ANNUAL REPORT 2014

THAL INDUSTRIES
CORPORATION

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Company Information

BOARD OF DIRECTORS	**CHAIRMAN/CHIEF EXECUTIVE** Mr. Muhammad Shamim Khan **MANAGING DIRECTOR** Mr. Nauman Ahmed Khan **DIRECTORS** Mrs. Qaiser Shamim Khan Mr. Adnan Ahmed Khan Ms. Farrah Khan Mrs. Sarah H. Khan Mr. Muhammad Khan
AUDIT COMMITTEE	Mr. Adnan Ahmed Khan (Chairman) Mrs. Qaiser Shamim Khan (Member) Mr. Muhammad Khan (Member)
HUMAN RESOURCE & REMUNERATION COMMITTEE	Ms. Farrah Khan (Chairman) Mr. Muhammad Shamim Khan (Member) Mr. Adnan Ahmed Khan (Member)
CHIEF FINANCIAL OFFICER	Mr. Mumtaz Hussain Khosa
COMPANY SECRETARY	Mr. Wasif Mahmood
AUDITORS	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants, Lahore
LEGAL ADVISOR	Mr. Shehzad Ata Elahi, Advocate Ch. Altaf Hussain Advocate
BANKERS	Albaraka Bank Pakistan Limited Allied Bank Limited Bank Al-Habib Limited Barclays Bank Limited Bank Alfalah Limited BankIslami Pakistan Limited Faysal Bank Limited Habib Bank Limited JS Bank Limited MCB Bank Limited Meezan Bank Limited NIB Bank Limited Standard Chartered Bank (Pakistan) Limited Soneri Bank Limited The Bank of Punjab United Bank Limited
SHARE REGISTRAR	M/s. CORPLINK (Pvt) Ltd Wings Arcade, 1-K- Commercial Model Town, Lahore Tel: 042-35839182, 35887262 Fax: 042-35869037
REGISTERED OFFICE	23- Pir Khurshid Colony Gulgasht, Multan Tel: 061-6524621, 6524675 Fax: 061-6524675
LAHORE OFFICE	2-D-1 Gulberg-III, Lahore – 54600 Tel: 042-35771066-71 Fax: 042-35771175
FACTORY ADDRESSES	Unit 1: Layyah Sugar Mills, Layyah Tel: 0606-411981-4 Fax: 0606-411284 Unit 2: Safina Sugar Mills, Lalian District Chinniot. Tel: 047-6610011-6 Fax: 047-6610010
WEBSITE	info@thalindustries.com

Notice of Annual General Meeting

Notice is hereby given that the 61st Annual General Meeting of the Shareholders of The Thal Industries Corporation Limited will be held on Tuesday, the 27th January, 2015 at 3:00 p.m. at 2 D-1, Gulberg-III, Lahore to transact the following business:-

ORDINARY BUSINESS:

a) Confirmation of the minutes of the 60th Annual General Meeting of the Thal Industries Corporation Limited held on 25-01-2014.

b) To receive, consider and adopt Annual Audited Accounts alongwith Balance Sheet for the year ended 30th September 2014 together with Auditors' and Directors' reports thereon.

c) To consider and approve cash dividend @ of Rs. 0.75 per share i.e. 7.5% for the year ended 30th September, 2014.

d) To appoint Auditors for the year ending 30th September, 2015 and to fix their remuneration. M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants retire. They have offered their services for re-appointment for the year ending 30-09-2015.

e) To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD

WASIF MAHMOOD
Company Secretary

Lahore: 26th December 2014

Note:

1. Share Transfer Books of the Company will remain closed from 21-01-2015 to 27-01-2015 (both days inclusive). No transfer of shares will be accepted for registration during the closed period. However, transfer received at the office of the Company's Share Registrar Office at M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore by the close of business hours on 20th January 2015 will be treated in time for the entitlement of payout of dividend.

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

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

4. 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.

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

Director's Report to the Members

The Directors of your Company are pleased to present the 61st Annual Report together with Audited Accounts and Auditor's Report there on for the Financial Year Ended 30 September 2014.

INDUSTRY OVERVIEW

Depressed sugar prices since the last three years in local as well as international markets compelled the provincial government to fix the sugarcane minimum price for the crushing season 2013-14 (under review) at the same level as the previous year: Rs. 170/ per maund. As was to be anticipated, price competition over cane purchase remained largely subdued other than towards the end of the crushing season, when a short lived uptick in sugar prices led to some enthusiasm for sugar cane procurment amongst the mills. Local sugar prices remained subdued throughout the year but did manage to end the last quarter on an improved note as the selling pressure abated.

PERFORMANCE OF THE COMPNAY

During the year under review the Company was able to crush 1,814,123 m. tons sugar cane and produced 178,630 m. tons white refined sugar at an average recovery of 9.85% as compared to last year crushing of 1,661,939 m. tons and production of 161,733 m. tons white refined sugar at an average recovery of 9.73%. Increase in cane crushing and sugar production was due to the company maintaining its tradition of continuous improvement and yearly investments in the plant as well as its sugarcane development program. Due to a large sugarcane crop and an overall sugar surplus in the country, the company tried to avail export opportunities as and when the government allowed it in order to relieve some of the pressure felt through the depressed local sugar market.

FINANCIAL HIGHLIGHTS

During the financial year under review the Company earned pretax profit of Rs. 83.513 million and after tax Rs. 62.473 million as compared to last year pretax profit of Rs. 314.921 million and after tax of Rs. 204.873 million.

Reduction in profitability was mainly because of increased financial charges in sugar pledge lines due to heavy sugar stocks as well as year on year decreased margins resulting from the average prevailing market prices. Although sugar prices improved for some short spans and the company followed a sensisble policy of availaing such opportunities, sporadic and restrictive export permissions by the government resulted in local avergae price levels that were fairly unprofitable. All these factors cumulatively participated to erode the profitability of the company.

FINANCIAL RESULTS

	2014	2013
	(Rupees in Million)	
Pre- Tax Profit	83.513	314.921
Provision for Taxation:		
- Current	32.074	(95.638)
- Deferred	(53.114)	(14.410)
Profit after Taxation	62.473	204.873
Effect of OCI	(0.257)	(3.965)
	62.216	200.908
Accumulated profit brought forward	786.860	600.975
	849.076	801.883
APPROPRIATIONS		
Dividend paid during the year @ 15% (2013-10%)	(22.535)	(15.023)
Accumulated profit carried forward	826.541	786.860
Earnings per share (Rs.)	4.16	13.64

EARNING PER SHARE:

The earning per share of the company for the year under review stood at Rs. 4.16 (2013: Rs. 13.64).

DIVIDEND

Your management has recommended 7.50% (2013: 15%) cash dividend for the financial year ended 30, September 2014.

RESEARCH AND DEVELOPMENT

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

Like previous years, your management has decided to provide new improved varieties of sugarcane seed with high yield/recovery and disease/frost resistance along with fertilizers and pesticides to cane growers on mark up free credit basis for Autumn sowing 2014, as well as free of cost timely services of biological laboratory at their door step so that sugarcane procurement for the next crushing season may not suffer.

FUTURE OUT LOOK

It is expected that sugarcane supply for the coming crushing season 201415 will remain at the same level as the year under review, resulting in the high sugar production levels of the last few years. Inspite of depressed conditions in the local & International sugar markets, the government has increased the minimum cane price from Rs. 170/ per maund to Rs. 180/ per maund for the crushing season 201415.

Keeping in view the expected large cane crop in the next crushing season 201415 and brought forward sugar stock in the country, there will be over supply situation vis a vis consumption in Pakistan and as a result sugar prices could remain under unprecedented pressure, which would ultimately affect the profitability of the sugar industry negatively. The outlook for the industry and your company very much hinges on the financial and timely regulatory support that the Government of Pakistan must provide for the export of surplus stocks of sugar from Pakistan. Only if this overhang is cleared, can any acceptable sugar price levels be hoped for in the local market and positive financial outcomes be expected from the current situation. Your company will be focusing increased energies on improving its export performance and on availing the best price points whether they be in the local or international markets.

RELATED PARTIES DISCLOSURE

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

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

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

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

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

f) The company has adopted the centeral depository system and the listing regulations of Karachi Stock Exchange. So for 138,096 shares of the company have been got transferred by the shareholders to the Centeral Depository company of Pakistan Karachi

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

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

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

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

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

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

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

n) The Pattern of shareholders including additional informaiton is annexed;
o) No Share transactions have been reported by the Directors, CFO, other Executives, Auditors, Company secretary or their spouses and minor childern during the year ended 30 September, 2014.

BOARD MEETINGS

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

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

PATTERN OF SHARE HOLDING

The statement of pattern of shareholding alongwith categories of shareholding of the company as at September 30, 2014 required under section 236 of the Companies Ordinance, 1984 and Code of Corporate Governance is annexed with this report.

AUDITORS

The present Auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants retire and being eligible, offer 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, 2015.

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' Reoprt in this regard are also presented.

ACKNOWLEDGEMENT

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

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

Muhammad Shamim Khan
Chairman/Chief Executive

Lahore: 26th December 2014

Vision Statement

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

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

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

MISSION STATEMENT

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

CORPORATE STRATEGY

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

CORE VALUES

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

Statement of Ethics & Business Practices

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

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

Quality of Product:

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

Dealing with Employees:

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

Responsibility to Society / Interested Sectors:

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

We meet all our obligations and ensure timely compliance.

Financial Reporting & Internal Controls:

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

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

Purchase of Goods & Timely Payment:

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

Conflict of Interest:

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

Observance to Laws of the Country:

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

Objectives of the Company:

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

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

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

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

Six Years Summary of Financial Highlights

OPERATING PERFORMANCE:

	2014	2013	2012	2011	2010	2009
Quantitative Data (M. Tons)						
Cane Crushed	1,814,123	1,661,939	1,668,548	1,380,805	1,154,967	1,142,669
Sugar Produced	178,630	161,733	159,530	121,024	99,829	105,601
Raw Sugar Processed	-	-	-	2,096	-	-
Sugar Produced from Raw Sugar	-	-	-	1,986	-	-
Profitability (Rs in 000)						
Gross Sales	9,250,729	10,319,973	7,948,675	8,019,513	6,791,240	2,448,836
Sales (Net)	8,595,814	9,543,137	7,374,484	7,378,520	6,535,895	3,804,992
Gross Profit	901,403	986,981	674,490	950,816	686,998	659,994
Profit before Taxation	83,513	314,921	164,323	290,741	229,991	307,071
Profit after Taxation	62,473	204,873	106,609	183,697	119,191	195,874
Financial Position (Rs in 000)						
Tangible Fixed Assets	2,347,980	2,454,555	1,812,174	1,653,701	1,698,563	1,720,743
Other Non Current Assets	440	1,617	3,153	3,325	7,987	7,052
	2,348,420	2,456,173	1,815,327	1,657,026	1,706,550	1,727,795
Current Assets	3,969,012	2,319,988	3,081,126	2,368,028	1,305,885	1,245,821
Current Liabilities	3,754,353	2,308,188	2,700,540	2,120,560	1,207,049	1,199,468
Net Working Capital Employed	214,659	11,800	380,586	247,468	98,836	46,353
Capital Employed	2,563,079	2,467,973	2,195,913	1,904,494	1,805,386	1,774,148
Long Term Loan & Other Liabilities	1,492,505	1,437,081	1,348,006	1,133,150	1,195,204	1,253,111
Shareholder’s Equity	1,070,574	1,030,892	847,907	771,344	610,182	521,037
Represented By:						
Share Capital	150,232	150,232	150,232	150,232	150,232	150,232
Reserve & Unappropriated Profit/ (Loss) Carried Forward	920,341	880,660	697,675	621,112	459,950	370,805
	1,070,574	1,030,892	847,907	771,344	610,182	521,037
Ratios						
Gross Profit Ratio (%age)	10.49	10.34	9.15	12.89	10.51	17.35
Net Profit Before Tax Ratio (%age)	0.97	3.30	2.23	3.94	3.52	8.07
Debt to Equity Ratio (Excluding Directors Loan)	76:24	90:10	89:11	32.68	41.59	42.58
Current Ratio	1.06	1.01	1.14	1.12	1.08	1.04
Break up Value per Share (Rs.)	71.26	68.62	56.44	51.34	40.62	34.68
Earning per Share (Rs.)	4.16	13.64	7.10	12.23	7.93	13.04
Dividend (%age)	7.50	15.00	10.00	15.00	20.00	15.00
Dividend Paid (Rs in 000)	11,267	22,535	15,023	22,535	30,046	22,535

FORM-34
THE COMPANIES ORDINANCE 1984

(Section 236(1) and 464)
PATTERN OF HOLDING OF SHARES

1. Incorporation Number: **0000619**

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

3. Pattern of holding of the shares held by the shareholders as at: 30/09/2014

4. Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
493	1	100	21,867
242	101	500	64,352
117	501	1,000	87,734
92	1,001	5,000	226,576
16	5,001	10,000	114,084
3	10,001	15,000	30,320
2	15,001	20,000	38,570
1	25,001	30,000	29,044
1	30,001	35,000	31,000
7	45,001	50,000	345,608
2	50,001	55,000	106,500
2	55,001	60,000	115,500
2	60,001	65,000	124,000
1	65,001	70,000	68,000
2	75,001	80,000	156,000
2	80,001	85,000	163,500
4	90,001	95,000	377,753
5	95,001	100,000	498,550
4	100,001	105,000	411,500
6	105,001	110,000	654,000
3	115,001	120,000	359,000
1	120,001	125,000	125,000
1	130,001	135,000	135,000
1	145,001	150,000	150,000
1	150,001	155,000	150,013
2	175,001	180,000	358,000
1	180,001	185,000	182,500
1	190,001	195,000	191,807
2	195,001	200,000	398,500
1	200,001	205,000	201,069
1	205,001	210,000	209,878
2	225,001	230,000	455,500
1	240,001	245,000	242,000
1	250,001	255,000	254,000
2	255,001	260,000	512,157
1	265,001	270,000	267,960
1	305,001	310,000	308,000
1	785,001	790,000	786,480
1	1,215,001	1,220,000	1,216,060
1	4,855,001	4,860,000	4,855,850
1030			**15,023,232**

5.	Categories of shareholders	Shares Held	Percentage
5.1	Directors, Chief Executive Officers, and their spouses and minor childern	7,346,350	48.8999%
5.2	Associated Companies, undertakings and related parties.	0	0.0000%
5.3	NIT and ICP	25	0.0002%
5.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
5.5	Insurance Companies	170	0.0011%
5.6	Modarabas and Mutual Funds	0	0.0000%
*5.7	Share holders holding 10%	4,855,850	32.3223%
5.8	General Public		
	a. Local	7,662,398	51.0037%
	b. Foreign	0	0.0000%
5.9	Others (to be specified)		
	Joint Stock Companies	13,480	0.0897%
	Abandoned Properties	809	0.0054%
	Total	**15,023,232**	**100.0000%**

*** Note:**

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

Categories of Share Holders as Required Under C.C.G.
As on 30th September 2014

S. No.	NAME	HOLDING	%AGE
	DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN		
1	MR. MUHAMMAD SHAMIM KHAN	4,855,850	32.3223%
2	MRS. QAISER SHAMIM KHAN	786,480	5.2351%
3	MR. ADNAN AHMED KHAN	267,960	1.7836%
4	MR. NAUMAN AHMED KHAN	1,216,060	8.0945%
5	MS. FARRAH KHAN	55,000	0.3661%
6	MR. MUHAMMAD KHAN	5,000	0.0333%
7	MRS. SARAH H. KHAN	50,000	0.3328%
8	MRS. AAMRA KHAN W/O ADNAN AHMED KHAN	50,000	0.3328%
9	MRS. ANIQA KHAN W/O NAUMAN AHMED KHAN	50,000	0.3328%
10	RANIA KHAN (MINOR) THROUGH GARDIAN MR. ADNAN AHMED KHAN	10,000	0.0666%
		7,346,350	48.8999%
	ASSOCIATED COMPANIES	0	0.0000%
	NIT & ICP		
1	INVESTMENT CORPORATION OF PAKISTAN	25	0.0002%
	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS	0	0.0000%
	INSURANCE COMPANIES		
1	ADAMJEE INSURANCE COMPANY LIMITED	170	0.0011%
	MODARABA & MUTUAL FUND	0	0.0000%
	JOINT STOCK COMPANIES		
1	GHULAM RASOOL & SONS	295	0.0020%
2	SH. MOHAMMAD IBRAHIM AND SONS	295	0.0020%
3	MANZOOR AHMAD AND SONS	63	0.0004%
4	M/S RAJPUT METAL WORKS LTD.	7,509	0.0500%
5	SALIM SOZER SECURITIES (PRIVATE) LTD. (CDC)	5,000	0.0333%
6	SARFARAZ MAHMOOD (PVT) LTD. (CDC)	3	0.0000%
7	TREET CORPORATION LIMITED (CDC)	315	0.0021%
		13,480	0.0897%
	ABANDONED PROPERTIES		
1	ABANDONED PROPERTIES ORGANIZATION (CDC)	809	0.0054%
	SHARES HELD BY THE GENERAL PUBLIC	7,662,398	51.0037%
	TOTAL:	**15,023,232**	**100.0000%**

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

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

S. No.	NAME	SALE	PURCHASE
	NIL		

Statement of Compliance with the Code of
Corporate Governance for the Year Ended 30 September 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Lahore Stock Exchange and Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	None
Executive Directors	Mr. Muhammad Shamim Khan Mr. Nauman Ahmed Khan Mr. Muhammad Khan
Non-Executive Directors	Mr. Adnan Ahmed Khan Ms. Farrah Khan Mrs. Qaiser Shamim Khan Mrs. Sarah H. Khan

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

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

4. No casual vacancy was occurred on the board during the year.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company alongwith its supporting policies and procedures.

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

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

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

9. Directors of the company are fully aware of their duties and responsibilities and the company has been arranging in house orientation courses to update them. Out of seven, six directors are exempt from directors' training program in view of their fourteen years of education and fifteen years of experience on the board of a listed company. It is planned that SECP's approved training program would be arranged for the seventh director in the following year.

10. The board has approved appointment of Head of Internal Audit, including its remuneration and terms and condition of employment. The person appointed as Head of Internal Audit is a memebr of "The Institute of Internal Auditors (IIA)" and possess more than five year experience in the field of internal audit.

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

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

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

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of three members of whom two are non executive directors and one executive director (Company does not have independent director on the board). The chairman of the committee is a non executive director.

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

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

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

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

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

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

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

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

24. We confirm that all other material principles enshrined in the CCG have been complied with except for the matters stated in paragraphs 1, 9 and 15 towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

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

Muhammad Shamim Khan
Chairman/Chief Executive

Lahore: 26 December 2014

Review Report to the Members
On Statement of Compliance With Best Practices of Code of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **The Thal Industries Corporation Limited** to comply with the listing regulation No. 35 of the Lahore and also of Karachi Stock Exchanges where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to the inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Further, listing regulations of the Karachi and Lahore Stock Exchanges require the company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured the compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, we draw attention to the following paragraphs of statement of compliance with code of corporate governance viz Para 1 [Independent Directors], 9 [Training Program for directors] and 15 [Audit committee composition], nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to company for the year ended 30 September 2014.

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

LAHORE: DECEMBER 26, 2014

Auditor's Report to the Members

We have audited the annexed balance sheet of **THE THAL INDUSTRIES CORPORATION LIMITED** as at 30 September 2014, the related profit & loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion –

   i) the balance sheet and profit & loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3 with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September 2014, of the profit, total comprehensive income, its cash flows & changes in equity for the year then ended; and

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

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

LAHORE: DECEMBER 26, 2014

Balance Sheet

As At 30 September 2014

	Note	2014 Rupees	2013 Rupees (Restated)	2012 Rupees (Restated)
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Share capital	4	150,232,320	150,232,320	150,232,320
Revenue reserves	5	93,800,000	93,800,000	93,800,000
Accumulated profit		826,541,441	* 786,860,063	* 600,975,443
		1,070,573,761	1,030,892,383	845,007,763
Non Current Liabilities				
Long term finance	6	594,666,667	599,692,500	544,077,500
Liabilities against assets subject to finance lease	7	6,472,723	7,414,411	-
Loans from directors	8	574,800,000	574,800,000	574,800,000
Deferred liabilities	9	316,565,480	* 255,173,792	* 232,027,667
		1,492,504,870	1,437,080,703	1,350,905,167
Current Liabilities				
Trade and other payables	10	492,916,626	525,966,194	1,469,500,137
Finance cost payable	11	135,364,301	41,422,832	50,690,760
Short term borrowings-secured	12	2,804,112,277	1,164,557,276	878,699,011
Advances from directors	13	26,000,000	126,000,000	28,500,000
Current portion of long term liabilities	14	214,660,959	327,903,134	209,385,000
Provision for taxation		81,299,091	122,338,245	63,765,143
		3,754,353,254	2,308,187,681	2,700,540,051
Contingencies and Commitments	15			
		6,317,431,885	4,776,160,767	4,896,452,981

* These figures are restated as detailed in relevant notes.

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

CHIEF EXECUTIVE

	Note	2014 Rupees	2013 Rupees (Restated)	2012 Rupees (Restated)
PROPERTY AND ASSETS				
Non Current Assets				
Property, plant & equipment	16	2,347,980,269	2,454,555,298	1,812,174,230
Long term deposits	17	439,500	1,617,400	3,152,900
		2,348,419,769	2,456,172,698	1,815,327,130
Current Assets				
Stores, spare parts and loose tools	18	324,476,622	300,255,813	414,186,509
Stock-in-trade	19	2,335,294,833	1,259,899,938	1,854,084,976
Trade debts	20	368,759,302	194,787,548	49,370,747
Loans and advances	21	251,021,576	256,132,452	473,023,292
Trade deposits, prepayments and other receivables	22	49,330,750	25,155,159	29,104,903
Taxes recoverable / adjustable	23	409,220,788	266,134,470	241,683,866
Cash and bank balances	24	230,908,245	17,622,689	19,671,558
		3,969,012,116	2,319,988,069	3,081,125,851
		6,317,431,885	4,776,160,767	4,896,452,981

DIRECTOR

Profit and Loss Account
For the year ended 30 September 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Sales - net	25	8,595,813,943	9,543,136,975
Cost of sales	26	(7,694,410,756)	* (8,556,156,203)
Gross profit		901,403,187	986,980,772
Operating expenses			
Distribution and selling expenses	27	(107,744,521)	(104,728,948)
Administrative expenses	28	(241,150,929)	* (200,149,910)
		(348,895,450)	(304,878,858)
Operating profit		552,507,737	682,101,914
Other income	29	48,885,392	22,861,558
		601,393,129	704,963,472
Finance cost	30	(512,808,266)	(369,957,603)
Other expenses	31	(5,071,604)	(20,084,811)
		(517,879,870)	(390,042,414)
Profit before taxation		83,513,259	314,921,058
Taxation	32	(21,040,621)	* (110,047,799)
Profit after taxation		62,472,638	204,873,259
Earnings Per Share - Basic and diluted	33	4.16	13.64

* These figures are restated as detailed in relevant notes

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

CHIEF EXECUTIVE

DIRECTOR

Statement of Other Comprehensive Income
For the year ended 30 September 2014

	2014 Rupees	2013 Rupees (Restated)
Profit after tax	62,472,638	204,873,259
Other Comprehensive Income-Net of Tax		
Items that will be reclassified to profit or loss	-	-
Items that will never be reclassified to profit or loss:		
Remeasurement of staff gratuity	(394,480)	(5,968,969)
Actuarial losses previously recognised in profit & loss account using corridor approach	-	(131,657)
	(394,480)	(6,100,626)
Related impact on deferred tax	138,068	2,135,219
	(256,412)	* (3,965,407)
Total comprehensive income for the year	62,216,226	200,907,852

* These figures are restated as detailed in relevant notes

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

CHIEF EXECUTIVE **DIRECTOR**

Cash Flow Statement

For the year ended 30 September 2014

	Note	2014 Rupees	2013 Rupees (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		83,513,259	314,921,058
Adjustment for:-			
- Depreciation		216,708,677	184,016,050
- Provision for gratuity		13,302,273	9,686,908
- Gain on disposal of fixed assets		(8,872,579)	-
- Finance cost		512,808,266	369,957,603
- Workers' Profit participation fund		4,429,243	16,743,711
- Workers Welfare fund		642,361	3,398,955
		739,018,241	583,803,227
Operating cash flows before changes in working capital		822,531,500	898,724,285
Changes in working capital	34	(1,447,778,894)	(199,902,898)
Cash (used in)/generated from operations		(625,247,394)	698,821,387
Gratuity paid		(5,281,174)	(4,916,509)
Finance cost paid		(418,247,093)	(379,050,423)
Workers' profit participation fund paid		(17,363,415)	(8,494,171)
Workers Welfare fund paid		(3,398,955)	(1,658,248)
Income tax paid		(8,965,598)	(37,064,378)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		(1,078,503,629)	267,637,658
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(111,568,612)	(813,487,118)
Long term deposits		1,177,900	-
Proceeds from disposal of fixed assets		17,139,043	-
NET CASH USED IN INVESTING ACTIVITIES		(93,251,669)	(813,487,118)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finance		(120,385,000)	170,615,000
Lease and security deposit payments		(5,656,196)	(1,977,455)
Short term borrowings - net		1,639,555,001	285,858,265
Advances from directors		(100,000,000)	97,500,000
Dividend paid		(28,472,951)	(8,195,219)
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES		1,385,040,854	543,800,591
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		213,285,556	(2,048,869)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		17,622,689	19,671,558
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	230,908,245	17,622,689

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

CHIEF EXECUTIVE **DIRECTOR**

Statement of Changes in Equity

For the year ended 30 September 2014

PARTICULARS	SHARE CAPITAL	GENERAL RESERVES	ACCUMULATED PROFIT	TOTAL
	RUPEES			
Balance as on 01 October 2012-As Reported	150,232,320	93,800,000	603,874,884	847,907,204
Effect of Change in Accounting Policy (Refer note 3)	-	-	(2,899,441)	(2,899,441)
Balance as on 01 October 2012-Restated	150,232,320	93,800,000	600,975,443	845,007,763
Cash dividend declared during the year @ 10 % i.e. Re. 1 per share for the year ended 30 September 2012	-	-	(15,023,232)	(15,023,232)
Total Comprehensive Income for the year - Restated	-	-	200,907,852	200,907,852
Balance as on 30 September 2013 - Restated	150,232,320	93,800,000	786,860,063	1,030,892,383
Cash dividend declared during the year @ 15 % i.e. Re. 1.50 per share for the year ended 30 September 2013	-	-	(22,534,848)	(22,534,848)
Total Comprehensive Income for the year	-	-	62,216,226	62,216,226
Balance as on 30 September 2014	150,232,320	93,800,000	826,541,441	1,070,573,761

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

CHIEF EXECUTIVE **DIRECTOR**

Notes to the Financial Statements
For the year ended 30 September 2014

1. STATUS AND ACTIVITIES

The Thal Industries Corporation Limited (Company) is a public limited company incorporated in Pakistan on 07th September 1953 under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Lahore and Karachi Stock Exchanges of Pakistan. Its registered office is situated at 23-Pir Khurshid Colony, Gulgasht, Multan. The Company is principally engaged in production and sale of refined sugar and its by-products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

a) Standards and interpretations that become effective and relevant to the Company:

The following standards (revised or amended) became effective for the current financial year and have material effect on the financial statements of the Company.

- IAS-1 "Presentation of financial statements" (Amended) requires disclosure requirements for comparative information. The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet as at the beginning of the preceding period if it applies an accounting policy retrospectively, and the retrospective application has a material effect on the information in the balance sheet at the beginning of the preceding period. However, the entity need not to present the related notes in the opening balance sheet as at the beginning of the preceding period.

- IAS-19 "Employee Benefits" (Amended) eliminate the corridor approach and calculate finance costs on a net funding basis. The company has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact of change in accounting policy on the Company's financial statements has been explained in note 3.

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

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

- IFRS 7 - "Financial Instruments: Disclosures" (amendments)
- IAS 16 - "Property, Plant and Equipment" (amendments)
- IAS 27 - "Separate financial statements" (amendments)
- IAS 28 - "Investments in Associates and Joint Ventures" (amendments)
- IAS 32 - "Financial Instruments: Presentation" (amendments)
- IAS 34 - "Interim Financial Reporting" (amendments)
- IFRIC 20- "Stripping Costs in the Production phases of a Surface Mine"

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

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

- IFRS 1 - "First time adoption of International Financial Reporting Standards" (amendments applicable for annual periods beginning on or after January 01, 2013) - Not notified by SECP.

- IFRS 2 - "Share Based Payment" (amendments applicable for annual periods beginning on or after July 01, 2014).

- IFRS 3 - "Business Combinations" (amendments applicable for annual periods beginning on or after July 01, 2014).

- IFRS 5 - "Non-Current Assets held for sale and Discontinued Operations" (amendments applicable for annual periods beginning on or after January 01, 2016).

- IFRS 7 - "Financial Instruments: Disclosures" (amendments applicable for annual periods beginning on or after January 01, 2015, January 01, 2016 & January 01, 2018).

- IFRS 8 - "Operating Segments" (amendments applicable for annual periods beginning on or after July 01, 2014).

- IFRS 9 - "Financial Instruments: Classification and Measurement" (applicable for annual periods beginning on or after January 01, 2018) - Not notified by SECP.

- IFRS 10 - "Consolidated Financial Statements" - (amendments applicable for annual periods beginning on or after January 01, 2015 & January 01, 2016).

- IFRS 11 - "Joint Arrangements" - (amendments applicable for annual periods beginning on or after January 01, 2015 & January 01, 2016).

- IFRS 12 - "Disclosure of Interests in Other Entities" - (amendments applicable for annual periods beginning on or after January 01, 2015).

- IFRS 13 - "Fair Value Measurement" - (amendments applicable for annual periods beginning on or after January 01, 2015).

- IFRS 14 - "Regulatory Deferral Accounts" - (applicable for annual periods beginning on or after January 01, 2016).

- IFRS 15 - "Revenue from Contracts with Customers" - (applicable for annual periods beginning on or after January 01, 2017).

- IAS 16 - "Property, Plant and Equipment" (amendments applicable for annual periods beginning on or after January 01, 2014 & January 01, 2016).

- IAS 19 "Employee Benefits" (amendments applicable for annual periods beginning on or after July 01, 2014 & January 01, 2016).

- IAS 24 "Related Party Transactions" (amendments applicable for annual periods beginning on or after July 01, 2014).

- IAS 27 - "Separate financial statements" (amendments applicable for annual periods beginning on or after January 01, 2014 & January 01, 2016).

- IAS 28 - "Investments in Associates and Joint Ventures" (amendments applicable for annual periods beginning on or after January 01, 2016).

- IAS 32 - "Financial Instruments: Presentation" (amendments applicable for annual periods beginning on or after January 01, 2014).

- IAS 34 - "Interim Financial Reporting" (amendments applicable for annual periods beginning on or after January 01, 2016).

- IAS 36 - "Impairment of Assets" (amendments applicable for annual periods beginning on or after January 01, 2014).

- IAS 38 - "Intangible Assets" (amendments applicable for annual periods beginning on or after July 01, 2014 & January 01, 2016).

- IAS 39 - "Financial Instruments: Recognition and Measurement" (amendments applicable for annual periods beginning on or after January 01, 2014 & January 01, 2018).

- IAS 40 - "Investment Property" (amendments applicable for annual periods beginning on or after July 01, 2014).

- IAS 41 - "Agriculture" (amendments applicable for annual periods beginning on or after January 01, 2016).

- IFRIC 21- "Levies" (applicable for annual periods beginning on or after 1 January 2014).

2.3 Accounting convention

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

- Provisions	(note 2.6)
- Staff retirement benefits	(note 9.1)
- Deferred taxation	(note 9.2)
- Contingencies	(note 15)
- Useful life of depreciable assets	(note 16.1)

2.5 Staff retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all permanent employees of the Company who have completed minimum qualifying period. Provisions are made annually to cover the obligation and charged to income currently, based on actuarial valuation by using the projected unit credit method. Actuarial gains and losses are recognised immediately in other comprehensive income and past service cost is recognized immediately to the profit and loss account. Interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset is also directly charged to profit and loss account. (Refer note 3 for effect of retrospective change in accounting policy).

2.6 Provisions

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

2.7 Taxation

Current

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

Deferred

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

2.8 Foreign currency transactions

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

2.9 Property, plant & equipment and depreciation

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

Depreciation is charged by applying the reducing balance method over its estimated useful life at the rates specified in note 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 methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of operating fixed assets. Appropriate adjustments are made if the impact of depreciation is significant.

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

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

2.10 Capital work in progress

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

2.11 Borrowing Costs

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

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

2.12 Accounting for finance lease

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

2.13 Ijarah

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

2.14 Stores, spares and loose tools

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

2.15 Stock-in-trade

These are valued applying the following basis:

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

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

2.16 Revenue recognition

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

2.17 Dividend

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

2.18 Financial Instruments

Initial Recognition

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

Initial Measurement

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

Financial assets

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

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

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

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

Financial assets at FVTPL are subcategorized as:

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

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

Loans and receivables

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

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

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

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

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

Financial liabilities

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

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

The Company's financial liabilities are generally classified into:
- financial liabilities at FVTPL and
- other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL has two subcategories:
- financial liabilities held for trading and
- those designated as at FVTPL on initial recognition.

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

Other financial liabilities

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

Equity instruments

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

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

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

Derivative financial instruments and hedging

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

Derecognition

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

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

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

Effective interest method

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

Off setting

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

2.19 Cash and cash equivalents

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

2.20 Related parties transactions

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

2.21 Impairment

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

2.22 Figures

The corresponding figures are rearranged wherever necessary for the purpose of comparison and are rounded off to nearest rupee. Appropriate disclosure is given in relevant note in case of material rearrangements.

3. CHANGE IN ACCOUNTING POLICY

IAS 19 - 'Employee Benefits' (revised) became effective during the year (refer note 2.2 (a)). Consequently, the Company has changed its accounting policy in respect of recognition of actuarial gains and losses, past service costs and expected return on plan assets, whereby with effect from current year, the Company has recognised on the basis of actuarial valuation report actuarial gains and losses immediately in other comprehensive income; immediately recognised all past service costs in profit and loss account; and replaced 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.

The change has been accounted for in accordance with IAS 19 - 'Employee Benefits' (Revised), IAS 8 -'Accounting Policies, Change in Accounting Estimates and Errors' and IAS 1-'Presentation of Financial Statements' (Revised). The Company has applied the change in accounting policy retrospectively and has presented balance sheet as at the beginning of the earliest comparative period i.e., October 1, 2012.

Impact on these financial statements of this change in the accounting policy due to recognition of actuarial gains and losses on defined benefit plan in accordance with IAS 19 is summarized below as of October 1, 2012 and September 30, 2013 and for the year then ended:

	30 September 2013 Rupees	01 October 2012 Rupees
Impact on Balance Sheet		
Increase in Deferred Liabilities-Gratuity	5,968,969	4,460,679
Decrease in deferred tax liability	(2,089,139)	(1,561,238)
Decrease in Accumulated profit	3,879,830	2,899,441
Impact on Profit & Loss Account		
Decrease in cost of Sales	(88,217)	
Decrease in Administrative Expenses	(43,440)	
	(131,657)	
Decrease in deferred tax expense	(46,080)	
Impact on Statement of Other Comprehensive Income		
Re-measurements of defined benefit obligation on account of gratuity	(5,968,969)	
Actuarial losses previously recognised in profit and loss account using corridor approach	(131,657)	
Related impact on deferred tax	2,135,219	

4. SHARE CAPITAL

2014	2013		Note	2014	2013
(Number of shares)				Rupees	Rupees
Authorized Capital:					
20,000,000	20,000,000	Ordinary shares of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed and paid up capital:					
8,368,846	8,368,846	Ordinary shares of Rs. 10/- each fully paid in cash		83,688,460	83,688,460
142,770	142,770	Ordinary shares of Rs. 10/- each issued as fully paid for consideration otherwise than cash			1,427,700
1,427,700					
6,511,616	6,511,616	Ordinary shares of Rs. 10/- each issued as bonus shares		65,116,160	65,116,160
15,023,232	15,023,232			150,232,320	150,232,320

5. REVENUE RESERVES

	2014	2013
General reserves	93,800,000	93,800,000

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

6. LONG TERM FINANCE

	Note	2014	2013
Opening balance		924,077,500	753,462,500
Obtained during the year		200,000,000	380,000,000
		1,124,077,500	1,133,462,500
Paid during the year		(320,385,000)	(209,385,000)
	6.1	803,692,500	924,077,500
Less: Current portion		(209,025,833)	(324,385,000)
		594,666,667	599,692,500

6.1 Demand finance facilities of Rs. 700 million (2013: Rs. 850 million) and term finance facilities of Rs. 400 million (2013: 400 million) have been obtained from various banking companies. These loans are secured against first pari passu / hypothecation charge of Rs. 934 million over all present and future fixed assets of the company, hypothecation charge over fixed assets of the company and personal guarantees of directors of the company. The facilities of MCB Bank Limited are collaterally secured against 1st pari passu / ranking charge of Rs. 600 million over present and future current assets of the company. The facilities are being repaid in quarterly/biannually instalments beginning from September 2009 and ending on April 2019. These carry mark up @ 3 to 6 month KIBOR + 0.90% to 2% (2013: 3 to 6 month KIBOR + 1.25% to 2.50%) p.a.

	Note	2014 Rupees	2013 Rupees
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Opening balance		12,200,095	-
Obtained during the year		6,266,500	12,675,500
Payments/adjustments during the year		(4,464,546)	(475,405)
		14,002,049	12,200,095
Less: Security deposits adjustable on expiry of lease term		(1,894,200)	(1,267,550)
		12,107,849	10,932,545
Less: Current portion grouped under current liabilities		(5,635,126)	(3,518,134)
		6,472,723	7,414,411

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

	2014 Rupees	2013 Rupees
Not later than one year	6,781,104	4,486,608
Later than one year but not later than five years	7,105,852	8,334,685
Gross Minimum lease payments	13,886,956	12,821,293
Less: Finance cost allocable to future periods	(1,779,107)	(1,888,748)
Present value of minimum lease payments	12,107,849	10,932,545
Less: Current Portion of liabilities against assets subject to finance lease	(5,635,126)	(3,518,134)
	6,472,723	7,414,411

7.2 The company has a finance lease agreement of Rs. 25 million for vehicles with Bank Al Habib Limited. Rentals are payable in 12 quarterly instalments commencing from September 2013 and ending on July 2017. The mark up rate implicit in the lease is 3 months KIBOR + 1.25% p.a.(2013: KIBOR + 1.25%) p.a. The lease is secured by way vehicle registered in the name of Bank Al Habib Limited with 10% of vehicle value held as security.

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.

	Note	2014 Rupees	2013 Rupees
8. LOANS FROM DIRECTORS - UNSECURED	8.1	574,800,000	574,800,000

8.1 These unsecured loans have been obtained from directors of the company, and will be paid as and when convenient to the company. The directors are charging markup from the current year @ 3 month KIBOR + 1% p.a. (2013: Nil). These loans are subordinated to bank loans.

	Note	2014 Rupees	2013 Rupees (Restated)
9. DEFERRED LIABILITIES			
Staff gratuity (As determined in Actuarial valuation)	9.1	47,763,169	39,347,590
Deferred taxation	9.2	268,802,311	215,826,202
		316,565,480	255,173,792

9.1 Staff gratuity

The company operates a non-funded gratuity scheme for all its contractual 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 2014, using the "Projected Unit Credit Method". The relevant information in the actuarial report is given in the following sub notes. The amount recognized in balance sheet represents the present value of the defined benefit obligation as on 30 September 2014 according to the amended IAS-19 "Employees Benefits". (Refer note 3 also).

	2014 Rupees	2013 Rupees (Restated)
Present value of defined benefit liability as at beginning of the year	39,347,590	28,476,565
Cost chargeable to Profit and loss account during the year	13,302,273	9,686,908
Cost chargeable to Other Comprehensive Income	394,480	6,100,626
Benefit paid during the year	(5,281,174)	(4,916,509)
Net defined benefit liability as at end of the year	47,763,169	39,347,590
Present value of defined benefit obligations	46,108,038	38,852,914
- Plus Benefits Due but not paid	1,655,131	494,676
Defined benefit Liability as at 30 September	47,763,169	39,347,590
Reconciliation of Defined Benefit Obligation is as follows:		
Present value of defined benefit obligations (PVDBO) at the beginning of the year	38,852,914	27,923,507
- Benefits due but not paid as at beginning of the year	494,676	553,058
- Current Service Cost for the year	9,137,856	6,475,704
- Interest cost for the year	4,164,417	3,211,204
- Benefits paid during the year	(5,281,174)	(4,916,509)
- Benefits due but not paid as at end of the year	(1,655,131)	(494,676)
- Actuarial (gains)/ losses from changes in demographic assumptions	394,480	6,100,626
Present value of defined benefit obligations at the end of the year	46,108,038	38,852,914
Amount charged to profit and loss account during the year:		
- Current Service Cost for the year	9,137,856	6,475,704
- Interest cost for the year	4,164,417	3,211,204
Expense charged to profit and loss account	13,302,273	9,686,908

	Note	2014 Rupees	2013 Rupees (Restated)
Expense is recognized as below:			
Cost of Sales	26	9,326,798	6,809,498
Administrative Expenses	28	3,975,475	2,877,410
		13,302,273	9,686,908
Amount charged to other comprehensive income during the year:			
Re-measurement of plan obligation:			
- Actuarial (gains)/ losses from changes in demographic assumptions		(53,075)	-
- Acturial losses previously recognised through Profit and Loss		-	131,657
- Experience adjustments		447,555	5,968,969
Total re-measurements charged to other comprehensive income		394,480	6,100,626

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

	2014 Gratuity per annum	2013 Gratuity per annum
Discount rate	13.25%	11.50%
Expected rate of increase in salary in future years	12.25%	10.50%
Mortality rates	SLIC (2001-05)	EFU (61-66)
Average expected remaining working life time of employees	12 Years	15 Years

	2014 Rupees
Year end Sensitivity Analysis on defined benefit obligation:	
Discount Rate + 100 bps	41,600,638
Discount Rate - 100 bps	51,320,676
Future Salary Increase + 100 bps	51,320,676
Future Salary Decrease - 100 bps	41,525,352

	Note	2014 Rupees	2013 Rupees (Restated)
9.2 Deferred Taxation			
Deferred tax liability arising in respect of depreciation of owned assets		293,684,118	273,467,525
Deferred tax liability arising in respect of assets subject to finance lease		1,347,357	616,801
		295,031,475	274,084,326
Deductible temporary differences:			
Deferred tax assets arising in respect of employees benefits		(16,717,109)	(13,771,657)
Deferred tax asset on Minimum tax u/s 113 adjustable against future tax liability		(9,512,055)	(44,486,467)
		(26,229,164)	(58,258,124)
Deferred Tax liability as on 30 September		268,802,311	215,826,202

Deferred tax is calculated at the rate of 35% as applied in the past, the rate of 33% is applicable only for tax year 2015.

	Note	2014 Rupees	2013 Rupees
10. TRADE AND OTHER PAYABLES			
Creditors		120,348,719	190,912,327
Accrued liabilities		44,830,465	33,855,827
Advances from customers		247,745,720	209,280,449
Income tax deducted at source		2,318,244	1,991,833
Sales tax payable		64,245,688	55,488,803
Unpresented dividend warrants		7,767,595	13,705,698
Workers' profit participation fund	10.1	5,017,834	17,332,302
Workers welfare fund payable		642,361	3,398,955
		492,916,626	525,966,194
10.1 Workers' profit participation fund			
Opening balance		17,332,302	8,907,654
Interest for the year		619,704	175,108
		17,952,006	9,082,762
Less : Payments Made:			
To Workers		17,360,175	8,492,633
To Government		3,240	1,538
		17,363,415	8,494,171
		588,591	588,591
Share of the Company's profit for the year		4,429,243	16,743,711
		5,017,834	17,332,302

10.1.1 The Company retains the workers' profit participation fund for the business operations till the date of allocation to the workers. Interest is being paid at the rate of 13.52% (2013: 13.28%) p.a. as prescribed under the Act on fund utilized by the Company till the date of allocation to the workers.

	Note	2014 Rupees	2013 Rupees

11. FINANCE COST PAYABLE

		2014 Rupees	2013 Rupees
- Short term borrowings - Secured		47,220,657	19,443,333
- Long term borrowings- Secured		23,881,004	21,979,499
- Loans from directors		64,262,640	-
		135,364,301	41,422,832

12. SHORT TERM BORROWINGS - SECURED

FROM BANKING COMPANIES

	Sanctioned Limits (Rs. in millions) 2014	2013	Note	2014 Rupees	2013 Rupees
Running Finance	730	670	12.1	742,584,113	428,423,253
Cash Finance	8,050	6,800	12.2	2,061,084,722	736,134,023
Overdrawn bank balance				443,442	-
				2,804,112,277	1,164,557,276

12.1 These loans have been obtained from various banks to meet the working capital requirements and are secured against first pari passu hypothecation/registered ranking charge over current assets of the company and personal guarantees of directors. These are subject to mark up @ 1 year KIBOR - 1.00% to 3 month KIBOR + 1.75% (2013: 1 month to 3 month KIBOR + 1.00% to 1.50%) p.a. The limits will expire on various dates by 30 April 2015 but are renewable.

12.2 These loans have been obtained from various banks and are secured against pledge over sugar bags of equivalent value with 10% to 25% margin and personal guarantees of directors. The facilities of MCB Bank Limited are collaterally secured against pari passu/ranking charge over current assets of the company. These are subject to mark up @ 1 to 3 months KIBOR plus 0.75% to 1.50% (2013: 1 to 3 months KIBOR plus 0.75% to 1.50%) p.a. The limits will expire on various dates by 30 April 2015 but are renewable.

	2014 Rupees	2013 Rupees
13. ADVANCES FROM DIRECTORS	26,000,000	126,000,000

Advances from directors are unsecured and are interest free.

	Note	2014 Rupees	2013 Rupees
14. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term finance	6	209,025,833	324,385,000
Liabilities against assets subject to finance lease	7	5,635,126	3,518,134
		214,660,959	327,903,134

15. CONTINGENCIES AND COMMITMENTS

	Note	2014 Rupees	2013 Rupees
Contingencies			
Various claims against the company not acknowledged as debt which are pending in the court for decision		1,568,000	1,568,000
Sales tax on molasses	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	390,751,100	551,395,753
		409,992,481	570,637,134
Commitments			
Contracts for capital expenditure		41,213,728	8,948,856
Letters of credit for capital expenditure		137,248,585	-
Letters of credit for other than capital expenditure		57,271,261	56,663,664
Ijarah rentals	15.5	199,837	5,741,272
		235,933,411	71,353,792

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 Four bank guarantees of Rs. 388.126 million were issued by various banks against sales of Sugar. Two bank guarantees of Rs. 2.625 million were issued by Bank Al Habib Ltd to Alternative Energy Development Board against power generation licensing. These guarantees will expired on various dates upto 06 September 2015.

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

	Note	2014 Rupees	2013 Rupees
15.5 Ijarah rentals to be paid in future:			
Not later than one year		199,837	5,542,261
Later than one year and not later than five year		-	199,011
		199,837	5,741,272

The company has entered into Ijarah agreements with Al Baraka Islamic Bank to acquire plant & machinery and vehicle. The Ujrah payments are payable on quarterly basis and carry profit @ 1 year KIBOR plus 1.50% to 2.00% (2013: 1 year KIBOR plus 1.50% to 2.00%) p.a.

16. PROPERTY, PLANT AND EQUIPMENT

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	16.1	2,333,589,216	2,211,730,050
Capital work in progress	16.2	14,391,053	242,825,248
		2,347,980,269	2,454,555,298

16.1 Operating fixed assets

	Freehold land	Buildings on freehold land	Plant and machinery	Tools, implements and other factory equipments	Computer and other office equipments	Electric installation	Vehicles	Total
				RUPEES				
OWNED ASSETS								
COST								
Balance as at 01 October 2012	259,099,903	511,746,809	2,006,010,120	79,278,468	26,432,488	31,542,659	46,970,453	2,961,080,900
Additions during the year	40,445,380	57,542,261	517,067,184	5,885,213	5,159,170	16,603,281	12,764,689	655,467,178
Disposals	-	-	-	-	-	-	-	-
Balance as at 30 September 2013	299,545,283	569,289,070	2,523,077,304	85,163,681	31,591,658	48,145,940	59,735,142	3,616,548,078
Additions during the year	-	5,230,746	317,394,075	10,996,883	2,352,075	1,106,865	2,922,163	340,002,807
Disposals	-	-	(49,089,366)	-	-	-	-	(49,089,366)
Balance as at 30 September 2014	299,545,283	574,519,816	2,791,382,013	96,160,564	33,943,733	49,252,805	62,657,305	3,907,461,519
DEPRECIATION								
Balance as at 01 October 2012	-	170,585,965	978,105,818	31,988,871	11,914,581	12,156,689	28,960,054	1,233,711,978
Charge for the year	-	34,658,325	132,840,538	5,683,839	2,600,163	2,796,988	5,221,030	183,800,883
Depreciation on disposals	-	-	-	-	-	-	-	-
Balance as at 30 September 2013	-	205,244,290	1,110,946,356	37,672,710	14,514,744	14,953,677	34,181,084	1,417,512,861
Charge for the year	-	36,507,637	158,847,754	5,919,492	2,986,552	3,402,241	5,476,109	213,139,785
Depreciation on disposals	-	-	(40,822,902)	-	-	-	-	(40,822,902)
Balance as at 30 September 2014	-	241,751,927	1,228,971,208	43,592,202	17,501,296	18,355,918	39,657,193	1,589,829,744
LEASED ASSETS								
COST								
Balance as at 01 October 2012	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	-	12,910,000	12,910,000
Disposals	-	-	-	-	-	-	-	-
Balance as at 30 September 2013	-	-	-	-	-	-	12,910,000	12,910,000
Additions during the year	-	-	-	-	-	-	6,831,500	6,831,500
Disposals	-	-	-	-	-	-	-	-
Balance as at 30 September 2014	-	-	-	-	-	-	19,741,500	19,741,500
DEPRECIATION								
Balance as at 01 October 2012	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	215,167	215,167
Depreciation on disposals	-	-	-	-	-	-	-	-
Balance as at 30 September 2013	-	-	-	-	-	-	215,167	215,167
Charge for the year	-	-	-	-	-	-	3,568,892	3,568,892
Depreciation on disposals	-	-	-	-	-	-	-	-
Balance as at 30 September 2014	-	-	-	-	-	-	3,784,059	3,784,059
Written down value as at 30 September 2013	299,545,283	364,044,780	1,412,130,948	47,490,971	17,076,914	33,192,263	38,248,891	2,211,730,050
Written down value as at 30 September 2014	299,545,283	332,767,889	1,562,410,805	52,568,362	16,442,437	30,896,887	38,957,553	2,333,589,216
Rate of depreciation in %	-	10	10	10 -15	10 -20	10	20	

	Note	2014 Rupees	2013 Rupees
Depreciation charged has been allocated as follows:			
Cost of goods manufactured	26.1	206,081,677	177,406,677
Administrative expenses	28	10,627,000	6,609,373
Total		216,708,677	184,016,050

16.1.1 Detail of disposal of operating fixed assets

Disposals made during the year are summarised as below:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Sold to	Mode of Disposal
	2014					
	-----------------Rupees-------------------					
Plant & Machinery						
Boiler	41,887,066	38,037,144	3,849,922	12,820,513	M/s Almoiz Industries Limited	Negotiation
Juice Heater	2,002,300	578,214	1,424,086	1,350,000	M/s Almoiz Industries Limited	Negotiation
Generator	5,200,000	2,207,544	2,992,456	2,968,530	M/s Zeeshan Machinery Store	Negotiation
	49,089,366	40,822,902	8,266,464	17,139,043		

* Proceeds on disposal are taken net of sales tax.

	Note	2014 Rupees	2013 Rupees
16.2 Capital work in progress			
Plant and machinery		3,642,974	242,123,000
Factory buildings		8,309,892	-
Other buildings		2,438,187	702,248
		14,391,053	242,825,248

17. LONG TERM DEPOSITS

	Note	2014 Rupees	2013 Rupees
Ijarah key money	17.1	-	1,177,900
Other security deposits		439,500	439,500
		439,500	1,617,400

17.1 The current portion of last year has been regrouped to “Trade deposits, prepayments and other receivables” for better presentation. (Refer note 22).

18. STORES, SPARE PARTS AND LOOSE TOOLS

	2014 Rupees	2013 Rupees
Stores	204,523,114	188,982,716
Spare parts	115,777,723	107,906,354
Loose tools	4,175,785	3,366,743
	324,476,622	300,255,813

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

	Note	2014 Rupees	2013 Rupees
19. STOCK IN TRADE			
Work in process		6,042,876	4,840,446
Finished goods:			
- Sugar	19.1	2,318,750,277	1,214,890,192
- Molasses		10,501,680	40,169,300
		2,329,251,957	1,255,059,492
		2,335,294,833	1,259,899,938

19.1 It includes pledged stocks of Rs. 2,318,166,834/- (2013: 926,622,971/-) against borrowings from various financial institutions.

20. TRADE DEBTS

Unsecured and considered good by the management	20.1	368,759,302	194,787,548

20.1 This includes amount due from associated undertaking as follows:

Naubahar Bottling Co. (Pvt) Ltd	36,415,999	-
The aging of receivable balance is as follows:		
Not Past due	36,415,999	-

The maximum aggregate balance due from above company at the end of any month during the year was Rs. 60,348,895/- and in the last year maximum aggregate balance due from above company at the end of any month was Rs. (105,957,865/-).

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

	Note	2014	2013
Advances to:			
- Contractors		1,591,742	642,506
- Growers	21.1	155,117,687	167,760,747
- Suppliers		93,235,775	86,877,479
- Employees	21.2	1,076,372	851,720
		251,021,576	256,132,452

21.1 Advances to sugar cane growers represent in kind advances in the form of sugar cane seeds, fertilizers, pesticides and insecticides. These loans are interest free and recoverable against future supply of sugar cane to the company.

21.2 These advances are given to employees against their salaries and do not include any advance to Chief Executive, Directors and Executives of the Company.

	Note	2014 Rupees	2013 Rupees
22. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Margin against bank guarantees		84,216	84,216
Letters of credit		43,213,930	6,675,300
Prepayments		2,529,102	2,861,650
Current portion of ijarah key money		1,177,900	1,535,500
Other receivables	22.1	2,325,602	13,998,493
		49,330,750	25,155,159

22.1 This includes an amount of Rs. 153,170/- (2013: Rs. 130,175/-) receivable from Almoiz Industries Limited, an associated company.

The maximum aggregate balance due from above company at the end of any month during the year was Rs. 29,746,062/- and in the last year maximum aggregate balance due to above company at the end of any month was Rs. (17,002,297/-).

		2014 Rupees	2013 Rupees
23. TAXES RECOVERABLE / ADJUSTABLE			
Advance income tax		395,628,169	239,424,321
Sales tax - input		7,686,500	7,815,486
Sales tax adjustable		-	1,576,237
Sales Tax Withheld		8,729	11,421,036
Flood surcharge		5,897,390	5,897,390
		409,220,788	266,134,470
24. CASH AND BANK BALANCES			
Cash and cheques in hand		13,758,452	1,178,516
Cash with banks:			
- current accounts		121,966,946	12,079,201
- deposit accounts		95,182,847	4,364,972
		217,149,793	16,444,173

	Note	2014 Rupees	2013 Rupees
		230,908,245	17,622,689

25. SALES - NET

	Note	2014 Rupees	2013 Rupees
Local Sales:			
Sugar		7,963,695,053	9,282,150,632
By Products:			
Molasses		875,197,272	732,703,747
Press Mud		3,016,099	1,538,715
Bagasse		20,513,236	46,082,450
Electricity		62,378,882	19,334,155
		8,924,800,542	10,081,809,699
Export Sales:			
Sugar		325,928,538	238,163,077
		9,250,729,080	10,319,972,776
Less: Sales Tax/Special Excise Duty			
Sugar		(581,175,057)	(687,649,539)
Molasses		(61,132,590)	(79,940,932)
Press Mud		(460,080)	(222,354)
Bagasse		(3,083,811)	(6,356,196)
Electricity		(9,063,599)	(2,666,780)
		(654,915,137)	(776,835,801)
		8,595,813,943	9,543,136,975

26. COST OF SALES

	Note	2014	(Restated)
Finished goods - opening		1,255,059,492	1,848,335,002
Add: Cost of goods manufactured	26.1	8,768,603,221	7,962,880,693
		10,023,662,713	9,811,215,695
Finished goods - closing		(2,329,251,957)	(1,255,059,492)

		2014 Rupees	2013 Rupees
		7,694,410,756	8,556,156,203

26.1 Cost of goods manufactured:

	Note	2014 Rupees	2013 Rupees (Restated)
Work in process - opening		4,840,446	5,749,974
Raw material consumed	26.1.1	7,796,508,519	7,121,136,931
Salaries, wages and other benefits	26.1.2	218,216,017	194,467,302
Fuel and power		47,567,536	48,824,333
Stores, spares and loose tools		185,710,506	147,091,529
Repairs and maintenance		301,992,654	262,397,754
Insurance		2,138,037	2,050,911
Depreciation	16.1	206,081,677	177,406,677
Vehicles running		8,065,433	6,411,993
Miscellaneous		3,525,272	2,183,735
		8,774,646,097	7,967,721,139
Work in process - closing		(6,042,876)	(4,840,446)
		8,768,603,221	7,962,880,693

26.1.1 Raw material consumed

	Note	2014 Rupees	2013 Rupees
Sugar cane purchases		7,708,377,131	7,040,542,494
Cane procurement and other expenses		88,131,388	80,594,437
		7,796,508,519	7,121,136,931

26.1.2 Salaries, wages and other benefits include Rs. 9,326,798/- (Restated 2013: Rs. 6,809,498/-) in respect of gratuity. (Refer note 3 & 9.1)

27. DISTRIBUTION AND SELLING EXPENSES

	2014	2013
Salaries, wages and other benefits	6,483,534	6,095,511
Freight Outward	70,422,109	72,601,563
Godown expenses	23,556,391	19,115,681
Insurance	3,089,012	2,066,912
Commission on sale of sugar	4,193,475	4,849,281

	Note	2014 Rupees	2013 Rupees (Restated)
		107,744,521	104,728,948

28. ADMINISTRATIVE EXPENSES

	Note	2014 Rupees	2013 Rupees (Restated)
Directors' remuneration		4,250,000	6,120,000
Salaries and other benefits	28.1	136,212,935	122,228,879
Rent, rates and taxes		5,175,654	3,440,605
Travelling and conveyance	28.2	1,128,828	927,976
Foreign travelling		1,054,033	4,772,713
Fees and subscriptions		3,667,112	2,983,279
Repair and maintenance		5,180,112	5,178,181
Vehicles running		12,247,378	12,407,961
Postage and telephone		2,769,655	2,486,566
Printing and stationery		2,072,512	1,773,108
Legal and professional		2,202,182	2,019,523
Auditors' remuneration	28.3	1,010,955	919,050
Ijarah rentals		5,510,800	10,878,978
Depreciation	16.1	10,627,000	6,609,373
Donations	28.4	33,024,611	502,485
Miscellaneous		15,017,162	16,901,233
		241,150,929	200,149,910

28.1 Salaries and other benefits include Rs. 3,975,475/- (Restated 2013: Rs. 2,877,410/-) in respect of gratuity. (Refer note 3 & 9.1)

28.2 Auditors' travelling expenses amounting to Rs. 25,000/- (2013: Rs. 25,000/-) included in travelling expenses.

28.3 Auditors' Remuneration:

	2014 Rupees	2013 Rupees
Audit fees	787,000	715,000
Income Tax consultation services	223,955	204,050
	1,010,955	919,050

28.4 This include Rs. 32,500,000/- paid to Chief Minister Relief Fund for and IDP's. None of the directors is interested in donees.

	Note	2014 Rupees	2013 Rupees
29. OTHER INCOME			
Financial Assets			
Profit on deposit accounts		875,872	753,282
Foreign exchange gain		-	28,723
Others			
(Loss)/Gain on sale of stores		(2,323)	1,246,030
Gain on Disposal of Fixed Assets		8,872,579	-
Sale of scrap		27,708,204	5,669,904
Sale of Bio culture		-	2,973,400
Gain on agriculture inputs to growers		4,815,483	11,308,273
Rental Income		255,000	453,749
Stale Parties balances written back		-	89,980
Miscellaneous		6,360,577	338,217
		48,885,392	22,861,558
30. FINANCE COST			
Interest / mark-up on:			
- short term borrowings		343,676,835	189,784,279
- lease finance		1,323,226	163,126
- loans from directors		64,262,640	-
- long term finance		96,450,465	174,586,061
		505,713,166	364,533,466
Interest on workers' profit participation fund	10.1	619,704	175,108
Bank charges and commission		6,475,396	5,249,029
		512,808,266	369,957,603
31. OTHER EXPENSES			
Workers' profit participation fund	10.1	4,429,243	16,743,711
Workers' welfare fund - current	10	642,361	3,398,955
- prior		-	(57,855)

	Note	2014 Rupees	2013 Rupees (Restated)
		5,071,604	20,084,811

32. TAXATION

	Note	2014 Rupees	2013 Rupees (Restated)
Current	32.1	54,607,574	95,646,728
Prior year		(86,681,130)	(9,248)
Deferred	32.2	53,114,177	14,410,319
		21,040,621	110,047,799

32.1 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 2014 except for assessment year 1992-93, 1993-94, 2001-02, 2002-03 and 2003-04 which are under appeal (Refer note 15.2 for detail).

32.2 Deferred

Deferred tax is accounted for according to Company's policy as given in Note No. 2.7

	Note	2014 Rupees	2013 Rupees (Restated)
Closing deferred tax liability	9.2	268,802,311	215,826,202
Opening deferred tax liability	9.2	(215,826,202)	(203,551,102)
Deferred tax (income)/expense		52,976,109	12,275,100
Deferred tax attributable to Other Comprehensive Income		138,068	2,135,219
Deferred tax attributable to Profit and loss		53,114,177	14,410,319

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

33. EARNINGS PER SHARE - BASIC AND DILUTED

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

	2014	2013
Profit after tax	62,472,638	204,873,259
Weighted average number of ordinary shares in issue during the period	15,023,232	15,023,232
Earnings per share	4.16	13.64

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.

	2014 Rupees	2013 Rupees

34. CHANGES IN WORKING CAPITAL

	2014 Rupees	2013 Rupees
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(24,220,809)	113,930,696
Stock-in-trade	(1,075,394,895)	594,185,038
Trade debts	(173,971,754)	(145,416,801)
Loans and advances	5,110,876	216,890,840
Trade deposits, prepayments and other receivables	(24,175,591)	5,485,244
Taxes recoverable/adjustable	(143,086,318)	(24,450,604)
Increase / (decrease) in current liabilities:		
Trade and other payables	(12,040,403)	(960,527,311)
	(1,447,778,894)	(199,902,898)

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2014				2013			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	RUPEES							
Managerial remuneration	2,040,000	2,210,000	34,872,385	39,122,385	2,040,000	4,080,000	28,952,512	35,072,512
Utilities	-	-	575,107	575,107	-	-	546,972	546,972
Bonus	-	-	3,526,099	3,526,099	-	-	1,673,660	1,673,660
Total	2,040,000	2,210,000	38,973,591	43,223,591	2,040,000	4,080,000	31,173,144	37,293,144
Number of Persons	1	2*	26	29	1	2	27	30

* Remuneration to two directors were paid in the month of October 2013 and thereafter remuneration to one director was paid.

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

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

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

36. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Amounts due from and due to related parties are shown in note 8, 11, 13, 20 and 22. Finance cost paid to directors and remuneration of the key management personnel is disclosed in note 30 & 35 respectively. Other significant transactions with related parties is as follows:

Relationship	Transaction	2014 Rupees	2013 Rupees
Associated undertakings	- Sale of goods	1,625,667,959	2,018,619,006
	- Expenses paid of associate	171,276	41,200
	- Purchase of goods	9,138,049	31,203,224

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:

	2014	2013
Advances received from/(returned to) directors during the year	(100,000,000)	(97,500,000)
Markup on loans from directors	64,262,640	-

37. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

37.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables. Out of the total financial assets of Rs. 759,888,824/- (2013: Rs. 398,258,313/-), the financial assets which are subject to credit risk amounted to Rs. 746,130,372/- (2013: Rs. 397,079,797/-).

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

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

Some of the major customer accounts for Rs. 302,582,440/- of the trade receivables carrying amount at 30 September 2014 (2013 : Rs.161,688,622/-) 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:

	2014 Rupees	2013 Rupees
Long term deposits	439,500	1,617,400
Trade debts	368,759,302	194,787,548
Loan & advances	156,194,059	168,612,467
Trade deposits and other receivables	3,587,718	15,618,209
Bank balances	217,149,793	16,444,173
	746,130,372	397,079,797

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

The aging of trade receivable at the reporting date is:		
Not past due	236,005,952	124,664,030
Past due 1-30 days	73,751,857	38,957,508
Past due 30-150 days	59,001,493	31,166,010
Past due 150 days	-	-
	368,759,302	194,787,548

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

37.2 Liquidity risk

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

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

	2014					
	Carrying amount	Contractual Cash flows	Six Months or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial Liabilities:						
Loans from directors	574,800,000	574,800,000	-	-	574,800,000	-
Long term finance	803,692,500	1,000,872,590	150,286,409	140,101,246	261,072,378	449,412,557
Liabilities against assets subject to finance lease	12,107,849	13,886,956	3,390,552	3,390,552	6,137,895	967,957
Trade and other payables	178,606,974	178,606,974	-	178,606,974	-	-
Finance cost payable	135,364,301	135,364,301	135,364,301	-	-	-
Short term borrowings	2,804,112,277	2,804,112,277	-	2,804,112,277	-	-
Advances from directors	26,000,000	26,000,000	-	26,000,000	-	-

	4,534,683,901	**4,733,643,098**	**289,041,262**	**3,152,211,049**	**842,010,273**	**450,380,514**
			2013			
	Carrying amount	**Contractual Cash flows**	**Six Months or less**	**Six to twelve months**	**One to two years**	**Two to five years**
			Rupees			
Financial Liabilities:						
Loans from directors	574,800,000	574,800,000	-	-	574,800,000	-
Long term finance	924,077,500	1,235,496,446	247,100,849	209,239,674	260,282,477	518,873,446
Liabilities against assets subject to finance lease	10,932,545	12,821,293	2,243,304	2,243,304	4,486,608	3,848,077
Trade and other payables	259,205,109	259,205,109	-	259,205,109	-	-
Finance cost payable	41,422,832	41,422,832	41,422,832	-	-	-
Short term borrowings	1,164,557,276	1,164,557,276	-	1,164,557,276	-	-
Advances from directors	126,000,000	126,000,000	-	126,000,000	-	-
	3,100,995,262	**3,414,302,956**	**290,766,985**	**1,761,245,363**	**839,569,085**	**522,721,523**

37.3 Market risk

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

37.3.1 Currency risk

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

37.3.2 Interest rate risk

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

	2014	2013	2014	2013
	Effective rate (in Percent)		Carrying amount (Rupees)	
Financial liabilities				
Fixed rate instruments	-	-	-	-
Variable rate instruments				
Long term finances	10.95 to 17.69	10.74 to17.08	803,692,500	924,077,500
Liabilities against assets subject to finance lease	11.43 to 10.86	10.65 to10.84	12,107,849	10,932,545
Loans from directors	11.18%	-	574,800,000	574,800,000
Short term borrowings	10.14 to 16.93	10.17 to 16.09	2,804,112,277	1,164,557,276

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on same basis for 2013.

	Increase/ decrease in %	Effect on profit before tax (Rupees)
As at 30 September 2014		
Cash flow sensitivity-Variable rate financial liabilities	1%	41,947,126
As at 30 September 2013		
Cash flow sensitivity-Variable rate financial liabilities	1%	20,995,673

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

37.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to other price risks.

37.4 Fair value of financial instruments

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

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

As at 30 September 2014 the net fair value of all financial instruments has been based on the valuation methodology outlined below:

Long term deposits

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

Non current liabilities

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

Other financial instruments

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

37.5 Financial instrument by categories

Financial Assets	Loans & receivables	
	2014	2013
	Rupees	
Long term deposits	439,500	1,617,400
Trade debts	368,759,302	194,787,548
Loan & advances	156,194,059	168,612,467
Trade deposits and other receivables	3,587,718	15,618,209
Cash and Bank balances	230,908,245	17,622,689
	759,888,824	398,258,313

Financial Liabilities	Financial liabilities at amortised cost	
	2014	2013
	Rupees	
Loans from directors	574,800,000	574,800,000
Long term finance	803,692,500	924,077,500
Liabilities against assets subject to finance lease	12,107,849	10,932,545
Trade and other payables	178,606,974	259,205,109
Finance cost payable	135,364,301	41,422,832
Short term borrowings	2,804,112,277	1,164,557,276
Advances from directors	26,000,000	126,000,000
	4,534,683,901	3,100,995,262

38. Operating segments

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

a) Revenue from sale of sugar and its by-products represents 100% (2013: 100%) of the sale of the company.

b) 96% (2013: 98%) of the sale for the year of the company is made to customers located in Pakistan and 4% (2013: 2%) 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 2014 are located in Pakistan.

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

2014		2013	
Rs.	Percentage	Rs.	Percentage

Naubahar Bottling Co. (Pvt) Ltd	1,542,186,400	18%	2,018,619,006	21%

39. CAPITAL RISK MANAGEMENT

The company's objectives for managing capital are:

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

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

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

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

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

During 2014, the company's strategy, which was unchanged from 2013, was to maintain the net debt-to-equity ratio in the range 2.50 to 4.00 times, in order to secure access to finance at a reasonable cost.

	2014 Rupees	2013 Rupees
The net debt-to-equity ratios at 30 September 2014 and at 30 September 2013 are as follows:		
Total debts	4,220,712,626	2,800,367,321
Less: cash and cash equivalents	(230,908,245)	(17,622,689)
Net debt	3,989,804,381	2,782,744,632
Total equity	1,070,573,761	1,030,892,383
Net debt-to-equity (Times)	3.73	2.70

The increase in the debt-to-equity ratio during 2014 resulted from increase in borrowings level.

40. PLANT CAPACITY AND ACTUAL PRODUCTION

			2014	2013
Designed crushing capacity:				
- Layyah Sugar Mills	Old Plant	Metric Tons/day	3,300	3,300
- Layyah Sugar Mills	New Plant	Metric Tons/day	7,500	6,700
- Safina Sugar Mills	Old Plant	Metric Tons/day	7,000	6,000
Capacity on the basis of operating days		Metric Tons	2,073,700	1,826,000
Actual crushing		Metric Tons	1,814,123	1,661,939
Percentage of capacity attained		%	87.48	91.02
Sugar production from cane		Metric Tons	178,630	161,733
Recovery of sugar cane		%	9.85	9.73

40.1 The under utilization of the capacity is mainly due to non availability of better quality sugarcane. The utilized capacity has increased in the current year mainly due to Balancing, Modernization & Reconstruction (BMR) conducted during the year.

41. NUMBER OF EMPLOYEES

Number of employees as at 30 September 2014 were 544 (2013: 552).

Average number of employees during the year were 553 (2013: 557).

42. NON-CASH FINANCING ACTIVITIES

During the year, the Company acquired property, plant and equipment amounting to Rs. 6,831,500/- (2013: Rs. 12,910,000/-) by means of finance lease.

43. RECOVERABLE AMOUNTS AND IMPAIRMENT

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

44. DIVIDEND

The board of directors have proposed cash dividend for the year ended 30 September 2014 of Rs. 0.75/- (2013: Rs.1.50) per share i.e. 7.50% (2013: 15%) amounting to Rs. 11,267,424/- (2013: Rs. 22,534,848/-) at their meeting held on December 26, 2014 for approval of the members at Annual General Meeting to be held on January 27, 2015.

45. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on December 26, 2014 by the Board of Directors of the company.

CHIEF EXECUTIVE **DIRECTOR**

Proxy Form

No. of Shares

Folio No.

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 61th Annual General Meeting of the company to be held at 2-D-1, Gulberg-III, Lahore on 27 January 2015 at 3:00 p.m. and every adjournment thereof:

As witness my hand this ____________________ day of ________________________________ 2015

Signed by the said ____________________________ of ___________________________________

Witness's Signature

Member's Signature

Revenue Stamp
of Rs. 5/-

Date ____________________

Place ____________________

Notes: __________________

1. This form of proxy, in order to be effected must be deposited duly completed in the Lahore 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 specimen registered with the company.

If undelivered, please return to:

THE THAL INDUSTRIES CORPORATION LIMITED

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

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

MAKHDOOMS 35965469