

COST AUDIT REPORT

THE THAL INDUSTRIES CORPORATION LIMITED
YEAR ENDED SEPTEMBER 30, 2010

Submitted By:

Ashiq & Company

Chartered Accountants

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COST AUDITOR'S REPORT TO THE DIRECTORS

We, Ashiq & Company, Chartered Accountants, having been appointed to conduct an Audit of Cost Accounts of M/S The Thal Industries Corporation Limited, have examined the books of account and the statements prescribed under clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984 and other relevant record for the year ended on September 30, 2010 and report that-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of this audit.
2. In our opinion:
 - a. Proper cost accounting records as required by clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984 (XLVII of 1984) and as required by these rules, have been kept by the company;
 - b. Proper returns, statements and schedules for the purpose of audit of cost accounts have been received from branches not visited by us;
 - c. The said books and records give the information required by the rules in the manner so required; and
3. In our opinion and subject to best of our information-
 - a. The annexed statement of capacity utilization and stock-in-trade are in agreement with the books of account of the company and exhibit true and fair view of the company's affairs; and
 - b. Cost Accounting records have been properly kept so as to give a true and fair view of the cost of production, processing, manufacturing and marketing of the under mentioned products of the company, namely:-

White Refined Sugar

The matter contained in the ANNEX forms part of this report.

Reconciliation of Cost Accounts with financial accounts has been made and will be forwarded to the directors before AGM.



Ashiq Hussain

Chartered Accountant

Place: Multan

Dated: January 17, 2011

THE THAL INDUSTRIES CORPORATION LIMITED

Cost Audit

For the Year Ended 30th September-2010.

STATEMENT OF CAPACITY UTILIZATION UNDER RULE 4 (1) (a)

CAPACITY UTILIZATION IN PRODUCTION UNITS

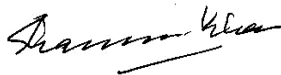
CRUSHING	2010		2009	
UNITS	Installed Capacity M.Ton	Utilized Capacity M.Ton	Installed Capacity M.Ton	Utilized Capacity M.Ton
Sugar Cane Crushed	1,458,600	1,154,968	1,422,000	1,142,669

CAPACITY UTILIZATION IN MACHINE HOURS

CRUSHING	2010		2009	
HOURS	Installed Capacity Machine Hours	Utilized Capacity Machine Hours	Installed Capacity Machine Hours	Utilized Capacity Machine Hours
Sugar Cane Crushed	2,556	2,312	2,498	2,167

Reason:

The under utilization of capacity is due to the shortage of cane supply.



CHIEF EXECUTIVE

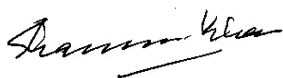


CHIEF FINANCIAL OFFICER

THE THAL INDUSTRIES CORPORATION LIMITED
Cost Audit
For the Year Ended 30th September-2010.

STATEMENT OF STOCK IN TRADE UNDER RULE 4 (1) (b)

Particulars	2010		2009	
	Quantity	Cost	Quantity	Cost
	(M. Ton)	Rupees	(M. Ton)	Rupees
Raw Material				
Sugar Cane	NIL	NIL	NIL	NIL
Work In Process				
Sugar	131.002	6,428,496	75.171	2,099,067
Molasses	78.636	554,777	45.786	228,930
Finished Goods				
Sugar	9,990.350	535,447,863	21,994.700	688,920,038
Molasses	8,301.118	58,564,387	983.981	4,919,905
Total		<u>600,995,523</u>		<u>696,167,940</u>



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

THE THAL INDUSTRIES CORPORATION LIMITED

Cost Audit

For the Year Ended 30th September-2010.

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SCOPE OF COST AUDIT

We have been appointed as cost auditor of M/S The Thal Industries Corporation Limited under rule 3 of Companies (Audit of Cost Accounts) Rules, 1998 to carry out the cost audit of the company for the year ended September 30, 2010.

Our scope of audit is determined by Companies (Audit of Cost Accounts) Rules, 1998 under which we have to issue a report as cost auditors of the company, in the prescribed format, along with the following two statements, duly signed by the Chief Executive and Chief Financial Officer of the company, which form part of our report.

1. Statement of capacity utilization of the plant:

The installed capacity, its actual utilization and reasons of variance between the two

2. Statement of stock in trade:

The statement of quantity and cost of each item included in stock at the year end distinguishing between;

- i. Stock of raw material and components.
- ii. Stock of work in process
- iii. Stock of finished products, and
- iv. Other stocks.

3. PARTICULARS TO BE INCLUDED IN THE REPORT:

1) Capacity:

- a. Licensed installed and utilized capacities of the factory for the products under reference.
- b. If the company is engaged in other activities besides the manufacture of the product under reference, give a brief note on the nature of such other activities.

2) Cost accounting system:

Brief comments on the cost accounting system and its adequacy or otherwise to determine correctly the cost of products under reference

3) Production:

- i. Production in quantities of each type of product under reference.
- ii. Percentage of production of the product under reference in relation to installed capacity. If there is any shortfall in production as compared to capacity, brief comments as to the reasons for shortfall.
- iii. If there is any addition to the production capacity during the year under review or in the immediately preceding two years this may also be mentioned.

4) Raw materials:

- a. The cost of major raw material consumed in terms of both quantity and value. Where the cost of transport etc. of raw material is significant, specify the same separately.
- b. Consumption of major raw material per unit of production compared with the standard requirement, if any.
- c. Explanation for variances, if any, in the consumption of major raw material per unit of production as compared to the preceding two years, and with standard requirement, if any.
- d. Comments on method of accounting followed for recording the quantities and values of the receipts, issues and balances of all material directly used in production.

5) Wages and salaries:

- a. Total wages and salaries paid for all categories of employees, separately in respect of each of the following namely:
 - i. Direct labour cost on production;
 - ii. Indirect employees' cost on production;
 - iii. Employees' cost on administration;
 - iv. Employees' cost on selling and distribution;
 - v. Bonus to workers and employees;
 - vi. Other employees' cost, if any (including taxes and levies); and
 - vii. Total employees' cost {total of items (i) to (iv) above}
- b. Salaries and perquisites of directors and Chief Executive.
- c. Total man-days of direct labour available and actually worked for the year.
- d. Average number of workers employed for the year.
- e. Direct labour cost per ton of output of product (give information in respect of each).

- f. Brief explanations for variance in item (e) above, if any, as compared to
 - g. the previous two years.
 - h. Comments on incentives schemes, if any, with particular reference to its contributions towards increasing productivity and its effect of cost of production.
- 6) Stores and spare parts:**
- a. The expenditure per unit of output on stores, etc.
 - b. Comments on the system of stores accounting for recording receipts, issues and balances, both in quantities and values.
 - c. If practicable, the proportion of closing inventory of stores representing items, which have not moved for over twenty four months.
- 7) Depreciation:**
- a. The method of depreciation adopted by the company, e.g., straight line or diminishing balance, etc.
 - b. The basis of allocation of depreciation on common assets to the different departments.
 - c. The basis of charging depreciation to the cost of products.
- 8) Overheads:**
- a. The total amount of the following overheads and a break-up of items (i), (ii) and (iii) below:
 - i. Factory overheads.
 - ii. Administration overheads.
 - iii. Selling and distribution overheads.
 - iv. Financial Charges.
 - b. Reasons for any significant variances in the expenditure incurred against the item, included in the overheads as compared with previous two years.
 - c. The basis of allocation of overheads to cost centers and absorption to products with brief comments, if any, on the basis of allocation adopted by the company.
 - d. Cost of packing, if any, of the products under reference to be shown separately with details to the extent possible.
- 9) Royalty / technical aid payments:**
- The total amount of royalty / technical aid fees payable for the year and the amount chargeable per unit of the product.

10) Abnormal non-recurring features:

- a. If there were any abnormal features affecting production during the year, e.g. strikes, lockouts, major breakdown in the plant, substantial power cuts, serious accidents, they shall, wherever practicable, be briefly mentioned indicating their impact on the cost of production.
- b. If there are special expenses which have been directly allocated to products under reference, the total amount as also incidence per unit of product shall be shown.

11) Cost of production:

The cost per unit of different categories, or qualities of each of the products under reference with comparative figures for the previous year and comments on the reasons of difference.

12) Sales:

- a. The sales in quantities and net sales realization of the different categories, varieties or quantities of product under reference showing the average sales realization per unit.
- b. If product under reference is exported, quantity exported, net realization per unit, countries to which exported, indicating the profit or loss incurred in export.

13) Profitability:

The profit per unit earned on each category, variety or quantity of the products, comments on the comparative profits of different categories of the products per unit as well as in term of per machine hour etc. and comments on the adequacy or otherwise of product for maximization of profit.

14) Cost auditors' observations and conclusions:

- a. Matters which appear to him to be clearly wrong in principal or apparently unjustifiable.
- b. Cases where the company funds have been used in a negligent or inefficient manner.
- c. Factors which could have been controlled but have not been done resulting in increase in the cost of production.
 - i. *The adequacy or otherwise of budgetary control system, if any, in vogue in the company.*
 - ii. *Scope and performance of internal audit, if any*

d. Suggestion for improvements in performance by:

- i. Rectification of general imbalance in production facilities.
- ii. Fuller utilization of installed capacity.
- iii. Comments on areas offering scope for:
 - a. Cost reduction;
 - b. Increased productivity;
 - c. Key limiting factors causing production bottle-necks;
 - d. Improved inventory policies; or
 - e. Energy conservancy.
- iv. State of technology, whether modern or obsolete.
- v. Plant, whether new or second hand when installed.

BRIEF HISTORY OF THE COMPANY

The Thal Industries Corporation Limited was incorporated on 7th September 1953 under the Companies Act, 1913 (Now Companies Ordinance, 1984) as public company, limited by shares. Its shares are quoted on Karachi and Lahore Stock Exchanges in Pakistan. Its main business activity is manufacturing and sale of Sugar. The company's sugar producing plants are located at Distt: Layyah and Lalian Distt. Chiniot, Pakistan. The registered office of the company situated at 23 Peer Khurshid Colony Gulgasht Multan. The total crushing capacity of the company is 13,800 TCD.

Rahman Sarfaraz Rahim Iqbal Rafiq & Co., Chartered Accountants are the statutory auditors of the company. The company's financial statements have been audited up to 30th September 2010.

CAPACITY

Scope:

- a. Licensed, installed and utilized capacities of the factory for the products under reference.
- b. If the company is engaged in other activities besides the manufacture of the product under reference, brief note on the nature of such other activities.

a. Capacity

	Year	Production Unit	Installed Capacity	Utilized Capacity	% of Installed Capacity
Crushing	2009	M.TONS	1,422,000	1,142,669	80.36
Crushing	2010	M.TONS	1,458,600	1,154,968	79.18

b. Other Activities:

The company is not engaged in any other activity besides the manufacture of the product under reference.

COST ACCOUNTING SYSTEM

Scope:

Brief comments on the cost accounting system and its adequacy or otherwise to determine correctly the cost of the products under reference.

COST ACCOUNTING SYSTEM

The Cost Accounting System was discussed with the management of the company and reviewed in order to assess the adequacy of the system. The Company is using an integrated Accounting System in which cost accounting functions and financial accounting functions are combined in one system of ledger accounts. This enables the company to get information regarding cost records at any point of time.

The existing system can generate various cost reports some of which are as follows:

- Direct department cost.
- Distribution of total production cost into raw material and other manufacturing cost.
- Detail of direct cost of sugar.
- Detail of total cost of sugar.
- Direct and indirect cost of salaries and wages.
- The cost of each service department.
- Stock valuation of stores, spares and loose tools.
- Direct cost of production departments.
- Total cost of production departments.

Our review of the system and procedures adopted by the company reveal that the adequate information and analysis regarding cost of product is generated for the management.

PRODUCTION

Scope:

- a. Production in quantities of each type of product under reference.
- b. Percentage of production of the product under reference in relation to installed capacity. If there is any shortfall in production as compared to installed capacity, brief comments as to the reasons for shortfall.
- c. If there is any addition to the production capacity during the year under review or in the immediately preceding two years this may also be mentioned.

a. Production:

Sugar	Production	
	(Metric Tons)	
	2010	2009
White Refined Sugar	99,828.750	105,600.800

b. Percentage of production to installed capacity:

Sugar	% To Total Installed Capacity	
	2010	2009
White Refined Sugar	79.18	80.36

Comments on variance

The utilization of installed capacity has decreased as compared to previous year due to shortage of sugar cane supply.

c. Addition to production capacity

No addition has been made in the production capacity during the year.

RAW MATERIAL**Scope:**

- a. The cost of major raw material consumed in terms of both quantity and value. Where the cost of the transport, etc., of raw material is significant, specify the same separately.
 - b. Consumption of major raw material per unit of production compared with the standard requirements, if any.
 - c. Explanations for variances, if any, in the consumption of major raw material per unit of production as compared to the preceding two years, and with standard requirement, if any.
 - d. Comments on the method of accounting followed for recording the quantities and values of the receipts, issues and balances of all material directly used in production.
- a. **Major raw material consumed:**

Sugarcane

Year	Quantity In M.Ton	Value Rupees	Rs. Per M.Ton
2010	1,154,968	5,119,200,049	4,432.33
2009	1,142,669	2,869,549,179	2,511.27
2008	1,022,697	1,551,364,752	1,516.94

Transportation expenses during the year were Rs.4,839,708/-(2009: 4,209,598)

- b. Consumption of major raw material per unit of production compared with the standard requirements.

As the company does not have a standard costing system in practice, so, no comparison could be made.

THE THAL INDUSTRIES CORPORATION LIMITED
COST AUDIT

RAW MATERIAL

For the Year Ended 30th September 2010.

c. **Variance in Major Raw Materials Consumption:**

Years	Material Consumption per ton of sugar produced			Increased / (Decrease) as compared with last years	
	2010	2009	2008	2010	2009
Sugarcane	11.57	10.82	11.03	0.75	(0.21)

Explanation of variances:

The unfavorable variance in material consumption per M. Ton is due to lower recovery in the current year i.e., 8.643 % as compared to last year's recovery 9.242% due to inferior quality of sugarcane.

b. **Method of accounting:**

Cost of purchase of raw material comprises of transport, government levies, handling and other costs directly attributable to the acquisition of materials. Purchases of sugarcane are accounted for when they are received at mill / purchase centers. Value of material consumed is taken on actual basis.

THE THAL INDUSTRIES CORPORATION LIMITED**COST AUDIT****SALARIES AND WAGES**For the Year Ended 30th September 2010.**SALARIES AND WAGES****Scope:**

- a. Total wages and salaries paid for all categories of employees, separately in respect of each of the following namely:
 - i. Direct labour cost on production;
 - ii. Indirect employees' cost on production;
 - iii. Employees' cost on administration;
 - iv. Employees' cost on selling and distribution;
 - v. Bonus to workers and employees;
 - vi. Other employees cost, if any (including taxes and levies); and
 - vii. Total employees cost [total of items (i) to (iv) above].
- b. Salaries and perquisites of directors and Chief Executive.
- c. Total man-days of direct labour available and actually worked for the year.
- d. Average number of workers employed for the year.
- e. Direct labour cost per unit of output of the product. (give information in respect of each)
- f. Brief explanations for variance in items (e) above, if any, as compared to the previous two years.
- g. Comments on the incentive schemes, if any, with particular reference to its contributions towards increasing productivity and its effect on cost of production.

a. Total Wages and Salaries paid:**Table 1**

.D

S.#	PARTICULARS	2010 RUPEES	2009 RUPEES	2008 RUPEES
I	Direct Labour Cost Of Production	79,559,909	88,887,452	55,6789,685
II	Indirect Labour Cost Of Production	44,247,443	37,973,006	22,626,771
III	Employees Cost on Administration	68,339,959	66,349,642	35,522,928
IV	Employees Cost on selling & distribution	2,885,923	2,940,183	2,559,089
V	Other Employees Cost	-	-	-
	Total Employees Cost	195,033,234	196,150,283	116,388,473
VI*	Bonus to workers & employees	12,100,000	31,491,078	18,840,959

* It is included in items (i) to (iv) above.

THE THAL INDUSTRIES CORPORATION LIMITED**COST AUDIT****SALARIES AND WAGES**For the Year Ended 30th September 2010.**b. Salaries and Perquisites of Directors and Chief Executive.**

Director	2010	2009	Increase / (Decrease)	
	Rs.	Rs.	Rs.	%
Managerial remuneration	4,080,000	2,550,000	1,530,000	60.00%
Traveling/Daily Allowances.	96,670	858,597	(761,927)	(88.74)%
	4,176,670	3,408,597	768,073	22.53%

Chief Executive	2010	2009	Increase / (Decrease)	
	Rs.	Rs.	Rs.	%
Managerial remuneration	2,040,000	1,275,000	765,000	60.00%
Traveling/Daily Allowances.	-	-	-	-
	2,040,000	1,275,000	765,000	60.00%

c. Total man days of direct labour available and actual worked.

Plant	Worked	Available
Man days	96	105

d. Average Number of Workers Employed:

2010	2009
916	908

THE THAL INDUSTRIES CORPORATION LIMITED**COST AUDIT**

SALARIES AND WAGES

For the Year Ended 30th September 2010.**e. Direct Labour Cost Per M. Ton:**

Description	2010	2009	2008	Increase / (Decrease) 2010	Increase / (Decrease) 2009
Direct labour cost per M. ton	796.96	841.73	600.63	(44.40)	241.10

f. Explanation for Variance in Items (e)

Decrease in cost per M. Ton is due to efficient use of labour force.

g. No Comments on Incentives Schemes

STORE AND SPARES**Scope:**

- a. The expenditure per unit of output on stores, etc.
- b. Comments on the system of stores accounting for recording receipts, issues and balances, both in quantities and values.
- c. The proportion of closing inventory of stores representing items which have not moved for over twenty-four months.

a. Expenditure Per M. Ton of Output:

2010		2009	
Total Store Consumed	Cost Per M. Ton of Output	Total Store Consumed	Cost Per M. Ton of Output
Rs.	Rs.	Rs.	Rs.
64,319,106	644.29	79,221,139	750.19

b. System of Stores Accounting:

Store receipts are recorded on the basis of receiving report, gate inward passes, purchase order, demand notes etc. Issuances of stores are made on the basis of issue requisitions received from the relevant department.

Receipts of Stores and Spares:

These are valued at cost comprising of purchase price, import duties, other taxes, and other costs directly attributable to the acquisition of stores and spares except transportation and handling cost which is separately charged to production.

Issues and Balance of stores and Spares:

Stores and Spares are valued on average cost.

c. Slow Moving Items:

Slow moving items amounted to Rs. 36,597,367 that is 19 % of closing inventory.

DEPRECIATION

Scope:

- a. The method of depreciation adopted by the company, e.g. straight line or diminishing balance, etc.
- b. The basis of allocation of depreciation on common assets to the different departments.
- c. The basis of charging depreciation to the cost of products.

a. **Method of Depreciation:**

Depreciation on all operating fixed Assets, except land is charged on reducing balance method. Depreciation on addition is charged from the month the asset is used. No depreciation is charged on disposal from the month the asset is disposed off.

b. **Basis of Allocation of Depreciation:**

The depreciation of common assets is allocated to various departments on the basis of proportion of services rendered to the respective departments.

c. **Basis of Charging Depreciation to Cost of Product:**

Depreciation of assets in use of production department is charged to cost of production.

OVERHEADS

Scope:

- a. The Total amount of the following overheads and a break-up of items (i), (ii) and (iii) below:
 - i. Factory overheads.
 - ii. Administration overheads.
 - iii. Selling and distribution overheads.
 - iv. Financial charges.
- b. Reasons for any significant variances in the expenditure incurred against the items, included in the overheads as compared with previous two years.
- c. The basis of allocation of overheads to cost centers and absorption to products with brief comments, if any, on the basis of allocation adopted by the company.
- d. Cost of packing, if any, of the products under reference to be shown separately with details to the extent possible.

a. Total Amounts of the Overheads:

Sr.#	Overheads	2010 RUPEES	2009 RUPEES	2008 RUPEES
i.	Factory	50,068,810	45,107,157	28,885,838
ii.	Administration	129,040,054	133,647,367	57,461,339
iii.	Selling & Distribution	25,289,963	16,967,350	17,537,456
iv.	Financial	301,880,318	201,851,395	54,673,161
TOTAL		506,279,145	368,834,733	158,557,794

1. Factory Overheads:

S.No	Particulars	Amount in Rupees	
		This Year 2010	Previous Year 2009
		Amount Rs.	Amount Rs.
1	Indirect Labour	44,247,443	37,973,006
2	Rent, Rate and Taxes.	126,151	643,860
3	Printing and Stationery.	873,327	1,248,626
4	Postage and Telegram	40,716	65,917
5	Telephone Fax and Telex.	240,709	272,826
6	Traveling and Conveyance.	265,793	411,424
7	Books and Periodicals	-	-
8	Entertainment.	419,357	943,046
9	Vehicle Running Expenses.	2,200,149	1,717,399
10	Repair and Maintenance	1,639,059	1,660,099
11	Fire Fighting	16,107	170,954
12	Legal and professional charges	-	-
13	Advertisement	-	-
14	Water and electricity	-	-
15	Insurance	-	-
TOTAL		50,068,810	45,107,157

ii. Administrative Overheads:

S.No	Particulars	Amount in Rupees	
		This Year 2010	Previous Year 2009
		Amount Rs.	Amount Rs.
1	Salaries wages and benefits	74,459,959	70,174,642
2	Rent, Rates and Taxes.	2,250,582	1,266,179
3	Insurance.	67,522	189,038
4	Water, Gas and Electricity.	934,799	489,203
5	Printing and Stationery	1,335,046	1,495,619
6	Postage and Telegram.	275,598	263,668
7	Telephone Fax and Telex.	1,640,228	1,440,854
8	Repair and Maintenance. Building	2,509,659	1,021,975
9	Traveling and Conveyance.	1,299,095	1,815,732
10	Books and Periodicals.	-	30,590
11	Entertainment.	2,337,230	2,310,679
12	Advertising.	94,745	80,390
13	Legal and Professional Expenditure.	2,537,589	4,627,626
14	Auditor's Remuneration.	645,000	390,500
15	Vehicle Running Expenses.	5,580,346	4,790,589
16	Ijarah Rentals	17,679,979	33,155,467
17	Charity and Donation.	243,701	1,800,270
18	Fee and Subscription	1,119,139	1,466,967
19	Depreciation	3,578,598	3,167,362
20	Flood Relief Expenses	7,280,808	-
21	Others.	3,170,430	3,670,017
TOTAL		129,040,054	133,647,367

iii. Selling and Distribution Overheads:

S.No	Particulars	Amount in Rupees	
		This Year 2010	Previous Year 2009
		Amount Rs.	Amount Rs.
1	Salaries, Wages and Benefits (Annex 6).	2,885,923	2,940,183
2	Traveling and Conveyance.	-	-
3	Commission.	1,746,035	844,570
4	Freight outward.	10,693,168	4,574,493
5	Stacking / Restacking.	4,488,268	5,546,204
6	Loading / Unloading.	2,229,734	1,336,110
7	Export Expenses.	208,077	-
8	Vehicle Running Expenses.	-	-
9	Advertising for Sales Promotion	-	-
10	Insurance	1,151,178	974,465
11	Other Expenses.	1,887,580	751,325
TOTAL		25,289,963	16,967,350

v. Financial Charges:

Particulars		2010	2009	2008
		Rupees	Rupees	Rupees
1	Financial Charges	301,880,318	196,053,464	54,673,161

b. Reasons for Significant Variances:

Increase in factory overhead as compared to previous year is mainly due to increase in direct labour cost and vehicle running expenses.

Decrease in admin overhead as compared to previous year is mainly due to decrease in Ijarah rentals.

Increase in selling & distribution expenses is due to increase in freight expenses.

c. Basis of Allocation of Overheads:

Overheads directly related to various departments are charged to concerned department. Telephone, Postage & telegram are allocated on the basis 20% to production and 80 % to Administration.

Building repair & maintenance is allocated 80% to Production & 20 % to administration.

d. Cost of Packing:

Particulars	2010	2009	Increase / (Decrease)	
	Rupees	Rupees	Rupees	Percentage %
Cost of Packing Material	28,860,340	34,514,653	(5,654,313)	(16.38)

ROYALTY / TECHNICAL AID PAYMENT

Scope:

The Total amount of Royalty / Technical aid fees payable for the year and the amount chargeable per unit of the product.

Royalty Payment:

No Royalty is paid or payable.

Technical aid payment:

No Technical aid is paid or payable.

Comments on Variance:

Not applicable

ABNORMAL NON-RECURRING FEATURES

Scope:

- a. If there were any abnormal features affecting production during the year, e.g. strikes, lockouts, major breakdowns in the plant, substantial power cuts, serious accidents, etc., they shall, wherever practicable, be briefly mentioned indicating their impact on the cost of production.

- b. If there are special expenses, which have been directly allocated to products under reference, the total amount as also incidence per unit of product shall be shown.

a. **Features Affecting Production**

NIL

b. **Special Expenses**

NIL

COST OF PRODUCTION

Scope:

The Cost per unit of different categories, varieties or qualities of each of the products under reference with comparative figures for the previous year and comments on the reasons of difference

Cost per unit of different varieties:

Product	2010	2009	2008	Increase / (Decrease)	
	Rupees/M. ton	Rupees/M. ton	Rupees/M. ton	Rupees	Percentage %
White Refined Sugar	55,464	37,900	23,747	17,559	46.33%

The increase in cost per M. Ton as compared to previous year is mainly due to increase in prices of sugar cane.

SALES

Scope:

- a. The sale in quantities and net sales realization of the different categories, varieties or quantities of product under reference showing the average sales realization per unit.
- b. If product under reference is exported, quantity exported, net realization per unit, countries to which exported, indicating the profit or loss incurred in export.

a. Sale of different varieties:

White Refined Sugar	Quantity M. Tons	Value	Avg. Sales Realization
	M. Ton	Rupees	Rupees / M.Ton
2008	69,907.20	1,613,835,428	23,085
2009	98,151.50	3,538,394,579	36,050
2010	111,833.10	6,436,633,618	57,556

b. Export sales:

2008	16,875	410,771,042	24,342
2009	NIL	NIL	NIL
2010	NIL	NIL	NIL

PROFITABILITY**Scope:**

The profit per unit earned on each category, variety or quantity of the products, comments on the comparative profits of different categories of the products per units as well as in term of per machine hours, etc. and comments on the adequacy or otherwise of product for maximization of profit.

Profit per unit earned:

Sales:	2010	2009	2008
White Refined Sugar (M.Ton)	111,833.100	98,151.500	86,782.200
Profit/(Loss) Rs.	234,591,183	307,071,784	151,388,074
Profit/(Loss) Rs./ M. Ton	2,097.69	3,128.55	1,744.46

Comments:

As there is only one product therefore comments on comparative profits of different categories and comments on the adequacy or otherwise of product for maximization of profits can not be made

COST AUDITORS' OBSERVATIONS AND CONCLUSIONS

Scope:

- a. Matters which appear to us to be clearly wrong in principal or apparently unjustifiable.

NIL

- b. Cases where the Company Funds have been used in a negligent or inefficient manner.

NIL

- c. Factors which could have been controlled but have not been done resulting in increase in the cost of production.

NIL

- i. *The adequacy or otherwise of budgetary Control System, if any, in vogue in the company.*

There is no budgetary control system in the company. However the management is considering the implementation of budgetary control system.

- ii. *The Scope and Performance of Internal Audit, if any.*

The management has established an independent internal audit department. The department is properly functioning to achieve its goals and the findings are being brought to the knowledge of management for their corrective actions/measures.

- d. **Suggestion for Improvements in Performance:**

- i. **Rectification of general imbalance in production facilities**

There is no imbalance in production facilities.

- ii. **Fuller utilization of installed capacity.**

Full utilization of installed capacity was restricted due to shortage of sugar cane supply. Steps should be taken to increase sugar cane supply by giving incentives to farmers for more cultivation.

iii. **Comments on areas offering scope for**

a. Cost reduction

Cost may be reduced by improving the efficiency of mills and taking steps for encouraging cultivation of high quality sugarcane.

b. Increased productivity

Productivity may be increased by full utilization of installed capacity.

c. Key limiting factors causing production bottle-necks

Shortage of sugarcanes

d. Improved inventory policies: or

NIL

e. Energy conservancy

NIL

iv. **State of technology, whether modern or obsolete.**

7,800 T.C.D. plant is old and 6000 T.C.D. is modern.

v. **Plant, whether new or second hand when installed.**

The Plant when installed was new.

The Thal Industries Corporation Ltd
For The Year Ended 30th. September 2010

A. COMPANY INFORMATION

1. Name Of The Company	The Thal Industries Corporation Ltd.
2. Date Of Incorporation	September 7, 1953
3. Location Of Registered Office	23 Peer Khurshid Colony Multan
4. Location Of Factory	Layyah / Lalian Dist. Chiniot
5. Products Other Than Sugar Being Manufactured	Nil
6. Installed Cane Crushing Capacity In Tonnes	13,800 M.Tons per day.

B. PRODUCTION DATA :

S.No.	Particulars	Current Year 2010	Year 2009
1	2	3	4
1 (A)	CANE CRUSHED		
	Date of Start	18.11.2009	25.11.2008
	Date of Finish	05.03.2010	09.03.2009
	Duration of run days	105	105
	Total number of hours in duration	2,555.60	2,497.60
	Total number of hours of actual crushing	2,312.35	2167.15
	Total number of hours lost	243.25	330.45
	Total cane milled (tonnes)	1,154,967.594	1,142,669.268
	Converted maunds	30,944,368.074	30,614,866.252
	Total mixed juice obtained (tonnes)	1,067,062.590	1,055,957.760
(B)	RAW SUGAR		
	Raw Sugar Processed-M.Ton	Nil	Nil
	Sugar Made-M.Ton	Nil	Nil
	Recovery %	Nil	Nil
	Molasses %	Nil	Nil
2	JUICE & ADDED WATER		
	Average mixed juice % cane	92.389	92.411
	Average added water % cane	21.703	22.507

S.No.	Particulars	Current Year 2010	Year 2009
1	2	3	4
3	SUGAR MADE-Cane		
	Total sugar bagged of all grade (100 kg (50 kg)	Nil 1,996,575.000	Nil 2,112,016.00
	Sugar bagged (tonnes)	99,828.75	105,600.80
	Sugar in process (tonnes)	131.002	75.171
4	MOLASSES EXTRACTED		
	Total molasses sent out (tonnes)	49,038.859	50,224.555
	Molasses in process (tonnes)	78.636	45.786
5	RECOVERY %		
	Laboratory test percentage recovery of sugarcane		
	Average recovery of marketable white sugar % cane	8.643	9.242
	Average production of final mollasses % cane	4.246	4.395
6	BY-PRODUCTS		
	Bagasses % cane (calculated) (tonnes)	29.484	30.033
	V.F.Cake % cane (tonnes)	3.000	3.000
7	CLARIFICATION PROCESS		
	Specify the process used by the mill	Defecation Remelt Phosphitation	

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THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF PRODUCTION AND SALE OF WHITE BAGGED SUGAR
FOR THE YEAR ENDED 30th. SEPTEMBER 2010

Quantitative Data - Bagged Sugar**M.TON**

Opening Stock	21,994.700
Production	99,828.750
Closing Stock	9,990.350
Sales	111,833.100

S.No	Particulars	This Year 2010		Previous Year 2009	
		Amount (Rs.)	Cost per ton of sugar	Amount (Rs.)	Cost per ton of sugar
(1)	(2)			(3)	(4)
1	Raw Materials:				
	(a) Sugar Cane (Annex 3).	5,209,600,454	52,185.37	2,998,973,130	28399.15162
	(b) Beet (Annex 4).			0	0
	(c) Gur.			0	0
	(d) Raw Sugar.			0	0
	(e) Process Material (Annex 5).	33,018,743	330.75	41,552,143	393.48
2	Salaries / Wages and benefits (annex 6).	70,627,036	707.48	73,463,816	695.67
3	Consumable Stores.	2,440,023	24.44	3,154,343	29.87
4	Repair and Maintenance	167,246,109	1,675.33	190,774,050	1,806.56
5	Utilities:				
6	Steam (Annex 7).	419,340,244	4,200.60	484,086,011	4,584.11
7	Electric Power (Annex 8).	73,843,656	739.70	64,642,784	612.14
8	Water and Gas.				0.00
9	Insurance.	1,302,717	13.05	701,554	6.64
10	Depreciation.	126,322,763	1,265.39	120,132,149	1,137.61
11	Other Factory Overheads (Annex 9)	5,821,367	58.31	7,134,151	67.56
12	Total Cost	6,109,563,112	61,200.44	3,984,614,132	37,732.80
13	Add: Opening Stock of W.I.P.	2,327,997	23.32	1,226,873	11.62
14	Less: Closing Stock of W.I.P.	(6,983,273)		(2,327,997)	
15	Total Cost of goods Manufacturing	6,104,907,836	61,153.80	3,983,513,008	37,722.38
16	Less. Realisable value of By-Products:				0.00
	Molasses	(350,295,281)	(3,508.96)	(255,938,884)	(2,423.65)
	Bagasse	(396,832,385)	(3,975.13)	(415,587,282)	(3,935.46)
	Others.(Press Mud)	(444,660)	(4.45)	(588,692)	(5.57)
17	Net Cost of Goods Manufacturing:	5,357,335,510	53,665.26	3,311,398,150	31,357.70
18	Add :Packing Material	28,860,340	289.10	34,514,653	326.84

S.No	Particulars	This Year 2010		Previous Year 2009	
		Amount (Rs.)	Cost per ton of sugar	Amount (Rs.)	Cost per ton of sugar
(1)	(2)			(3)	(4)
19	Net Cost of Bagged Sugar.	5,386,195,850	53,954.36	3,345,912,803	31,684.54
20	Add :Excise duty / Sales Tax.	260,524,139	2,609.71	443,843,848	4,203.03
21	Total Cost of Bagged Sugar	5,646,719,989	56,564.07	3,789,756,651	35,887.58
22	Add: Opening stocks	693,839,943	6,950.30	277,339,425	2,626.30
23	Less:Closing Stocks	(594,012,250)	(5,950.31)	(693,839,943)	(6,570.40)
24	Cost of Sales.	5,746,547,682	51,385.03	3,373,256,133	34,367.85
25	Administrative Expenses (Annex 10).	129,040,054	1,153.86	133,647,367	1,361.64
26	Selling and Distribution Expenses (A. 11).	25,289,963	226.14	16,967,350	172.87
27	Financial Expenses.	301,880,318	2,699.38	196,053,464	1,997.46
28	Other Charges.	0	0.00	0	0.00
	Total Cost to Make and Sell.	6,202,758,017	55,464.42	3,719,924,315	37,899.82

D. Anand

Shamir Khan

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF SUGARCANE, PRODUCED
FOR THE YEAR ENDED 30th SEPTEMBER-2010

Sr. No.	Particulars	Current Year		Previous Year.	
		Quantity (in M. Tons)	Amount (Rs.)	Quantity (in M. Tons)	Amount (Rs.)
1	2	3	5	6	8
1	Seeds & Other Inputs: Seed Fertilizers, herbicides etc. Insecticides Abiana/water charges. Total Cost of Inputs				
2	Labour Cost: Land Preparation Plantation Maintenance of Cane Crop/Rations. Operation of Tractors Harvesting Total Labour Cost:	NOT APPLICABLE			
3	Other Cost: Fuel for Tractors operation. Maintenance & Over haul of Tractors. Insurance Interest Expenses. Description of equipments. Rent of agriculture equipments. (if any) Total Other Costs. Total Cost of own Production (1+2+3) Sales Value at controlled price. Profit / Loss on own Production				

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Shamir Khan

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF SUGARCANE CRUSHED
FOR THE YEAR ENDED 30th. SEPTEMBER 2010

S.No	Particulars	Year- 2010			Year- 2009		
		Quantity M.Tons	Rate Rs./M.Ton	Amount Rs.	Quantity M.Tons	Rate Rs./M.Ton	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Total sugarcane purchased at Government fixed rate.	1,155,022	4432.3322	5,119,441,483	1,142,759.692	2,511.27	2,869,776,258
	Sugarcane produced from own farm (A-2)				0		
	Less: Loss in transit	54.471	4,432.33	241,434	90.424	2,511.27	227,079
	Sugarcane received at factory gate.	1,154,968	4,432.33	5,119,200,049	1,142,669.268	2,511.27	2,869,549,179
2	Commission.						
3	Quality premium						
4	Unloading & Feeding of Cane	1,154,967.594	0.00	0	1,142,669.268	0.11	128,625
5	Cane development expenses.			9,290,903			24,349,918
	(a) Salaries and wages of Supply and Dev. Staff	1,154,967.594	17.05	19,688,937	1,142,669.268	20.18	23,055,214
	(b) Sugarcane Development Research				1,142,669.268	0.00	0
	© Supply staff and transportation expenses.	1,154,967.594	4.19	4,839,708	1,142,669.268	3.68	4,209,598
	(d) Other expenditure.(Misc Procurement Exp)	1,154,967.594	1.61	1,854,354	1,142,669.268	1.81	2,072,192
6	Taxes and Levies:						
	(a) Cane cess	1,154,967.594	18.75	21,656,612	1,142,669.268	18.75	21,426,671
	(b) Market Committee fee	1,154,967.594	5.00	5,775,109	1,142,669.268	5.00	5,713,793
	© Road cess						
	(d) Octroi. (Toll Tax)	1,154,967.594	0.00	0	1,142,669.268	0.00	0
	(e) Other levies						0
7	Transportation Charges:						
	(a) Delivery expenses	1,154,967.594	20.21	23,345,984	1,142,669.268	38.14	43,576,785
	(b) Transport subsidy						
	© Others						
8	Other Expenditure at Cane Collection Centers:						
	(a) Salaries and Wages	1,154,967.594	3.21	3,707,364	1,142,669.268	3.34	3,813,983
	(b) Stores						
	© Repairs and Maintenance.	1,154,967.594	0.00	0	1,142,669.268	0.70	805,420
	(d)Others.	1,154,967.594	0.00	0	1,142,669.268	0.04	44,673
9	Total cost of sugarcane transferred to production process(Annex -1)	1,154,967.594	4,510.60	5,209,600,454	1,142,669.268	2,624.53	2,998,973,130

Annex 3

Shamir Khan

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF BEET CONSUMED
FOR THE YEAR ENDED 30th SEPTEMBER-2010

Sr. No.	Particulars	Current Year 2009			Previous Year- 2008		
		Quantity (in M. Tons)	Rate (Rs. / M. Tons)	Amount (Rs.)	Quantity (in M. Tons)	Rate (Rs. / M. Tons)	Amount (Rs.)
1	2	3	4	5	6	7	8
1	Total Beet Purchased at Govt. Fixed rate. Less: Loss in Transit Beet received at factory gate.						
2	Commission Paid						
3	Loading un-Loading						
4	Beet Development Expenses a. Salaries & Wages of supply and Dev. Staff. b. Sugar Development Research c. Supply Staff and Transportation Expenses. d. Other expenditures.						
5	Taxes & Levies (if any) a. Purchase Tax. b. Market Committee Fee. c. Road Cess. d. Octoroi e. Other Levies.						
6	Transportation Charges: a. Delivery Expenses/Travelling from purchases center to mill gate b. transport Subsidy c. Others.						
7	Other Expenditures at Best Collection Centers: a. Salaries & Wages. b. Stores. c. Repair & Maintenance. d. Others.						
Total Cost of "BEET" Transferred to production process (Annex-1)							

NOT APPLICABLE

Annex-4

Shamun Khan

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED
FOR THE YEAR ENDED 30th. SEPTEMBER 2010

S. No	Particulars	Curreant Year-2010		Previous Year-2009		
		Amount	Rs.	Cost per ton of sugar	Amount	Rs.
(1)	(2)	(3)	(4)	(5)	(6)	
	Total Sugar Produced 2010 - 99,828.750 Tons					
	Total Sugar Produced 2009 - 105,600.800 Tons					
1	Phosphoric Acid	4,253,988		42.61	9,410,496	89.11
2	Filter Acid.(HCL)	114,730		1.15	90,267	0.85
	Acid Inhabitor (Kafzol RN)	184,387		1.85	299,350	2.83
3	Bleaching Powder	209,143		2.10	283,065	2.68
4	BIO CIDE (Preventol ZL)	601,023		6.02	54,600	0.52
5	Chemfloc 57/56 HP/ Accofloc(Poly Electrolite)	1,232,981		12.35	470,730	4.46
6	Colour Quest 55(DeColorizer)	6,063,533		60.74	7,951,552	75.30
7	Chem Float - 100 (Floaatation Aid)	290,851		2.91	107,630	1.02
8	Polymer A 2125	303,174		3.04	181,879	1.72
9	Polymer A 110	67,191		0.67	137,976	1.31
10	Chemrite PR-1	33,500		0.34	0	0.00
11	Accofloc A-110PWG	129,933		1.30	157,763	1.49
12	Chemrite FD 30 DC Antifoam	33,951		0.34	9,362	0.09
13	Formaline.	96,296		0.96	154,712	1.47
14	Unslaked Lime	3,920,485		39.27	3,741,677	35.43
15	Soda Ash	315,295		3.16	299,747	2.84
16	Solid Caustic Soda.	1,229,399		12.32	1,694,292	16.04
17	Sodium Meta Phosphate	192,825		1.93	157,628	1.49
18	Common Salt	8,572		0.09	15,771	0.15
19	Tri Sodium Phosphate(Chem Float A 100)	28,719		0.29	27,980	0.26
20	Visc Aid (Hastapal)	215,001		2.15	98,072	0.93
21	Acrylicacid Powder	165,152		1.65	0	0.00
22	Talo Floate A-100	85,372		0.86	0	0.00
23	Others	16417		0.16	0	0.00
25	Laboratory Chemicals.	1,317,032		13.19	897,492	8.50
26	Lubricants and Grease.	11,892,681		119.13	14,966,427	141.73
27	Filter Cloth	17,112		0.17	343,675	3.25
28	Fly Ash Catcher	0		0.00	0	0.00
29	Amberlite	0		0.00	0	0.00
	Total.	33,018,743		330.75	41,552,143	393.48
	Less allocated to _____					
	(a) Electric generation.	0		0	0	0
	(b) Steam generation.	0		0	0	0
	(c) Raw Material	0		0	0	0
	(d)Admin Expenses	0		0	0	0
	(e)Selling and Distribution Expenditure.	0		0	0	0
	(f) Any Other Specify -	0		0	0	0
	Balance Transferred to Cost Of Production (Annex-1)	33,018,743		330.75	41,552,143	393.48

D. Anand

Shamir Khan

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF SALARIES ,WAGES AND BENEFITS
FOR THE YEAR ENDED 30th. SEPTEMBER 2010.

S.No	Particulars	This Year 2010		Previous Year-2009		
		Amount	Rs.	Cost per ton of sugar	Amount	Rs.
(1)	(2)	(3)	(4)	(5)	(6)	
	Total Sugar Produced 2010 - 99,828.750 Tons Total Sugar Produced 2009 - 105,600.750 Tons					
	Cost:					
	1 Salaries / Wages					
(i)	Officers and Permanent Staff.	90,716,300		908.72	82,267,379	779.04
(ii)	Seasonal Staff.	9,116,951		91.33	6,176,962	58.49
(iii)	Daily rated and Contract Labour.	61,105,173		612.10	60,357,817	571.57
(iv)	Bonuses.	12,100,000		121.21	31,491,078	298.21
	Benefits:					
(i)	Medical Expenses.	1,415,738		14.18	1,522,038	14.41
(ii)	Canteen Expenses.	243,166		2.44	149,056	1.41
(iii)	Welfare , Recreation.	3,316,832		33.23	1,762,074	16.69
(iv)	Transport and Traveling.	0		0	0	0.00
(v)	Education cess / Expenses.	53,800		0.54	63,192	0.60
(vi)	Group Insurance / Workmen	521,855		5.23	464,201	4.40
(vii)	Haj Expenses	1,083,085		10.85	0	0.00
(viii)	Gratuity / Pension.	5,696,720		57.06	5,152,531	48.79
(ix)	Other Benefits (E.O.B.I.).	3,445,404		34.51	3,199,841	30.30
(x)	Earned Leave	1,751,094		17.54	1,376,322	13.03
(xi)	Social Security Contribution	4,467,116		44.75	2,167,792	20.53
(xii)						
(x)	Total:	195,033,234		1,953.68	196,150,283	1857.47
(x i)	Less allocated to----					
	(a)Raw Material.	23,396,301		234.36	26,869,197	254.44
	(b) Electricity Generation.	19,082,670		191.15	14,287,417	135.30
	(c)Steam Generation.	10,701,346		107.20	12,240,027	115.91
	(d)Admin Expenses.	68,339,959		684.57	66,349,642	628.31
	(e)Selling and Distribution Expenses	2,885,923		28.91	2,940,183	27.84
	(f) Any Other Specify.					0.00
	Total	124,406,198		1,246.20	122,686,466	1161.79
	Balance transferred to production process (Annexure -1)	70,627,036		707.48	73,463,816	695.67

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Shamir Khan

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF STEAM GENERATED / CONSUMED
FOR THE YEAR ENDED 30th. SEPTEMBER 2010

<u>S.No.</u>	<u>Particulars</u>	<u>Unit</u>	<u>Currant Year</u> <u>2010</u>	<u>Previous</u> <u>Year 2009</u>	<u>Variance</u>
(1)	(2)	(3)	(4)	(5)	(6)
	Types of steam boilers used (Water Tubes)				
1	No. of days worked.		96.35	90.30	6.05
2	Installed capacity (steam in tonnes)	Ton	971,187.00	736,831	234,356.00
3	Utilised capacity (steam in tonnes)	Ton	784,900.00	640,463.00	144,437.00
4	Production:				0.00
	(a) High pressure steam.				0.00
	(b) Medium pressure steam.	Ton	784,900.00	640,463	144,437.00
	(c) Low pressure steam.				0.00
	(d) less: transit losses.	Ton	784.90	640.46	144.44
	(e) Total.	Ton	784,115.10	639,822.54	144,292.56
5	Percentage of capacity utilization (3/2 * 100).		80.82	86.92	-6.10

S.No	Particulars	This Year 2010			Previous Year-2009		
		Quantity M.Ton	Rate per Unit Rs	Amount Rs.	Quantity M.Ton	Rate per Unit Rs	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Water			90,991,563	0		52,777,789
2	Fuels:						
	(a) Bagasse:						
	(i) Own (incl.handling exp.)	339,530.84	1,164.79	395,482,641	343,077.13	1211	415,466,406
	(ii) Purchased.				0.00	0	0
	(b) Pith.				0.000	0	0
	© Coal purchased.				0.000	0	0
	(d) Furnace Oil	119.830	40,224.71	4,820,127	49.755	23,184.54	1,153,547

S.No	Particulars	This Year 2010			Previous Year-2009		
		Quantity M.Ton	Rate per Unit Rs	Amount Rs.	Quantity M.Ton	Rate per Unit Rs	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	(e) Fire wood	245.130	5,054.89	1,239,106	283.484	4,611.94	1,307,411
	(f) Gas			0	0.000	0	0
	(g) Other fuels, if any(to be specified)			0	0.000	0	0
3	Quantity of waste heat from the plant,if any.			0	0.000	0	0
4	Consumable Stores.				0.000	0	0
5	Direct salaries,Wages and benefits.			10,701,346	0.000	0	12,240,027
6	Repair and maintenance.			12,795,432	0.000	0	13,180,946
7	Other direct expenses (e.g.Boiler insp fee.etc)			35,000	0.000	0	30,000
8	Insurance.			0	0.000	0	0
9	Depreciation.			13,403,489	0.000	0	10,578,873
	Total cost of steam raised. (After Loss)	784,115.10	675.24	529,468,703	639,822.54	791.993	506,734,999
10	Less:Outside sale.						
	Add:Cost of steam purchased.						
11	Total Cost of Steam Consumed.	784,115.10	675.24	529,468,703	639,822.54	791.993	506,734,999
12	ALLOCATION						
	Total of item 12 allocated to-----						
	(i) White Bagged Sugar.	547,942.36	675.24	369,994,569	401,510.39	791.993	317,993,433
	(ii) Electric powerhouse (Annex-8)	236,172.74	675.24	159,474,134	238,312.15		188,741,566
	(iii) Others.				0		0
	(a) Staff colony				0		0
	(b) Office building ,etc.				0		0
	Total	784,115.10		529,468,703	639,822.54		506,734,999

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THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT OF COST OF ELECTRIC POWER PURCHASED / GENERATED AND CONSUMED
FOR THE YEAR ENDED 30th. SEPTEMBER 2010

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Variance.</u>
1 Installed Capacity (15,200KW)	49,067,520	47,953,920	1,113,600
2 No. of units generated (KWH).	21,834,152	22,031,940	(197,788)
3 No. of units purchased (KWH).	1,572,600	1,755,812	(183,212)
4 Total (2+3).	23,406,752	23,787,752	(381,000)
5 Consumption in Power House including other losses.	2,183,415	2,203,194	(19,779)
6 Net units consumed (4-5).	21,223,337	21,584,558	(361,221)
7 Percentage of consumption and losses to total units			
Available = 5/4 * 100.	9.328	9.262	0.07
8 Percentage of power genrated to installed capacity 2/1 * 100.	44.50	45.94	(1.45)

S.No	Particulars	This Year 2010			Previous Year-2009		
		Quantity Units	Rate Rs./Unit	Amount Rs.	Quantity Units	Rate Rs./Unit	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Steam (Annex 7).	236,172.74		159,474,134	238,312.15		188,741,566
2	Consumable Stores.				0	0	0
3	Salaries and Wages.(A-6)			19,082,670	0	0	14,287,417
4	Other direct expenses. (Diesel For Generator)			12,110,424	0	0	7,713,208
5	Repair and maintenance.			8,590,213	0	0	9,750,349
	Generator Rental	0		0			0
6	Duty on electricity			1,304,482	0	0	1,102,156
7	Depreciation.			8,747,962	0	0	6,091,231
	Total.			209,309,885	0	0	227,685,927
8	* Less: (a) Credit for exhaust steam used in process etc.88%			(140,337,238)	0	0	166,092,578
	(b) Other credits ,if any.				0	0	
9	Cost of power generated.			68,972,647	0	0	61,593,349

S.No	Particulars	This Year 2010			Previous Year-2009		
		Quantity Units	Rate Rs./Unit	Amount Rs.	Quantity Units	Rate Rs./Unit	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
10	Less:cost of power sold.	(1,124,431)	8.00	(8,993,463)	(1,471,177)	6.84	(10,059,908)
11	Add: cost of power purchased.			13,864,472	0	0	13,109,343
12	Total net cost of power consumed.			73,843,656			64,642,784
13	Cost per unit average.	19,039,922	3.88	73,843,656	19,381,364	3.34	64,642,784
	Total at item 12 allocated to-----						
	(i) White bagged sugar	18,424,868	3.88	71,458,259	18,678,874	3.34	62,299,765
	(ii) Self - consumption.						
	(iii) Others						
	(a) Staff colony	413,640	3.88	1,604,245	494274.00	3.34	1,648,555
	(b) Office building	190,399	3.88	738,437	193814.00	3.34	646,429
	(c) Other (Tubewell)	11,014	3.88	42,716	14,402	3.34	48,035
14	Total			73,843,656			64,642,784

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Shamir Khan

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING OTHER FACTORY OVERHEADS
FOR THE YEAR ENDED 30th. SEPTEMBER 2010

S.No	Particulars	Amount in Rupees			
		This Year 2010		Previous Year 2009	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
(1)	(2)	(3)	(4)	-5	-6
	Total Sugar Produced 2010 - 99,828.750 Tons Total Sugar Produced 2009 - 105,600.800 Tons				
	Cost:				
1	Rent, Rate and Taxes.	126,151	1.26	643,860	6.10
2	Printing and Stationery.	873,327	8.75	1,248,626	11.82
3	Postage and Telegram	40,716	0.41	65,917	0.62
4	Telephone Fax and Telex.	240,709	2.41	272,826	2.58
5	Travelling and Conveyance.	265,793	2.66	411,424	3.90
6	Subscription, Books and Periodicals	0	0.00	0	0.00
7	Entertainment.	419,357	4.20	943,046	8.93
8	Vehicle Running Expenses.	2,200,149	22.04	1,717,399	16.26
9	Repair and Maintenance Buildings	1,639,059	16.42	1,660,099	15.72
10	Fire Fighting	16,107	0.16	170,954	1.62
11	Other Expenses		0.00		0.00
12	Total	5,821,367	58.31	7,134,151	67.56
	Allocated to----				0.00
	(i) white Bagged Sugar.	5,821,367	58.31	7,134,151	67.56
	(ii) Electric Power House.	0	0	0	0.00
	(iii) Steam Generation.	0	0	0	0.00
	(iv) Others:	0	0	0	0.00
	(a) Staff Colony.	0	0	0	0.00
	(b) Office Building etc.	0	0	0	0.00
	Total as per item 12 above.	5,821,367	58.31	7,134,151	67.56

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Shamsher Khan

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 30th. SEPTEMBER 2009

S.No	Particulars	This Year-2010		Previous Year-2009	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
(1)	(2)			(3)	(4)
1	Total Sugar Sold 2010 - 111,833.100 Tons Total Sugar Sold 2009 - 98,151.500 Tons	6,435,336,043	57,538.11	2,944,432,830	29998.86
2	Cost:				
	Director Remuneration	6,120,000	54.72	3,825,000	38.97
	Salaries, Wages and Benefits (A- 6).	68,339,959	611.03	66,349,642	675.99
	Rent, Rates and Taxes.	2,250,582	20.12	1,266,179	12.90
	Insurance.	67,522	0.60	189,038	1.93
	Water, Gas and Electricity.	934,799	8.36	489,203	4.98
	Printing and Stationery	1,335,046	11.94	1,495,619	15.24
	Postage and Telegram.	275,598	2.46	263,668	2.69
	Telephone Fax and Telex.	1,640,228	14.67	1,440,854	14.68
	Repair and Maintenance. Building	2,509,659	22.44	1,021,975	10.41
	Travelling and Conveyance.	1,299,095	11.62	1,815,732	18.50
	Books and Priodicals.	0	0.00	30,590	0.31
	Entertainment.	2,337,230	20.90	2,310,679	23.54
	Advertising.	94,745	0.85	80,390	0.82
	Legal and Professional Expenditure.	2,537,589	22.69	4,627,626	47.15
	Auditor's Remuneration.	645,000	5.77	390,500	3.98
	Vehicle Running Expenses.	5,580,346	49.89	4,790,589	48.81
	Charity and Donation.	243,701	2.18	1,800,270	18.34
	Fee and Subscription	1,119,139	10.01	1,466,967	14.95
	Ijarah Rentals	17,679,979	158.08	33,155,467	337.80
	Depreciation	3,578,598	32.00	3,167,362	32.27
	Flood Relief Expenses	7,280,808	65.10	0	0.00
	Others.	3,170,430	28.35	3,670,017	37.39
	Total	129,040,054	1,153.74	133,647,367	1361.64

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THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING SELLING EXPENSES
FOR THE YEAR ENDED 30th. SEPTEMBER 2010

S.No	Particulars	This Year-2010		Previous Year-2009	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
(1)	(2)			(3)	(4)
1	Total Sugar Sold 2010 - 111,833.100 Tons Total Sugar Sold 2009 - 98,151.500 Tons	6,435,336,043	57,538.11	2,944,432,830	29,998.86
2	Cost:				
	Salaries, Wages and Benefits (Annex 6).	2,885,923	25.80	2,940,183	29.96
	Travelling and Conveyance.	0	0.00	0	0.00
	Commission.	1,746,035	15.61	844,570	8.60
	Freight outward.	10,693,168	95.61	4,574,493	46.61
	Stacking / Restacking.	4,488,268	40.13	5,546,204	56.51
	Loading / Unloading.	2,229,734	19.94	1,336,110	13.61
	Numbering Expenses	208,077	1.86	0	0.00
	Vehicle Running Expenses.	0	0.00	0	0.00
	Advertising for Sales Promotion	0	0.00	0	0.00
	Insurance	1,151,178	10.29	974,465	9.93
	Other Expenses.	1,887,580	16.88	751,325	7.65
	Total .	25,289,963	226.12	16,967,350	172.87

Annexure

Shamun K. S.

THE TAHL INDUSTRIES CORPORATION LIMITED

Reconciliation of Cost of Goods Sold

Year Ended September 30, 2010

Cost of goods sold as per cost accounts **5,746,547,682**

Add: Amounts taken in sales in Financial Accounts but deducted from cost in Cost Accounts

Sale of Molasses	350,295,281
Sale of Electricity	8,993,461
Sale of Baggasse	1,349,744
Sale of Press Mud	444,660
	361,083,146

Add: Baggasse Handling Charges deducted from cost in Cost Accounts but not taken in Financial Accounts **3,726,870**

Add: Amounts included in admin expenses in Cost Accounts but included in cost of sales in Financial Accounts

Expenses excess taken in cost accounts

Admin expenses as per cost accounts:	129,040,053	
Admin expenses as per financial accounts:	131,119,948	(2,079,894)

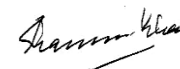
Add: Amounts included in selling expenses in Cost Accounts but included in cost of sales in Financial Accounts

Selling and distribution expenses as per cost accounts	26,097,443	
Selling and distribution expenses as per financial accounts	25,146,659	143,304

Less : Expenses included in Cost Accounts but not taken in Financial Accounts

Sales tax and exise duty **(260,524,139)**

Cost of goods sold as per financial accounts **5,848,896,969**



THE TAHL INDUSTRIES CORPORATION LIMITED

Reconciliation of Cost of Goods Manufactured

Year Ended September 30, 2010

Cost of goods manufactured as per cost accounts		6,104,907,836
Add:		
Amounts taken in sales in financial accounts but deducted from cost in cost accounts		
Electricity		8,993,463
Packing material not included in Cost Accounts in cost of goods manufactured but included in Financial Accounts		28,860,340
		37,853,803
Add: Amounts included in admin expenses in cost accounts but included in cost of goods manufactured in financial accounts		
Admin expenses as per cost accounts:	129,040,053	
Admin expenses as per financial accounts:	131,119,948	(2,079,893)
Add: Amounts included in selling expenses In cost accounts but included in cost of goods manufactured sales in financial accounts		
Selling and distribution expenses as per cost accounts	26,097,443	
Selling and distribution expenses as per financial accounts	25,146,659	143,304
Less: Amounts Taken in Cost Accounts but not included in Financial Accounts		
In House Baggasse Consumption (Less Removal Charges)		(391,755,772)
Water Cost As per Annexure 7		
Cost of goods manufactured as per Financial Accounts		5,749,069,278

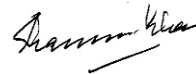


THE TAHL INDUSTRIES CORPORATION LIMITED

Reconciliation of Administrative Expenses

Year Ended September 30, 2010

Administrative expenses as per Cost Accounts	129,040,054
Add: Expenses included in financial accounts but not taken in cost accounts	
Postage & Telegrams	40,716
Telephone & Telex	240,709
Firefighting	16,107
Repair & Maintenance	1,639,059
Staff Welfare & Others (Charged to Selling & Distribution)	143,304
	2,079,894
Administrative Expenses as per Financial Accounts	<u>131,119,948</u>



THE TAHL INDUSTRIES CORPORATION LIMITED

Reconciliation of Selling and Distribution Expenses

Year Ended September 30, 2010

Expenses as per Cost Accounts	25,289,963
Less: Expenses included in cost accounts but not taken in financial accounts	
Canteen Subsidy	8,357
Staff Welfare	82,182
Education	1,849
Insurance	10,162
Graduity	40,754
	<u>143,304</u>
Expenses as per financial accounts	<u><u>25,146,659</u></u>

