,972,584	4,529,809,910
LEASED ASSETS								
COST								
Balance as at 01 October 2020	-	75,639,358	-	-	-	-	105,729,201	181,368,559
Additions during the year	-	4,216,861	-	-	-	-	29,056,600	33,273,461
Trasfer to owned asset	-	-	-	-	-	-	(37,077,866)	(37,077,866)
Balance as at 30 September 2021	-	79,856,219	-	-	-	-	97,707,935	177,564,154
Additions during the year	-	-	-	-	-	-	28,099,402	28,099,402
Trasfer to owned asset							(20,262,875)	(20,262,875)
Deletion of Assets	-	-	-	-	-	-	-	-
Balance as at 30 September 2022	-	79,856,219	-	-	-	-	105,544,462	185,400,681
DEPRECIATION								
Balance as at 01 October 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
Charge for the year	-	15,801,243	-	-	-	-	16,422,984	32,224,227
Transfer to owned assets							(11,020,166)	(11,020,166)
Depreciation on deletion	-	-	-	-	-	-	-	-
Balance as at 30 September 2022	-	44,572,655	-	-	-	-	33,689,044	78,261,699
Written down value as at 30 September 2022	345,547,993	416,208,441	3,589,095,937	108,836,057	20,409,314	36,744,107	176,922,189	4,693,764,038
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	185,933,629	4,575,895,034
Rate of depreciation (%)	-	10-33	10	10-30	10-66	10	20	

Depreciation charged has been allocated as follows:

	Note	2022 Owned Assets	2022 Leased Assets	2022 Total	2021 Owned Assets	2021 Leased Assets	2021 Total
		----Rupees---			----Rupees---		
Cost of goods manufactured	28.1	428,602,197	-	428,602,197	449,693,946	-	449,693,946
Administrative expenses	30	19,349,311	32,224,227	51,573,538	18,378,355	32,138,429	50,516,784
Total		447,951,508	32,224,227	480,175,735	468,072,301	32,138,429	500,210,730

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 (In Acres)	Covered Area (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 dispossed off during the year have not been provided because aggregate book value of these assets don't exceed Rs. 5,000,000..

	2022 Rupees	2021 Rupees
16.4 Capital work-in-progress - at cost		
Plant and machinery	154,063,074	97,683,894
Buildings on free hold land	229,714,055	95,087,604
	383,777,129	192,771,498

Particulars	Plant & Machinery	Buildings	Total
	----------Rupees----------		
Balance as at 01 October, 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
Capital expenditure incurred during the year	192,065,563	526,045,510	718,111,073
Transferred to operating tangible assets	(135,686,383)	(391,419,059)	(527,105,442)
Balance as at 30 September 2022	154,063,074	229,714,055	383,777,129

	Note	2022 Rupees	2021 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		(22,468,973)	(18,724,977)
Ammortization expense	30	-	(3,743,996)
Closing balance		(22,468,973)	(22,468,973)
Net book value as at 30 September		1,000	1,000

17.1 The Company amortizes intangible assets @ 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
Unwinding of notional interest	31	(337,541)	(337,541)
Payment received		(36,329,112)	(19,861,111)
		18,333,347	34,801,348
Less: Current portion		(18,333,347)	(34,801,348)
		-	-

18.1 This represents markup 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		420,568,116	378,532,122
Spare parts	19.1	485,075,745	356,218,427
Loose tools		15,353,332	17,512,570
		920,997,193	752,263,119

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

20. STOCK IN TRADE			
Work in process		4,498,831	5,188,121
Finished goods:			
- Sugar	20.1	5,830,093,276	423,434,644
- Molasses		43,185,864	184,842,861
		5,873,279,140	608,277,505
		5,877,777,971	613,465,626

20.1 It includes pledged stocks of Rs. 2,579 million (2021: Rs. Nil/-) against borrowings from various financial institutions.

	Note	2022 Rupees	2021 Rupees
21. TRADE DEBTS			
Unsecured and considered good by the management	21.1	805,665,871	815,678,437
Impairment allowance for expected credit loss	21.3	(43,013,881)	(56,098,621)
		762,651,990	759,579,816
21.1 This includes amount due from associated undertaking as follows:			
Almoiz Industries Limited	21.1.1	-	-
Naubahar Bottling Co. (Pvt) Limited	21.1.2	25,737,356	51,961,000
Baba Farid Sugar Mills Limited	21.1.3	-	-
		25,737,356	51,961,000

21.1.1 The maximum aggregate balance due from Almoiz Industires Limited at the end of any month during the year was Rs. 38,388,856/- (2021: 126,536,970/-).

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. 89,460,515/- (2021: Rs. 190,639,603/-).

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. 14,271,575/- (2021: 19,317,419/-).

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

	Associated Companies	
	2022	2021
Not past due	25,714,011	51,961,000
Past due 1-30 days	23,345	-
Past due 30-150 days	-	-
Past due 150 days	-	-
	25,737,356	51,961,000

		2022 Rupees	2021 Rupees
21.3 Impairment allowance for expected credit loss			
As at beginning of the year		56,098,621	17,277,990
Recognized during the year	30	-	38,820,631
Provision reversed on recovery	31	(13,084,740)	-
As at end of the year		43,013,881	56,098,621

	Note	2022 Rupees	2021 Rupees
22. LOANS AND ADVANCES			
Unsecured, interest free and considered good			
- Growers	22.1	474,754,696	232,473,822
- Suppliers	22.2	337,440,942	255,748,280
- Employees	22.3	3,275,315	3,195,014
		815,470,953	491,417,116

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	340,330,853	258,638,191
	Provision against doubtful advances 22.2.1	(2,889,911)	(2,889,911)
		337,440,942	255,748,280
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	(2,889,911)	(2,889,911)

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. 30,000 (2021: 189,351) 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-HBL financial sector income fund 1,174,550 (2021: 1,487,742) Units		118,908,586	150,058,171
		118,908,586	679,729,542

23.1 These represented 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 carried markup at rate 12.32 % and 8.89 %-10.91 % per annum with maturity upto June, 2030 and October, 2026 respectively.

24. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Margin against bank guarantees	84,216	84,216
Letters of credits	448,093,631	71,056,284
Prepayments	7,344,971	5,976,009
Other receivables	3,388,567	3,388,567
Profit accrued	-	899,452
	458,911,385	81,404,528

		2022 Rupees	2021 Rupees
25. TAXES RECOVERABLE / ADJUSTABLE			
Advance income tax		544,123,161	236,373,490
Sales tax - input		9,866,224	13,071,214
		553,989,385	249,444,704
26. CASH AND BANK BALANCES			
Cash in hand		364,652	840,743
Cash with banks:			
- Current accounts		496,140,822	185,434,592
- Saving accounts	26.1	607,462,508	213,881,026
		1,103,603,330	399,315,618
		1,103,967,982	400,156,361

26.1 These carry profit at rates ranging from 5.75% to 13.5% (2021: 5.5%) per annum.

27. SALES - NET

Local Sales:

Sugar	18,687,709,096	21,721,318,336
By Products:		
Molasses	2,963,909,151	2,131,387,795
Press mud	59,581,346	29,060,281
Bagasse	127,474,345	257,759,294
Electricity	1,032,044,764	641,362,215
	22,870,718,702	24,780,887,921
Less: Sales Tax/ Special Excise Duty		
Sugar	(2,764,001,613)	(3,150,484,795)
Molasses	(192,097,016)	(110,648,664)
Press mud	(9,930,226)	(4,763,941)
Bagasse	(19,502,469)	(37,452,257)
Electricity	(84,716,133)	(53,156,957)
	(3,070,247,457)	(3,356,506,614)
	19,800,471,245	21,424,381,307

*Contract liabilities as at the beginnig of the year, amounted to Rs. 434,920,457/- (2021: Rs. 1,168,125,179/-), of which Rs.365,840,806/- (2021: Rs. 1,121,761,821/-), have been recognized during the year as sales after dispatch of goods against these.

	Note	2022 Rupees	2021 Rupees
28. COST OF SALES			
Finished goods - opening		608,277,505	971,474,592
Add: Cost of goods manufactured	28.1	21,029,973,448	17,724,369,245
		21,638,250,953	18,695,843,837
Finished goods - closing		(5,873,279,140)	(608,277,505)
		15,764,971,813	18,087,566,332
28.1 Cost of goods manufactured:			
Work in process - opening		5,188,121	12,394,709
Raw material consumed	28.1.1	18,454,816,168	15,550,751,614
Cost of refined sugar purchased		43,135,576	264,975,303
Salaries, wages and other benefits	28.1.2	613,777,278	437,503,802
Fuel and power		122,380,958	78,106,465
Stores, spare parts and loose tools		516,032,510	263,723,734
Repairs and maintenance		672,631,853	563,248,772
Insurance		4,070,493	5,561,422
Depreciation	16.1	428,602,197	449,693,946
Vehicles running		166,307,744	97,488,703
Miscellaneous		7,529,381	6,108,896
		21,034,472,279	17,729,557,366
Work in process - closing		(4,498,831)	(5,188,121)
		21,029,973,448	17,724,369,245
28.1.1 Raw material consumed			
Sugar cane purchases		18,256,856,169	15,397,795,753
Sugarcane procurement related and other expenses		197,959,999	152,955,861
		18,454,816,168	15,550,751,614

28.1.2 Salaries, wages and other benefits include Rs. 33,254,874/- (2021: Rs. 27,172,265/-) in respect of gratuity (Refer note 9.1).

29. DISTRIBUTION AND SELLING EXPENSES			
Salaries, wages and other benefits		13,438,840	10,357,805
Freight outward		91,799,968	136,922,213
Godown expenses		77,650,110	46,005,614
Insurance		5,692,087	5,041,012
Commission on sale of sugar		15,580,303	14,023,425
		204,161,308	212,350,069

30. ADMINISTRATIVE EXPENSES

	Note	2022 Rupees	2021 Rupees
Directors' remuneration		4,680,000	4,080,000
Salaries and other benefits	30.1	374,342,374	289,897,824
Rent, rates and taxes		10,574,377	3,491,259
Travelling and conveyance		3,116,830	1,724,879
Foreign travelling		3,170,491	1,514,604
Fees and subscriptions		20,252,406	10,136,484
Repair and maintenance		17,079,163	13,977,845
Vehicles running		39,338,544	29,284,112
Postage and telephone		8,098,486	8,516,228
Printing and stationery		5,698,767	5,468,614
Legal and professional		23,104,957	50,809,680
Auditors' remuneration	30.2	2,275,441	2,068,583
Depreciation	16.1	51,573,538	50,516,784
Amortization	17	-	3,743,996
Donations	30.3	17,188,240	5,750,050
Impairment allowance for expected credit losses	21.3	-	38,820,631
Miscellaneous		40,451,560	60,651,285
		620,945,174	580,452,858

30.1 Salaries and other benefits include Rs. 14,855,560/- (2021: Rs. 11,038,938/-) in respect of gratuity (Refer note 9.1).

30.2 Auditors' remuneration:

	2022 Rupees	2021 Rupees
Fee for statutory audit	1,771,561	1,610,510
Income tax consultation services	503,880	458,073
	2,275,441	2,068,583

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 whichever is higher are as follows:

District Headquarters Hospital Layyah (DHQ Layyah)	4,233,924	3,899,797
Lahore University of Management Sciences (LUMS)	1,200,000	813,630

	Note	2022 Rupees	2021 Rupees
31. OTHER INCOME			
Financial Assets			
Profit on deposit accounts		89,253,637	8,374,440
Reversal of impairment allowance under expected credit loss	21.3	13,084,740	-
Income on unwinding of long term advances	18	337,541	1,361,380
Non Financial assets			
Gain on disposal of stores		1,918,506	3,771,974
Gain on disposal of property, plant and equipment		855,570	1,751,743
Net gain on investments at fair value through profit or loss		1,270,046	729,542
Gain on disposal of short term investments		2,971,660	-
Sale of scrap		89,701,716	33,359,015
Gain on agriculture inputs to growers		40,384,251	24,771,649
Rental income		766,848	741,121
Miscellaneous		9,840,049	13,493,932
		250,384,564	88,354,796
32. FINANCE COST			
Interest / markup on:			
- Short term borrowings		745,547,281	364,362,985
- Lease finance	7	10,960,173	11,905,156
- Long term borrowings		90,045,922	78,581,853
- Government grant amortization	8	(1,802,652)	(4,171,852)
- SBP salary loan	6	1,849,843	4,124,659
		47,191	(47,193)
Interest on Workers' Profit Participation Fund	10.2	6,527,819	6,037,854
Bank charges and commission		21,128,696	10,388,979
		874,257,082	471,229,634
33. OTHER EXPENSES			
Workers' Profit Participation Fund	10.2	129,326,022	108,056,861
Workers' Welfare Fund - current		49,143,888	41,585,966
- prior		-	(15,518,494)
		178,469,910	134,124,333
34. TAXATION			
Current	34.1	608,785,149	340,441,005
Prior year	34.3	(214,746,325)	(28,998,450)
Deferred	34.4	232,140,771	85,266,632
	34.2	626,179,595	396,709,187

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).

34.2 Relationship between tax expense and accounting profit

	Note	2022 Rupees	2021 Rupees
Profit before taxation		2,408,050,522	-
Normal tax @ 29%		698,334,651	
Impact of:			
Admissible/ inadmissible items		(33,319,334)	-
Reduction of tax on exports			
Exempt income		(223,877,845)	-
Tax credits availed		(348,000)	-
FTR income		9,697,252	-
Prior year tax		(214,746,325)	-
Super tax		158,298,424	-
Deferred tax		232,140,771	-
		(72,155,057)	-
Tax expense		626,179,595	-

Comparative tax expense reconciliation has not been prepared as in the previous years the Company was charged with Alternate Corporate Tax (ACT) and the relation between income tax expense and accounting profit was not meaningful.

34.3 The prior year figure is on account of minimum tax adjustment at the time of filing of return for tax year 2022 (2021: Pertains to tax year 2021 being adjustment of refunds from FBR and impact of sales to indirect exporter).

34.4 Deferred

Closing deferred tax liability	9.2	451,133,966	221,815,048
Opening deferred tax liability	9.2	(221,815,048)	(138,055,752)
Deferred tax (income)/ expense		229,318,918	83,759,296
Deferred tax attributable to other comprehensive income		2,821,853	1,507,336
Deferred tax attributable to profit and loss		232,140,771	85,266,632

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:

	Note	2022 Rupees	2021 Rupees
Profit after tax		1,781,870,927	1,630,303,690
Weighted average number of ordinary shares in issue during the period		15,023,232	15,023,232
Earnings per share		118.61	108.52

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	(168,734,074)	(68,606,932)
Stock-in-trade	(5,264,312,345)	370,403,675
Trade debts	10,012,566	(79,893,301)
Loans and advances	(324,053,837)	(120,821,485)
Trade deposits, prepayments and other receivables	(377,506,857)	(10,714,316)
Current portion of long term advances	16,468,001	3,559,495
Taxes recoverable/ adjustable	(304,544,681)	108,844,094
Increase/ (decrease) in current liabilities:		
Trade and other payables	2,075,349,989	(611,652,539)
	(4,337,321,238)	(408,881,309)

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:

	2022				2021			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	RUPEES							
Managerial remuneration	2,040,000	2,040,000	104,254,989	108,334,989	2,040,000	2,040,000	106,135,180	110,215,180
Meeting Fee	80,000	520,000	-	600,000	-	-	-	-
Utilities	-	-	4,434,035	4,434,035	-	-	3,537,839	3,537,839
Bonus	-	-	14,858,880	14,858,880	-	-	15,265,085	15,265,085
Gratuity expense	-	-	11,418,899	11,418,899	-	-	9,537,288	9,537,288
Total	2,120,000	2,560,000	134,966,803	139,646,803	2,040,000	2,040,000	134,475,392	138,555,392
Number of persons	1	1	33	35	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 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	2022 Rupees	2021 Rupees
Naubahar Bottling Co. (Pvt) Limited	Associated undertaking	Common Directorship		
- Sale of goods			2,983,029,608	4,250,768,015
- Purchase of goods				-
Almoiz Industries Limited	Associated undertaking	Common Directorship		
- Sale of goods			136,687,651	354,152,786
- Purchase of goods			110,915,231	334,100,464
Baba Farid Sugar Mills Limited	Associated undertaking	Common Directorship		
- Sale of goods			18,495,655	15,159,325
- Sale of machinery			-	585,000
- Purchase of goods			517,140	15,248,100

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 returned to directors during the year	50,000,000	170,000,000
Repayment of loans from directors	40,000,000	-
Dividend paid	47,623,326	35,993,251
Disposal of vehicle	-	507,132
Lease commitments	10,200,000	9,750,000

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. 2,011,074,503/- (2021: Rs. 1,882,298,816/-), the financial assets which are subject to credit risk amounted to Rs. 2,010,709,851/- (2021: Rs. 1,881,458,073/-).

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. 749,463,163/- of the trade receivables carrying amount at year end (2021: Rs. 771,092,593/-) 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:

	2022 Rupees	2021 Rupees
Long term deposits	464,500	464,500
Long term advances	18,333,347	34,801,348
Trade debts	762,651,990	759,579,816
Loan and advances	3,275,315	3,195,014
Short term investments	118,908,586	679,729,542
Trade deposits and other receivables	3,472,783	4,372,235
Bank balances	1,103,603,330	399,315,618
	2,010,709,851	1,881,458,073

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

The aging of trade receivable at the reporting date is:

	2022		
	Gross amount	Remeasurement of ECL	Net amount
Not past due	338,189,133	-	338,189,133
Past due 1-30 days	13,914,767	96,424	13,818,344
Past due 30-365 days	351,859,748	27,323,484	324,536,264
Over 1 year	101,702,223	15,593,973	86,108,249
	805,665,871	43,013,881	762,651,990

	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
	815,678,437	56,098,621	759,579,816

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.

	2022					
	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 borrowings	608,972,811	695,478,307	214,683,529	207,284,654	130,296,046	143,214,078
Lease liabilities	76,568,715	87,686,664	23,442,087	19,935,287	33,524,926	10,784,364
Trade and other payables	522,895,049	522,895,049	-	522,895,049	-	-
Uncashed dividend warrants	19,938,089	19,938,089	-	19,938,089	-	-
Finance cost payable	172,408,897	172,408,897	172,408,897	-	-	-
Short term borrowings	2,782,164,849	2,782,164,849	-	2,782,164,849	-	-
Advances from directors	45,300,000	45,300,000	-	45,300,000	-	-
	4,228,248,410	4,325,871,855	410,534,513	3,597,517,928	163,820,972	153,998,442

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

	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
Lease liabilities	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	-	-
	1,676,079,085	1,782,761,772	293,083,271	907,849,953	413,481,731	168,346,817

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:

	2022	2021	2022	2021
	Effective rate		Carrying amount	
	(in Percent)		(Rupees)	
Financial liabilities				
Variable rate instruments				
Long term borrowings	8.09% to 16.81%	7.85% to 8.44%	608,972,811	910,914,225
Lease liabilities	16.52% to 17.02%	8.04% to 8.85%	76,568,715	106,855,330
Short term borrowings	8.80% to 16.81%	7.51% to 8.28%	2,782,164,849	122,783,266
			3,467,706,375	1,140,552,821

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 2021.

	Increase/ decrease in %	Effect on profit before tax (Rupees)
As at 30 September 2022		
Cash flow sensitivity-Variable rate financial liabilities	1%	34,677,064
As at 30 September 2021		
Cash flow sensitivity-Variable rate financial liabilities	1%	11,405,528

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 2022 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	At amortised cost	
	2022	2021
	Rupees	
Long term deposits	464,500	464,500
Long term advances	18,333,347	34,801,348
Trade debts	762,651,990	759,579,816
Loan and advances	3,275,315	3,195,014
Trade deposits and other receivables	3,472,783	4,372,235
Cash and bank balances	1,103,967,982	400,156,361
	1,892,165,917	1,202,569,274
	At FVTPL	
Short term investments	118,908,586	679,729,542
	2,011,074,503	1,882,298,816

Financial Liabilities	At amortised cost	
	2022	2021
	Rupees	
Long term borrowings	608,972,811	910,914,225
Lease liabilities	76,568,715	106,855,330
Trade and other payables	522,895,049	401,262,886
Uncashed dividend warrants	19,938,089	22,491,719
Finance cost payable	172,408,897	16,471,659
Short term borrowings	2,782,164,849	122,783,266
Advances from directors	45,300,000	95,300,000
	4,228,248,410	1,676,079,085

40. CAPITAL RISK MANAGEMENT

The Company's objectives for managing capital are:

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

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

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

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

Consistently with others in the industry, the Company monitors capital on the basis of the net debt-to-equity ratio. This ratio is calculated as net debt 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 2022, the Company's strategy, which was unchanged from 2021, was to maintain the net debt-to-equity ratio upto 3.50 times, in order to secure access to finance at a reasonable cost.

	2022 Rupees	2021 Rupees
The net debt-to-equity ratios at 30 September 2022 and at 30 September 2021 were as follows:		
Total debts	3,513,006,375	1,235,852,822
Less: Cash and cash equivalents	(1,103,967,982)	(400,156,361)
Net debt	2,409,038,393	835,696,461
Total equity	7,318,640,102	5,628,747,545
Net debt-to-equity (Times)	0.33	0.15

The slight increase in debt-to-equity ratio during 2022 resulted from increase in dependance on borrowings which outweighs increase in equity due to profits retained during the year.

41. PLANT CAPACITY AND ACTUAL PRODUCTION

		2022	2021
Designed crushing capacity	Metric Tons/day	23,000	23,000
Capacity on the basis of operating days	Metric Tons	3,190,000	2,610,500
Actual crushing	Metric Tons	3,059,465	2,374,601
Sugar production from cane	Metric Tons	305,521	228,107

41.1 The plant capacity was under utilized by only 4%, which is primarily due to routine stoppages.

42. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Dividend

The Board of Directors of the Company has proposed final cash dividend for the year ended 30 September 2022 of Rs. 3.5 (2021: Rs.3.00) per share i.e. 35% (2021: 30%) amounting to Rs. 52,581,312 (2021: Rs. 45,069,696/-) at their meeting held on 27 December 2022 for approval of the members.

43. NUMBER OF EMPLOYEES

The total and average number of employees during the year as at 30 September 2022 and 2021 respectively are as follows:

	2022	2021
Number of employees as at 30 September	618	593
Average number of employees during the year	604	599

44. NON-CASH FINANCING ACTIVITIES

During the year, the Company acquired property, plant and equipment amounting to Rs. 16,062,200/- (2021: Rs. 36,130,500/-) 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% (2021: 100%) of the sale of the Company.

b) 100% (2021: 100%) of the sale for the year of the Company is made to customers located in Pakistan and 0% (2021: 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 2022 are located in Pakistan.

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

	2022		2021	
	Rs.	Percentage	Rs.	Percentage
Naubahar Bottling Co. (Pvt) Limited	2,548,591,739	13%	4,250,768,015	20%
CocaCola Beverages Pakistan Ltd.	3,107,272,088	16%	-	-

47. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on December 27, 2022 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 69th Annual General Meeting of the company to be held at Registered office 23-Pir Khurshid Colony, Multan on Wednesday, the 25th January, 2023 at 3.00 p.m. and every adjournment thereof:

As witness my hand this _____ day of _____ 2023

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.

دی تھل انڈسٹریز کارپوریشن لمیٹڈ

مختارنامہ

میں/ہم---------- کا / کے ----------

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

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

اور سب اکاؤنٹ ذیلی کھاتہ نمبر----------

محترم/محترمہ----------

کو اپنے/ہمارے ایماء پر----------مورخہ 25 جنوری 2023ء بروز بدھ بوقت 3:00 بجے ----------

کو منعقد ہونے کمپنی کے 69 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/ کرتے ہیں۔

آج بروز----------بتاریخ ---------- 2023ء کو دستخط کیے گئے۔

گواہان

-1

دستخط:----------

نام:----------

پتہ:----------

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

پچاس روپے
کے رسید ٹکٹ پر دستخط

-2

دستخط:----------

نام:----------

پتہ:----------

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

دستخط کمپنی کے نمونہ دستخط سے
مماثل ہونے چاہئیں

نوٹ:

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

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

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

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

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

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

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

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