COST AUDITORS' REPORT ON COST STATEMENTS OF THE THAL INDUSTRIES CORPORATION LIMITED FOR THE YEAR ENDED SEPTEMBER 30, 2016

BDO

BDO

Tel: +92 42 3587 5709
+92 42 3587 5710
Fax: +92 42 3571 7351
www.bdo.com.pk

F-2, First Floor,
Grace Centre,
Canal Bank Road,
1-B Canal Park,
Gulberg-II, Lahore-54660

COST AUDITORS' REPORT TO THE DIRECTORS

We **BDO EBRAHIM & CO., Chartered Accountants** having been appointed to conduct an audit of cost accounts of **THE THAL INDUSTRIES CORPORATION LIMITED** ("the Company"), have examined the books of account and the statements prescribed under clause (e) of subsection (1) of section 230 of the Companies Ordinance, 1984 and other relevant record for the year ended on September 30, 2016 and report that:

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of this audit.

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

In our opinion and, subject to the 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 products of the Company, namely White Refined Sugar.

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

The cost accounts of the Company for the year ended September 30, 2015 were audited by another firm of chartered accountants, who had expressed unqualified opinion vide their report dated January 15, 2016.

LAHORE

DATE: 03 MAR 2017

BDO Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Imran

COST AUDITORS' REPORT
TO THE DIRECTORS OF THE THAL INDUSTRIES CORPORATION LIMITED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

1. CAPACITY:

			2016	2015
(a) Licensed, installed and utilized capacity:				
Designed crushing capacity:				
Layyah Sugar Mills	Old plant	Metric Tons/day	4,000	3,300
Layyah Sugar Mills	New plant	Metric Tons/day	7,500	7,500
Safina Sugar Mills	Old plant	Metric Tons/day	8,000	7,000
			19,500	17,800

(b) Percentage utilization

Capacity on the basis of operating days	Metric Tons	2,086,500	1,966,900
Actual crushing (utilized capacity)	Metric Tons	1,839,916	1,808,462
Percentage of capacity attained	%	88.18	91.94
Sugar production from cane	Metric Tons	178,912.15	175,909.50
Recovery of sugar cane	%	9.72	9.73

During the year, there is an increase in production capacity of the mill (19,500 TCD) as compared to preceding year (17,800 TCD) thus increasing the overall installed capacity (119,600 metric tons). The marginal increase in crushing is due to BMR completed last year, and the installation of high pressure boiler in Layyah helped in improving the steam percent cane and eventually mill was able to process more of the crop on a per day basis.

(c) The Company is not engaged in any other activity except manufacturing and sale of white sugar, molasses and allied by-products.

2. COST ACCOUNTING SYSTEM:

Manufacturing of sugar is a continuous process. The Company uses financial and cost integrated accounting system which shows overall cost of production.

The Company is using integrated accounting software, whereby the cost accounts are integrated with the financial accounting records. The 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. All transactions related to costs of production are incorporated in the books of accounts and their effect is reflected in the costing reports. According to the Company's practice, the actual costs incurred during the year are allocated to the sugar manufactured during the year on actual basis.

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.

We have assessed the functionality of the cost accounting system and found it adequate to determine the cost of Company's products correctly. 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.

3. PRODUCTION:

	2016 (Metric tons)	2015 (Metric tons)
(a) Production in metric tons		
White refined sugar	178,912.15	175,909.50
Sugar made from raw sugar	749.15	1,295.70
Total production	179,661.30	177,205.20
(b) Percentage utilization		
White Refined Sugar	88.18%	91.94%

Explanation of variances

There is an increase in production capacity of the mills (19,500 metric tons per day) in current year as compared to preceding year (17,800 metric tons per day) thus increasing the overall installed capacity (119,600 metric tons), however increase in cane milled and crushed is only 31,453 metric tons during the year. Non availability of sugar cane in sufficient quantity and quality was the limiting factor due to which the capacity utilization is 88.18% (2015: 91.94%) as compared to installed capacity. This is the reason of decrease in percentage of utilization in relation to installed capacity by 3.76%.

(c) Comparison of machine hours utilization (during crushing season)

	2016	2015	2014
Available hours	2,552	2,628	2,772
Utilized hours	2,373	2,388	2,637
% age	92.96%	90.87%	95.13%

Explanation of variances

Available hours is dependent upon no of working days i.e. 107 days (2015: 111 days). Comparative increase in utilization during current year is due to effective use of available hours. Sugar mills temporarily shutdowns for maintenance purposes during mid of manufacturing season. This year company stops for lesser period i.e. 7.491 days (2015: 9.994 days) thus increasing the percentage of utilization in relation to installed capacity by 2.12%.

(d) Addition to production capacity

During the year, there is an increase in production capacity of the mill (19,500 TCD) as compared to preceding year (17,800 TCD) thus increasing the overall installed capacity (119,600 metric tons). The marginal increase in crushing is due to BMR completed last year, and the installation of high pressure boiler in Layyah helped in improving the steam percent cane and eventually mill was able to process more of the crop on a per day basis.

4. RAW MATERIALS:

(a) Consumption of major raw materials in terms of quantity and value:

Raw Materials	2016		2015	
	Quantity Consumed (metric tons)	Amount (Rupees)	Quantity Consumed (metric tons)	Amount (Rupees)
Sugarcane (See annexure – 3)	1,839,931	8,438,467,457	1,808,481	8,126,020,496
Process material (See annexure - 5)		75,761,821		84,340,077

(b) Consumption of major materials per unit of production:

Raw Materials	Actual Consumption Per Unit (per metric ton of Sugar)		
	2016	2015	2014
Sugarcane (See annexure – 3)	10.284	10.281	10.162

Consumption of raw material per unit of production is dependent on many factors, such as sucrose contents/sugar recovery percentage, quality of sugarcane, elapsed time between sugarcane harvesting and crushing, distance from sugarcane field and factory site and un-interrupted milling/crushing etc.

Although no standard has been fixed for cane procured and consumed, company strives to consume fresh and clean cane. Since, the company did not operate a 'Standard Costing System' ; comparison of actual raw material consumption with standard could not be made. Therefore, variances could not be worked out.

(c) Explanation of variances

Sugarcane yield depends upon the quality of sugarcane; and the quality varies with the maturity of the crop and quality of seed implanted in crop. Good quality of seed combined with higher maturity of crop means higher quality of sugar cane and higher yield of sugar. Raw material consumption of cane has increased by 31,453 metric tons from last year due to increased availability of sugarcane.

The variance in material consumption per M. Ton is immaterial and it is because of almost same recovery in the current year i.e., 9.724 % as compared to last year's recovery 9.727 %.

(d) Accounting system for raw materials

Sugarcane is procured mainly at the mills directly and partially at depots situated at a number of locations. 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.

Sugarcane receipt at mills

The Company is using a software Module for recording the purchase of sugarcane at its mills. It is a customized module integrated with the company's CIS (Computerized Information System) application. Sugarcane is brought to the factory using different modes of transportation e.g. trolleys, trucks, carts and trailers. Whatever the haulage is, a computerized token and gate pass is given to the haulage. At the weighing post the gross weight of the haulage is measured. The gross weight (Sugar Cane + Haulage) is entered into the database by an online weighing machine into the system. The haulage is then unloaded and at the weighing post the tare weight of the haulage is entered into the database by the same online weighing machine into the system. The net weight is automatically calculated by the software. After measuring the net weight, a computerized Cane Purchase Receipt (CPR) is generated. It is a document which acknowledges the supply of cane made by the grower and contains the net weight procured and amount payable to the grower. Upon the generation of CPR, an automated Purchase order is created in the CIS application with the net weight and amount payable to the grower based on the CPR. The purchase is recorded at the notified price / market value as already defined in system time to time. An automated receipt of the cane is recorded by the system based on the purchase order. The receipt is recorded at a value which is a sum of the cost of cane at PO and the direct procurement costs per unit like cane development cess, market committee fee, unloading charges etc.

The cane is issued to consumption as raw material consumed at cost.

Sugarcane receipt at depots

The depot is a purchase center where the Company purchases Cane and brings it to the factory using the transport of the contractor. The Company has opened depots at various places in order to increase and facilitate the sugarcane growers. A weigh bridge has been installed at each depot where a net weight of cane received is measured through laden and un-laden weight of haulage. Manual CPRs are then issued on weighing the sugarcane received at depots. The details of CPRs are entered in Cane Purchase Sheet of respective depots. Cane is then sent to the mills where it is weighed again and recorded in the system and a computerized CPR is generated against Cane received from respective depots. Thereafter, the PO, receipt, issuance and accounting process takes place similar to the process of purchase at mills mentioned above.

Other direct material used in production

Other direct material used includes unslacked lime, soda caustic flakes, phosphoric acid, decolorizing agent etc. The Company has computerized inventory system in which all the material purchased is recorded at the respective rates in separate accounts and consumption is charged on daily basis at the moving average rate calculated by the system. The purchases are recorded by Goods Receipt Notes (GRNs) while consumption is recorded on the basis of approved store requisition.

Transportation expenses during the year were Rs. 9.762 million (2015: Rs. 9.489 million).

MQ

5. WAGES AND SALARIES:

(a) Wages and salaries paid to different categories of employees are as follows:

	2016 (Rupees)	2015 (Rupees)
i. Direct labour cost on production	251,485,865	212,592,242
ii. Indirect employees cost on production	46,043,236	41,385,436
iii. Employees cost on administration	199,158,640	163,682,485
iv. Employees cost on selling and distribution	8,999,097	7,371,782
v. Other employees cost	-	-
Total wages and salaries	505,686,838	425,031,945
* vi. Bonus to workers and employees	39,680,066	26,470,415

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

(b) Salary and perquisites of directors and chief executive are as under:

Managerial remuneration and allowances amounting to Rs. 2.04 million (2015: Rs. 2.04 million) were paid to the Chief Executive while Directors have been given amount of Rs. 2.04 million (2015: Rs. 2.04 million) during the year. No meeting fee has been paid to the directors during the year. There is 1 (2015: 1) chief executive and 1 (2015: 1) director.

The executive have been paid managerial remuneration and allowances amounting to Rs. 73.034 (2015: Rs. 58.078 million) during the year. The executives have been provided free unfrunished accommodation with maintained car for Company's affairs only.

(c) Total man-days of direct labour for the year:

	2016 (Days)	2015 (Days)
Available (days)	107	111
Actually worked (days)	99	100
Percentage	92.52%	90.91%

(d) Average number of workers including contracted labour during the year

	2016	2015
	1,656	1,481

(e) Direct labour cost per unit of output of the product

		2016	2015	2014
Total labour cost on production	(Rupees)	297,529,101	253,977,678	217,628,720
Direct labour cost on production	(Rupees)	251,485,865	212,592,242	130,086,925
Indirect labour cost on production	(Rupees)	46,043,236	41,385,436	87,541,795
Production of White Refined Sugar	(Metric tons)	178,912	175,910	178,630
Total labour cost per unit of output	(Rupees)	1,662.99	1,443.80	1,218.32
Direct labour cost per unit of output	(Rupees)	1,405.64	1,208.53	728.25
Indirect labour cost per unit of output	(Rupees)	257.35	235.27	490.07

(f) Variances:

Increase in cost per unit of output on account of labour is due to increase in salaries and wages and increase in average number of employees from 1,481 of 2015 to 1,656 of 2016. Direct Labour Cost: The increase in direct labour cost by Rs. 38.894 million as compared to 2015 is mainly due to increase in salaries wages and other benefits and increase in average number of employees. Consequently, direct labour cost per ton of production has increased by Rs. 197/ metric ton from 2015. Indirect Labour Cost: Indirect labour cost has increased by Rs. 4.658 million and by Rs. 22/metric ton as compared to last year due to the fact of increment and bonuses.

(g) Incentive schemes:

Bonus scheme is in place which is based on the discretion of the Board of Directors and covers all employees (including daily wagers) of the Company. In current year two bonuses are announced. However, there is also an increment in salaries of all of the employees of the company in 2016.

Due to bonuses and increments during the year, total direct and indirect labour costs have increased as compared to last year. Also increased average no. of workers employed during the year has an impact.

		2016	2015
Cost of bonus per metric ton of output (Annexure-6)	(Rupees)	**220.86**	149.38

6. STORES AND SPARE PARTS:

(a) Expenditure per unit of output on stores and spare parts:

		2016	2015
Process material (Annexure 5)	(Rupees)	75,761,821	84,340,077
Consumable stores	(Rupees)	12,373,862	10,124,528
Packing material	(Rupees)	61,763,467	84,092,692
Total store and spares consumed	(Rupees)	149,899,150	178,557,297
Production of sugar	(Metric tons)	178,912	175,910
Stores and spares per unit of production	(Rupees)	837.84	1,015.51

Explanation of variances

Consumption of chemicals and stores has decreased by Rs. 6.329 i.e. 7% as compared to last year, this decrease is mainly due to low price charged by the supplier for process chemicals. Similarly packing material consumption have decreased by Rs. 22.329 million i.e. 27%. This is because of decrease in purchase price of packing material. In previous year per bag price was Rs. 21 on average and in current year Rs.17 on average.

(b) System of stores accounting

Receipt recording

The Company follows perpetual method of accounting for 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.

Consumption recording

Stores and spares consumption is recorded on the basis of store requisition slip valued on the basis of moving average rate having separate code for each type of material in stores. The store department receives the store requisition slip and then by properly authorizing the issue, the store item is issued to the relevant department.

Allocation

Stores and spare consumption is based on actual consumption towards various cost centers.

(c) Proportion which have not moved for over twenty four months:

	2016 (Rupees)	2015 (Rupees)
Total stores and spares	423,426,940	371,107,200
Slow moving stores	37,929,063	83,250,497
% age	9%	22%
Not moved for over twenty four months	37,929,063	83,250,497

No provisions have been made against the above given items which have not been moved for two years. According to management these items can be utilized in plant's normal course of operation during its useful life and are not technically obsolete.

7. DEPRECIATION:

(a) Method of depreciation

Depreciation on operating fixed assets except freehold land is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the assets is disposed off/ retired. The depreciation method and useful lives of items of operating fixed assets are reviewed and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charged for the current and future periods.

(b) Basis of allocation of depreciation on common assets

Depreciation on assets identifiable to various cost centers is charged on actual basis while deprecation for assets under common use is charged to cost centers on the basis of services rendered to the respective departments i.e. 20% Admin and 80% Cost of sales.

(c) **Basis of charging depreciation to cost of products**

The depreciation of depreciable assets relating to units involved in the manufacturing of product is charged to the cost of production.

8. OVERHEADS:

(a) **Overheads and break up of items specified**

	2016 (Rupees)	2015 (Rupees)	2014 (Rupees)
i. Factory overheads			
Indirect labour	46,043,236	41,385,436	87,541,795
Rent, rate and taxes	2,191,756	1,793,300	1,092,193
Printing and stationery	1,504,939	1,248,733	1,062,200
Postage and telegram	33,835	31,027	46,095
Telephone fax and telex	503,487	298,019	312,935
Traveling and conveyance	554,749	872,563	475,906
Entertainment	754,130	576,178	550,973
Vehicle running expenses	10,421,110	9,535,435	8,065,433
Repair and maintenance buildings	4,321,560	2,917,663	3,173,754
Fire fighting	493,677	1,124,870	335,129
	66,822,479	59,783,224	102,656,413
ii. Administration overheads			
Director remuneration	4,080,000	4,080,000	4,250,000
Salaries, wages and benefits	199,158,640	163,682,485	136,412,566
Rent, rates and taxes	11,777,428	6,297,155	5,399,362
Insurance	316,841	81,960	37,658
Water, gas and electricity	1,141,596	873,716	711,086
Printing and stationery	1,551,455	1,829,719	2,026,874
Postage and telegram	242,626	199,905	310,867
Telephone fax and telex	3,061,001	1,890,280	2,099,758
Repair and maintenance	8,717,325	4,295,906	5,176,774
Traveling and conveyance	5,042,222	4,613,072	2,182,861
Books and periodicals	51,334	40,922	75,115
Entertainment	5,545,660	5,063,022	3,899,219
Advertising	498,282	275,374	506,598
Legal and professional expenditure	3,877,154	2,525,542	2,174,501
Auditor's remuneration	1,284,419	1,289,979	1,010,955
Vehicle running expenses	14,773,889	13,854,940	12,250,716
Charity and donation	204,081	1,950,416	5,510,800
Fee and subscription	5,199,761	5,144,992	33,024,611
Ijarah rentals	-	199,654	3,667,112
Depreciation	13,506,513	12,981,992	10,627,000
Others	12,310,976	8,758,746	9,301,967
	292,341,202	239,929,777	240,656,400

	2016 (Rupees)	2015 (Rupees)	2014 (Rupees)
iii. Selling and distribution overheads			
Salaries, wages and benefits	8,999,097	7,371,782	6,871,200
Commission	6,576,031	6,050,859	4,193,475
Traveling and conveyance	-	-	-
Freight outward	54,319,987	68,289,861	70,422,109
Stacking / restacking	14,328,632	15,544,474	12,628,704
Loading / unloading	8,782,532	6,518,914	6,564,708
Numbering expenses	411,972	418,167	439,734
Insurance	4,010,089	4,205,954	3,089,012
Other expenses	2,738,678	2,175,298	3,923,245
	100,167,018	110,575,309	108,132,187
iv. Financial charges	321,011,040	424,528,870	511,932,394
GRAND TOTAL	780,341,740	834,817,181	963,377,394

(b) Reasons for variances

(i) Factory Overheads: There is increase in factory overheads by Rs. 7.093 million by 12% in current year as compared to 2015 which is mainly due to increase in indirect labour cost by 4.657 million due to the fact of increment and bonuses and rent, rate and taxes expense by 0.398 million. Also repair and maintenance of buildings has increased by 1.403 million. The overall increase in factory overheads is mainly attributed to increase in indirect labour cost.

(ii) Administrative Overheads: There is an increase in administration overheads in current year by Rs. 52.411 million by 22% as compared to 2015, this is mainly because of increase in salaries and wages by Rs. 35.476 million due to annual increment factor. Also rent, rate and taxes have been increased by 5.480 million, repair and maintenance by 1.403 million, legal and professional expenses by 1.351 million and others by 3.552 million.

(iii) Selling and Distribution Overheads: The selling and distribution overheads for the year 2016 have decreased by 9%, Rs. 10.408 million as compared to 2015.This decrease is mainly because of the decrease in freight outward which is mainly dependent upon contracts with corporate clients.

(iv) Financial Charges: The finance cost has decreased by Rs.103.518 million i.e. 24% as compared to 2015. This finance cost is directly related to finances of company. The Company's finances have interest rate directly linked with KIBOR. In recent years KIBOR has a decreasing trend and in 2015-2016 it was on its lowest point as compared to 2010-2016.

(c) Basis of allocation

Identifiable costs are separately allocated to each cost center, while common costs are allocated on some rational basis like telephone, postage and telegram are allocated on the basis 20% to production and 80 % to administration and building repair and maintenance is allocated 80% to production and 20 % to administration.

(d) **Cost of packing**

	2016	2015
Total Sugar produced (metric tons)	179,661	177,205
Packing materials/number of bags consumed (rupees)	61,763,467	84,092,692
Cost per metric metric ton of sugar (rupees per metric ton)	343.78	474.55
Stores and spares consumed (rupees)	149,899,150	178,557,297
Cost per metric metric ton of sugar (rupees per metric ton)	837.84	1,015.05

9. ROYALTY PAYMENTS:

No royalty or technical aid payments have been made during the year.

10. ABNORMAL AND NON-RECURRING FEATURES:

(i) There were no abnormal features like strikes, lockouts, major breakdowns in the plant and serious accidents affecting production during the year.

(ii) There were no abnormal expenses incurred during the year that have been charged to the products.

11. COST OF PRODUCTION:

	2016 (Rupees)	2015 (Rupees)
Cost of goods manufactured	8,761,847,988	8,430,132,138
Cost per metric ton of goods manufactured	48,769	47,573
Cost to make and sell	10,114,318,240	11,180,220,780
Cost per metric ton of packed Sugar	56,297	63,092

Cost of goods manufactured has increased by Rs. 331.715 million i.e. 4% as compared to previous year. This increase is due to increase in Sugar cane purchased and milled by Rs. 319.684 million, Moreover increase in salaries and wages of labour by Rs. 43.551 million from last year resulted in increased cost of goods manufactured per metric ton of production by Rs. 1,196 for the year.

Cost of sale per metric ton of production of white bagged sugar has decreased by Rs. 6,795 metric ton and total cost of production has decreased by 10% by Rs. 1,065.902 million as compared to last year. This is mainly due to impact of closing stock; in previous year opening stock was Rs. 2,329,251,957 and closing stock was 1,248,180,386. But in current year opening stock was 1,248,180,386 and closing stock is Rs. 1,503,090,759. Net impact of stock of finished goods in previous year is 1,081,071,571 and in current year (254,910,373). This variation of stock of finished goods resulted in decrease in per unit cost of production.

	2016 (Metric tons)	2015 (Metric tons)
12. SALES:		
(a) Net sales realization		
Sales white sugar (own manufactured)	169,240.55	183,282.40
Export of white sugar (own manufactured)	6,248.00	20,429.00
	175,488.55	203,711.40

	2016		2015	
	Rupees	Rupees per metric ton	Rupees	Rupees per metric ton
Local Sales white sugar (own manufactured)	**10,449,582,056**	**61,744**	10,367,320,493	56,565
Export of white sugar (own manufactured)	**292,783,428**	**46,860**	961,166,149	47,049
	10,742,365,484	**61,214**	**11,328,486,642**	**55,610**
Less: Sales tax/ Special Excise Duty	**(767,791,095)**	**(4,375)**	(768,062,250)	(3,770)
	9,974,574,389	**56,839**	**10,560,424,392**	**51,840**

The Company sold 3,509,771 bags of 50 kg each (2015: 4,074,228 bags) of White Refined Sugar during the year. The selling price of sugar has been increased as compared to last year due to demand of sugar against domestic needs.

(b) During the year, the Company has exported the white bagged sugar to Afghanistan and Tajikistan. The average selling price of these exports is Rs. 46,860 per metric ton.

The above does not include sales of by products and related sales tax amounting to Rs. 768.747 million and 69.904 million, respectively.

13. PROFITABILITY:

	2016		2015	
	Rupees	Rupees per metric ton	Rupees	Rupees per metric ton
Gross sales (own manufactured)	**10,742,365,484**	**61,214**	11,328,486,642	55,610
Total cost to make and sell (Annexure-1)	**10,114,318,240**	**56,297**	11,180,220,780	63,092
Profitability (own manufactured)	**628,047,244**	**4,917**	**148,265,862**	**(7,481)**

The above does not include profitability of by products.

	2016 (Metric tons)	2015 (Metric tons)
Profit per machine hour		
Gross profit (Rupees)	628,047,244	148,265,862
Machine hours of actual crushing	2,373	2,388
Profit per machine hour (Rupees)	264,703	62,083

Profitability of the Company depends on the price of sugar in the market and support prices of sugarcane notified by the Government. During the year, the average selling price/metric ton of sugar has increased by 10.08% as compared to last year. In current year average selling price is Rs. 61,214 per metric ton while in previous year it was Rs. 55,610 per metric ton. But the cost of goods sold per metric ton of sugar sold has also been decreased by 10.77%, due to which the gross profit has been increased by 324% as compared to last year. The gross profit margin to sales has been increased from 1.3% to 5.8% as compared to previous year.

14. OBSERVATIONS AND CONCLUSIONS:

In the course of our examination of the cost accounts of **THE THAL INDUSTRIES CORPORATION LIMITED** for the year ended September 30, 2016, certain weaknesses in the procedures, internal controls and accounting methods came to our notice. We are giving below our observations and conclusions to draw attention to these matters. The responsibility for maintenance of an adequate system of internal controls as well as for prevention and detection of irregularities and frauds rests with the management.

Our audit involves evaluating only those systems and internal controls in the organization upon which we rely for the purpose of determining our audit procedures. Accordingly, our audit may not have identified, and the comments in this report may not be a comprehensive record of all the weaknesses that may exist. However, our audit was planned so that we would have a reasonable expectation of detecting material misstatements in the accounts.

(a) Matters which appear clearly wrong in principle

There is none noted. However, we have noted certain opportunities for improvement which are reported in suggestion for improvements in performance.

(b) *Usage of Company's funds*

There were no cases where the Company's funds were used in a negligent or inefficient manner.

(c) *Controlling factors*

No instances were observed where factors which could have been controlled, but were not done, resulting in increase in cost of production. However, there is no formal budgeting and control system.

The Company has an effective internal audit and control function. The Board of Directors has constituted and audit committee, the meetings of which are held on regular basis.

(d) ***Suggestions for improvements in performance***

(i) No significant instances were found of general imbalances in production facilities.

(ii) Cost reduction and increased productivity; key limiting factors causing production bottlenecks; improved inventory policies are important areas to be considered.

Cost reduction and increased productivity:

The Company may make efforts towards optimum utilization of production capacity by promoting pre-season relationship with the growers, thereby ensuring regular supply of improved quality sugarcane.

Key limiting factors:

The utilization of installed capacity is dependent upon availability of sugarcane of desired quantity and quality. As a part of long term planning, the Company has estabilished a R&D department and shared their knowledge with growers on on-going basis to ensure regular supply of desired quality sugarcane to fully utilize the production capacity. During the current year 2015-16, the Company has utilized its installed capacity upto 88.18% (2015: 91.94 %).

Improved inventory policies:

Policies relating to inventory are found satisfactory except that return of used items in stores, spares and loose tools are booked at nil value.

Energy conservancy:

The Company is currently producing the electricity through the steam by using mainly baggase as input. The production of electricity using the steam is the cheapest way so there are no further opportunities for energy conservancy.

(iii) The Company is applying allocation of overheads consistently over the years. However, we recommend that proper survey should be conducted to determine the percentages of allocation of overheads according to their basis of utilization.

Me

(f) *State of technology*

The Company has installed up to date plants as the main production facility.

12,000 T.C.D. plant is old, and;
7,500 T.C.D. is modern.

		Safina Sugar Mills	Safina Sugar Mills	Total Capacity
Old Plant	Metric Tons/day	4,000	8,000	12,000
New Plant	Metric Tons/day	7,500	-	7,500

(g) ***Plant Condition when installed***

Old plants were new when installed.

15. RECONCILIATION WITH FINANCIAL ACCOUNTS

Reconciliation statements of cost of sales, raw material consumed, administrative expenses and distribution and selling expenses with audited financial statements for the year ended September 30, 2016 are enclosed herewith.

16. COST STATEMENTS

Copies of all the cost statements on the formats prescribed by the Corporate Law Authority under clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984, duly authenticated by the Chief Executive, Chief Financial Officer of the Company, and verified by the cost auditor, are appended to the report.

17. STATISTICAL STATEMENTS AND OTHER RECORDS

The Company has developed appropriate standards for use as a basis to evaluate performance. A team of technical experts and other staff has been employed on permanent basis to monitor and check the plant performance in terms of its economy and maintenance of high quality standards of its product.

Production reports are prepared on daily basis to evaluate the plant performance giving and explaining details of various consumption ratios. The reports not only give these details for the day but also cumulative data for every month and the year ended.

The daily production report also gives number of breakdowns, breakdowns hours, reasons for breakdowns, material consumed per metric ton of sugar produced.

18. MISCELLANEOUS

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period, except an amount of Rs. 74.954 million (September 30, 2015: Rs. 63.358 million) has been reclassified from "indirect labour cost" to "direct labour cost".

19. GENERAL

19.1 The Thal Industries Corporation Limited was incorporated on September 07, 1953 under the Companies Act, 1913 (Now Companies Ordinance, 1984) as public company, limited by shares. Its shares are quoted on Pakistan Stock Exchange. Its main business activity is manufacturing and sale of white refined sugar and its by product. 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 19,500 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 September 30, 2016.

19.2 All figures have been rounded off to nearest Rupee.

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT OF STOCK IN TRADE
AS AT SEPTEMBER 30, 2016

Particulars	2016		2015	
	Quantity (Metric ton)	Amount (Rupees)	Quantity (Metric ton)	Amount (Rupees)
Raw material	-	-	-	-
Work in process				
Sugar	112.769	5,151,543	116.885	5,167,361
Molasses	64.033	469,362	76.405	515,734
	176.802	5,620,905	193.290	5,683,095
Finished goods				
Sugar:				
Own manufactured	29,530.600	1,482,129,927	25,357.850	1,245,052,503
Trading activity	-	-	-	-
In transit	-	-	-	-
	29,530.600	1,482,129,927	25,357.850	1,245,052,503
Molasses				
At mills	2,894.343	20,960,832	463.390	3,127,883
Stock in trade	32,601.75	1,508,711,664	26,014.53	1,253,863,481
Store, spares and loose tools				
Store		255,329,000		234,162,206
Spare parts		163,253,566		132,554,122
Loose tools		4,844,374		4,390,872
Less: Provision for obsolescence		-		-
		423,426,940		371,107,200

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT OF PRODUCTION CAPACITY
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Capacity utilization in Production Units

Particulars	2016 Sugarcane crushed	2015 Sugarcane crushed
	Metric ton	
Installed capacity	2,086,500	1,966,900
Actual utilization	1,839,916	1,808,462
Percentage of utilization	88%	92%

Reasons for variances:

There is an increase in production capacity of the mills (19,500 metric tons per day) in current year as compared to preceding year (17,800 metric tons per day) thus increasing the overall installed capacity (119,600 metric tons), however increase in cane milled and crushed is only 31,453 metric tons during the year. Non availability of sugar cane in sufficient quantity and quality was the limiting factor due to which the capacity utilization is 88.18% (2015: 91.94%) as compared to installed capacity. This is the reason of decrease in percentage of utilization in relation to installed capacity by 3.76%.

Capacity utilization in Machine Hours

Particulars	2016 Sugar can crushed	2015 Sugar can crushed
	Machine hours	
Installed capacity (Standard hours)	2,552	2,628
Actual utilization (Actual hours)	2,373	2,388
Percentage of utilization	93%	91%

Reasons for variances:

Standard hours is dependent upon no of working days i.e. 107 days (2015: 111 days). The comparative increase in utulization in current year is due to effective use of available hours. Sugar mills temporarily shutdowns for maintenance purposes in the mid of manufacturing season . During the year company stops for lesser period i.e. 7.491 days (2015: 9.994 days) thus increasing the percentage of utilization in relation to installed capacity by 2.12%.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

THE THAL INDUSTRIES CORPORATION LIMITED
THE COMPANY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

COMPANY INFORMATION

1.	Name of the company	The Thal Industries Corporation Limited
2.	Date of incorporation	September 07, 1953
3.	Location of registered office	23 - Pir Khurshid Colony Gulgasht, Multan
4.	Location of Lahore office	2-D-1 Gulberg-III, Lahore
	Location of factory Unit 1	Layyah Sugar Mills, Layyah
5.	Unit 2	Safina Sugar Mills, Lalian District Chinniot
6.	Products other than sugar being manufactured	None
7.	Installed cane crushing capacity in metric tons	19,500 metric tons per day

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Me

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT OF PRODUCTION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S. #	Particulars	2016	2015
1.	**Production data**		
(a)	**Cane crushed**		
	Date of start	30.11.2015	30.11.2014
	Date of finish	20.03.2016	25.03.2015
	Duration of run days	107	111
	Total number of hours in duration	2,552.425	2,628.025
	Total number of hours of actual crushing	2,372.650	2,388.175
	Total numbers of hour lost	179.775	239.850
	Total cane milled (metric tons)	1,839,915.685	1,808,462.207
	Converted maunds	45,997,892.125	45,211,555.175
	Total mixed juice obtained (metric tons)	1,729,751.819	1,695,856.140
(b)	**Gur melted**		
2.	**Raw sugar**		
	Raw sugar processed (metric ton)	749.150	1,295.700
	Sugar made (metric ton)	749.150	1,295.700
	Recovery%	100.000	100.000
	Molasses sent out (metric ton)	-	-
	Molasses %	-	-
3.	**Juice and added water**		
	Average mixed juice % cane	94.013	93.773
	Average added water % cane	24.849	24.292
4.	**Sugar made**		
	Total sugar bagged of all grade (100 kg)	-	-
	Total sugar bagged of all grade (50 kg)	3,578,243.000	3,518,190.000
	Sugar bagged (metric tons)	178,912.150	175,909.500
	Sugar in process (metric tons)	112.769	116.885
5.	**Molasses extracted**		
	Total molasses sent out (metric tons)	76,388.513	78,318.015
	Molasses in process (metric tons)	64.033	76.405
6.	**Recovery %**		
	Average recovery of marketable white sugar % cane	9.724	9.727
	Average production of final molasses % cane	4.152	4.331
7.	**By- products**		
	Bagasses % cane (metric tons)	30.261	29.706
	Filter Cake % cane (metric tons)	3.000	3.000
8.	**Clarification process**		
	Specify the process used by the mill	**Defecation Remelt Phosphatation**	**Defecation Remelt Phosphatation**

Figures in Production Data have been rounded to nearest three decimals.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT OF CAPACITY UTILIZATION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S. #	Particulars	2016	2015
1.	Licensed cane crushing capacity metric tons per day	19,500.000	17,800.000
2.	Installed cane crushing capacity metric tons per day	19,500.000	17,800.000
3.	Utilized cane crushing capacity metric tons per day	17,195.474	16,366.174
4.	Percentage of utilization in relation to installed capacity	88.182%	91.945%

Figures in statement of capacity utilization have rounded to three decimals.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER**

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT OF PRODUCTION CAPACITY
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S. #	Particulars	2016 (Metric ton)	2015 (Metric ton)
1.	**Installed production**		
a)	Capacity of white sugar	202,889.841	191,320.778
b)	Molasses	-	-
c)	Other	-	-
2.	**Actual production**		
a)	Actual production sugar (from sugarcane)	178,912.150	175,909.500
b)	Molasses	76,388.513	78,318.015
c)	Baggase	556,776.885	537,221.783
d)	Press Mud	55,197.471	54,253.866
3.	**Percentage of production in relation to installed capacity**		
a)	Sugar	88.182%	91.945%
b)	Molasses	-	-
c)	Baggase	-	-

Figures in Statement of Production Capacity have rounded to three decimals.

Note: Molasses and bagasse are by-products therefore installed and utilized capacities are nil.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER**

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF PRODUCTION AND SALE OF WHITE BAGGED SUGAR
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Quantitative Data - Bagged Sugar

	2016 Metric tons	2015 Metric tons
Opening Stock	25,357.85	51,864.05
Production	179,661.30	177,205.20
	205,019.15	229,069.25
Sales	(175,488.55)	(203,711.40)
Closing Stock	**29,530.60**	**25,357.85**

S.No	Particulars		2016 Rupees	2016 Per metric ton	2015 Rupees	2015 Per metric ton
1	**Raw materials**					
	(a) Sugarcane (Annexure-3)		8,594,771,947	47,838.75	8,275,088,280	46,697.77
	(b) Beet (Annexure-4)		-	-	-	-
	(c) Gur		-	-	-	-
	(d) Raw sugar		46,924,593	261.18	49,368,641	278.60
	(e) Process material (Annexure-5)		75,761,821	421.69	84,340,077	475.95
2	**Salaries / wages and benefits (Annexure-6)**		166,186,634	925.00	144,482,448	815.34
3	**Consumable stores**		12,373,862	68.87	10,124,528	57.13
4	**Repair and maintenance**		184,265,729	1,025.63	195,115,000	1,101.07
5	**Utilities**		-	-	-	-
6	**Steam (Annexure-7)**	*	1,859,545,226	10,350.28	1,628,403,837	9,189.37
7	**Electric power (Annexure-8)**	**	106,569,887	593.17	91,690,704	517.43
8	**Water and gas**		-	-	-	-
9	**Insurance**		2,557,587	14.24	2,189,478	12.36
10	**Depreciation**		117,657,939	654.89	134,015,076	756.27
11	**Other factory overheads (Annexure-9)**		20,779,243	115.66	18,397,788	103.82
12	**Total cost**		11,187,394,468	62,269.36	10,633,215,856	60,005.10
13	Add: Opening stock of W.I.P.		5,683,095	31.63	6,042,876	34.10
14	Less: Closing stock of W.I.P.		(5,620,905)	(31.29)	(5,683,095)	(32.07)
15	**Total cost of goods manufacturing**		11,187,456,658	62,269.71	10,633,575,637	60,007.13
16	**Less: Realizable value of By-Products:**					
	Molasses		(585,320,948)	(3,257.91)	(639,518,521)	(3,608.92)
	Bagasse		(1,837,363,722)	(10,226.82)	(1,561,130,976)	(8,809.74)
	Others(Press Mud)		(2,924,000)	(16.28)	(2,794,002)	(15.77)
17	**Net Cost of goods manufacturing**		8,761,847,988	48,768.70	8,430,132,138	47,572.71
18	Add : Packing material		61,763,467	343.78	84,092,692	474.55
19	**Net cost of bagged sugar**		8,823,611,455	49,112.48	8,514,224,830	48,047.26
20	Add :Excise duty / Sales tax.		832,097,897	4,631.48	809,890,422	4,570.35
21	**Total cost of bagged sugar**		9,655,709,352	53,743.96	9,324,115,252	52,617.62
22	Add: Opening stocks		1,248,180,386	7,043.70	2,329,251,957	13,144.38
23	Less: Closing Stocks		(1,503,090,759)	(8,366.25)	(1,248,180,386)	(7,043.70)
24	**Cost of sales**		9,400,798,979	52,325.12	10,405,186,823	58,718.29
25	Administrative expenses (Annexure-10)		292,341,202	1,627.18	239,929,777	1,353.97
26	Selling and distribution expenses (Annexure-11)		100,167,018	557.53	110,575,309	624.00
27	Financial expenses		321,011,040	1,786.76	424,528,870	2,395.69
28	Other charges		-	-	-	-
	Total cost to make and sell		10,114,318,240	56,296.59	11,180,220,780	63,091.95

* This includes Rs. 1,283,244,235/- Credit for exhaust steam Annexure-8.
** This consists of cost as per Annexure-8 less water Cost of Rs. 116,905,416/- Annexure-7.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Annexure-2

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF SUGAR CANE PRODUCED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S. No	Particulars	2016		2015	
		Rupees	Per metric ton	Rupees	Per metric ton
1	**Seeds & other inputs:**				
	Seed				
	Fertilizers, herbicides etc.				
	Insecticides				
	Abiana/water charges				
	Total cost of inputs				
2	**Labour cost:**				
	Land preparation	NOT APPLICABLE			
	Plantation				
	Maintenance of cane crop/rations				
	Operation of tractors				
	Harvesting				
	Total labour cost				
3	**Other cost:**				
	Fuel for tractors operation				
	Maintenance and 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				

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF SUGAR CANE CRUSHED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No	Particulars	2016			2015		
		Metric tons	Per metric ton	Rupees	Metric tons	Per metric ton	Rupees
1	Total sugarcane purchased at Government fixed rate	1,839,930.907	4,586.30	8,438,467,457	1,808,480.527	4,493.29	8,126,020,496
	Sugarcane produced from own farm (Annexure-2)	-	-	-	-	-	-
	Less: Loss in transit	15.222	4,586.30	69,813	18.320	4,493.29	82,317
	Sugarcane received at factory gate	1,839,915.685	4,586.30	8,438,397,644	1,808,462.207	4,493.29	8,125,938,179
2	Commission	1,839,915.685		-	1,808,462.207	-	-
3	Quality premium	1,839,915.685		-	1,808,462.207	-	-
4	Unloading and feeding of Cane	1,839,915.685	0.32	579,693	1,808,462.207	0.39	705,750
5	Cane development expenses	1,839,915.685	5.73	10,534,644	1,808,462.207	5.75	10,395,853
	(a) Salaries and wages of supply and development Staff	1,839,915.685	23.21	42,711,582	1,808,462.207	19.81	35,819,214
	(b) Sugarcane development research	1,839,915.685	-	-	1,808,462.207	-	-
	(c) Supply staff and transportation expenses	1,839,915.685	2.89	5,325,281	1,808,462.207	3.30	5,967,095
	(d) Other expenditure (Misc. Procurement Expenses)	1,839,915.685	1.22	2,242,759	1,808,462.207	1.46	2,632,753
6	Taxes and Levies:						
	(a) Cane cess	1,839,915.685	37.50	68,998,438	1,808,462.207	37.50	67,818,020
	(b) Market Committee fee	1,839,915.685	5.01	9,224,091	1,808,462.207	5.00	9,042,403
	(c) Road cess	1,839,915.685	-	-	1,808,462.207	-	-
	(d) Octroi (Toll Tax)	1,839,915.685	-	-	1,808,462.207	-	-
	(e) Other levies	1,839,915.685	-	-	1,808,462.207	-	-
7	Transportation Charges:						
	(a) Delivery expenses	1,839,915.685	5.31	9,761,621	1,808,462.207	5.25	9,489,392
	(b) Transport subsidy	1,839,915.685	-	-	1,808,462.207	-	-
	(c) Others	1,839,915.685	0.17	317,720	1,808,462.207	0.20	367,826
8	Other Expenditure at Cane Collection Centers:						
	(a) Salaries and wages	1,839,915.685	3.59	6,608,661	1,808,462.207	3.78	6,829,478
	(b) Stores	1,839,915.685	-	-	1,808,462.207	-	-
	(c) Repairs and maintenance	1,839,915.685	-	-	1,808,462.207	-	-
	(d)Others	1,839,915.685	-	-	1,808,462.207	-	-
	Total cost of sugarcane transferred to production process (Annexure-1)	1,839,915.685	4,671.29	8,594,771,947	1,808,462.207	4,575.76	8,275,088,280

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Annexure-4

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF BEAT CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No	Particulars	2016			2015		
		Metric tons	Per metric ton	Rupees	Metric tons	Per metric ton	Rupees
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 and wages of supply and development Staff						
	b. Sugar development research						
	c. Supply staff and transportation expenses						
	d. Other expenditures						
5	**Taxes and 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 and wages						
	b. Stores						
	c. Repair and maintenance						
	d. Others						
	Total cost of "beet" transferred to production process (Annexure-1)						

NOT APPLICABLE

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Annexure-5

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No	Particulars		2016		2015	
			Rupees	Per metric ton	Rupees	Per metric ton
	Total Sugar Produced 2015 - 175,909.50 metric tons Sugar Produced 2016 - 178,912.15 metric tons	Total				
1	Phosphoric acid		9,722,693	54.34	11,813,497	67.16
2	Filter acid.(HCL)		190,350	1.06	318,212	1.81
3	Acid inhibitor (Kafzol RN)		1,123,188	6.28	854,206	4.86
4	Bleaching powder		293,160	1.64	256,032	1.46
5	Bio cide (Preventol ZL)		1,904,162	10.64	2,351,919	13.37
6	Chemfloc 57/56 HP/ Accofloc (Poly Electrolyte)		2,517,343	14.07	2,742,282	15.59
7	Colour quest 55 (Decolourizer)		19,205,584	107.35	26,620,481	151.33
8	Chem float - 100 (Floatation Acid)		50,880	0.28	-	-
9	Polymer A 2125		1,246,450	6.97	8,732	0.05
10	Polymer A 110		-	-	930,706	5.29
11	Accofloc A 110 PWG		676,891	3.78	1,123,410	6.39
12	Chemrite FD 30 DC Antifoam		18,297	0.10	76,006	0.43
13	Formalin		176,351	0.99	127,488	0.72
14	Unslaked lime		10,321,399	57.69	10,866,530	61.77
15	Soda ash		372,210	2.08	402,423	2.29
16	Solid caustic soda		3,027,507	16.92	2,930,907	16.66
17	Sodium meta phosphate		312,995	1.75	304,740	1.73
18	Common salt		21,523	0.12	3,750	0.02
19	Tri sodium phosphate (Chem float A 100)		23,677	0.13	25,103	0.14
20	Visc aid (Hastapal)		387,784	2.17	449,330	2.55
22	Others		513,798	2.87	38,255	0.22
23	Laboratory chemicals		2,450,224	13.70	879,507	5.00
24	Lubricants and grease		21,094,331	117.90	21,106,344	119.98
25	Filter cloth		111,026	0.62	110,218	0.63
	Total		**75,761,821**	**423.46**	**84,340,077**	**479.45**
	Less allocated to					
	(a) Electric generation		-	-	-	-
	(b) Steam generation		-	-	-	-
	(c) Raw material		-	-	-	-
	(d) Admin expenses		-	-	-	-
	(e) Selling and distribution expenditure		-	-	-	-
	(f) Any other specify		-	-	-	-
	Balance transferred to cost of production (Annexure-1)		**75,761,821**	**423.46**	**84,340,077**	**479.45**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Annexure-6

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF SALARIES, WAGES AND BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No	Particulars	2016		2015	
		Rupees	Per metric ton	Rupees	Per metric ton
	Total Sugar Produced 2015 - 177,205.20 metric tons				
	Total Sugar Produced 2016 - 179,661.30 metric tons				
	Cost				
1	**Salaries / Wages:**				
(i)	Officers and permanent staff	213,823,943	1,190.15	190,084,982	1,072.68
(ii)	Seasonal staff	18,973,104	105.60	20,163,837	113.79
(iii)	Daily rated and contract labour	170,210,522	947.40	138,251,214	780.18
(iv)	Bonuses	39,680,066	220.86	26,470,415	149.38
2	**Benefits:**				
(i)	Medical expenses	3,032,801	16.88	2,428,080	13.70
(ii)	Canteen expenses	148,959	0.83	268,601	1.52
(iii)	Welfare , recreation	5,330,989	29.67	4,236,868	23.91
(iv)	Transport and traveling	-	-	-	-
(v)	Education cess / expenses	155,300	0.86	125,200	0.71
(vi)	Group insurance / workmen	3,435,699	19.12	2,253,935	12.72
(vii)	Haj expenses	2,780,697	15.48	25,780	0.15
(viii)	Gratuity / pension	20,208,929	112.48	21,713,968	122.54
(ix)	Other benefits (E.O.B.I)	8,313,616	46.27	7,219,766	40.74
(x)	Earned leave	3,958,820	22.03	3,424,424	19.32
(xi)	Social security contribution	15,633,393	87.02	8,364,875	47.20
	Total	**505,686,838**	**2,814.67**	**425,031,945**	**2,398.53**
	Less allocated to				
	(a) Raw material	49,320,243	274.52	42,648,692	240.67
	(b) Electricity generation	54,711,212	304.52	45,122,713	254.64
	(C) Steam generation	27,311,012	152.01	21,723,825	122.59
	(d) Admin expenses	199,158,640	1,108.52	163,682,485	923.69
	(e) Selling and distribution expenses	8,999,097	50.09	7,371,782	41.60
	(f) Any Other specify	-	-	-	-
	Total	**339,500,204**	**1,889.67**	**280,549,497**	**1,583.19**
	Balance transferred to production process (Annexure-1)	**166,186,634**	**925.00**	**144,482,448**	**815.34**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING COST OF STEAM GENERATED/ CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

		Unit	2016	2015	Variance
	Types of steam boilers used (Water Tubes)				
1	No. of days worked		107	111	(4)
2	Installed capacity (steam in metric tons)	Metric Tons	1,271,160	1,306,800	(35,640)
3	Utilized capacity (steam in metric tons)	Metric Tons	944,267	1,043,639	(99,372)
4	Production:				-
	(a) High pressure steam	Metric Tons	283,406	-	283,406
	(b) Medium pressure steam	Metric Tons	660,861	1,043,639	(382,778)
	(c) Low pressure steam	Metric Tons	-	-	-
	(d) Less: Transit losses	Metric Tons	94,427	1,044	93,383
	(e) Total	Metric Tons	849,840	1,042,595	(192,755)
5	Percentage of capacity utilization (3/2 * 100)		74.28	79.86	(5.58)

S.No	Particulars	2016			2015		
		Metric tons	Per metric ton	Rupees	Metric tons	Per metric ton	Rupees
1	Water			116,905,416			84,074,138
2	Fuels:						
	(a) Bagasse						
	(i) Own (including handling expenses)	546,796.48	3,311.49	1,810,709,224	531,630.89	2,917.09	1,550,817,149
	(ii) Purchased			-			-
	(b) Pith			-			-
	(c) Coal purchased			-			-
	(d) Furnace oil	3.24	30,394.44	98,478	63.83	6,875.01	438,832
	(e) Fire wood	161.33	7,300.33	1,177,763	47.10	54,729.31	2,577,586
	(f) Gas			-			-
	(g) Other fuels (cane carrier, cleaning etc.)			162,056			152,216
3	Quantity of waste heat from the plant, if any			-			-
4	Consumable stores			-			-
5	Direct salaries, wages and benefits			27,311,012			21,723,825
6	Repair and maintenance			37,218,928			34,724,421
7	Other direct expenses (e.g. Boiler inspection fee etc.)			32,000			72,000
8	Insurance			-			-
9	Depreciation			40,918,200			34,895,953
	Total cost of steam raised (After Loss)	849,840.30	2,394.02	2,034,533,076	1,042,595.36	1,658.82	1,729,476,121
10	Less: Outside sale	-	-	-	-	-	-
	Add: Cost of steam purchased	-	-	-	-	-	-
	Total Cost of Steam Consumed	849,840.30	2,394.02	2,034,533,076.32	1,042,595.36	1,658.82	1,729,476,121

Annexure-8

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT OF COST OF ELECTRIC POWER PURCHASED/GENERATED AND CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

		2016	2015	Variance
1	Installed capacity (64,200KW) (2015: 39,200KW)	163,865,685	103,018,580	60,847,105
2	No. of units generated (KWH)	55,374,081	46,159,316	9,214,765
3	No. of units purchased (KWH)	1,781,365	1,632,868	148,497
4	Total (2+3)	57,155,446	47,792,184	9,363,262
5	Consumption in Power House including other losses	5,537,408	4,615,932	921,476
6	Net units consumed (4-5)	51,618,038	43,176,252	8,441,786
7	Percentage of consumption and losses to total units available 5/4 * 100	9.69	9.66	0.03
8	Percentage of power generated to installed capacity 2/1 * 100	33.79	44.81	(11.01)

S.No	Particulars	2016 Metric tons	2016 Per metric ton	2016 Rupees	2015 Metric tons	2015 Per metric ton	2015 Rupees
1	Steam (Annexure-7)	609,114.89	2,394.02	1,458,232,086	507,752.48	1,658.82	842,269,029
2	Consumable stores						-
3	Salaries and wages.(Annexure-6)			54,711,212			45,122,713
4	Other direct expenses (diesel for generator)			6,607,539			9,430,375
5	Repair and maintenance			25,532,718			23,271,971
6	Generator rental			-			-
7	Duty on electricity			-			-
8	Depreciation			79,957,698			39,003,298
	Total			**1,625,041,252**			**959,097,385**
9	Less: (a) Credit for exhaust steam used in process etc.88%			(1,283,244,235)			(741,196,746)
	(b) Other credits ,if any			-			-
10	Cost of power generated			341,797,017			217,900,640
11	Less: Cost of power sold	(14,812,958.00)	9.58	(141,969,886)	(7,534,925.00)	8.98	(67,669,110)
12	Add: Cost of power purchased			23,648,171			25,533,312
13	**Total net cost of power consumed**			**223,475,302**			**175,764,842**
14	Cost per unit average	42,342,488	5.28	223,475,302	40,257,259	4.37	175,764,842
	Total at item 13 allocated to						
	(i) White bagged sugar	41,314,025	5.28	218,047,278	39,272,634	4.37	171,465,931
	(ii) Self - consumption.	-	-	-	-	-	-
	(iii) Others	-	-	-	-	-	-
	(a) Staff colony	596,279	5.28	3,147,043	514,740	4.37	2,247,376
	(b) Office building	423,425	5.28	2,234,753	402,573	4.37	1,757,648
	(c) Other (Tubewell)	8,759	5.28	46,228	67,312	4.37	293,887
	Total	**42,342,488**	**5.28**	**223,475,302**	**40,257,259**	**4.37**	**175,764,842**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Annexure-9

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING OTHER FACTORY OVERHEADS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No	Particulars	2016		2015	
		Rupees	Per metric ton	Rupees	Per metric ton
	Total Sugar Produced 2015 - 175,909.50 metric tons				
	Total Sugar Produced 2016 - 178,912.15 metric tons				
	Cost				
1	Rent, rate and taxes	2,191,756	12.25	1,793,300	10.19
2	Printing and stationery	1,504,939	8.41	1,248,733	7.10
3	Postage and telegram	33,835	0.19	31,027	0.18
4	Telephone fax and telex	503,487	2.81	298,019	1.69
5	Traveling and conveyance	554,749	3.10	872,563	4.96
6	Subscription, books and periodicals	-	-	-	-
7	Entertainment	754,130	4.22	576,178	3.28
8	Vehicle running expenses	10,421,110	58.25	9,535,435	54.21
9	Repair and maintenance buildings	4,321,560	24.15	2,917,663	16.59
10	Fire fighting	493,677	2.76	1,124,870	6.39
11	Other expenses	-	-	-	-
12	**Total**	**20,779,243**	**116.14**	**18,397,788**	**104.59**
	Allocated to				
	(i) White bagged sugar	20,779,243	116.14	18,397,788	104.59
	(ii) Electric power house	-	-	-	-
	(iii) Steam generation	-	-	-	-
	(iv) Others:				
	(a) Staff colony	-	-	-	-
	(b) Office building etc.	-	-	-	-
	Total as per item 12 above	**20,779,243**	**116.14**	**18,397,788**	**104.59**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Annexure-10

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No	Particulars	2016		2015	
		Rupees	Per metric ton	Rupees	Per metric ton
1	Total Sugar Sold 2015 - 203,711.40 metric tons Total Sugar Sold 2016 - 175,488.55 metric tons	10,742,365,484	61,214.05	11,328,486,642	55,610.47
2	Cost:				
	Director remuneration	4,080,000	23.25	4,080,000	20.03
	Salaries, wages and benefits (Annexure-6)	199,158,640	1,134.88	163,682,485	803.50
	Rent, rates and taxes	11,777,428	67.11	6,297,155	30.91
	Insurance	316,841	1.81	81,960	0.40
	Water, gas and electricity	1,141,596	6.51	873,716	4.29
	Printing and stationery	1,551,455	8.84	1,829,719	8.98
	Postage and telegram	242,626	1.38	199,905	0.98
	Telephone fax and telex	3,061,001	17.44	1,890,280	9.28
	Repair and maintenance	8,717,325	49.67	4,295,906	21.09
	Traveling and conveyance	5,042,222	28.73	4,613,072	22.65
	Books and periodicals	51,334	0.29	40,922	0.20
	Entertainment	5,545,660	31.60	5,063,022	24.85
	Advertising	498,282	2.84	275,374	1.35
	Legal and professional expenditure	3,877,154	22.09	2,525,542	12.40
	Auditor's remuneration	1,284,419	7.32	1,289,979	6.33
	Vehicle running expenses	14,773,889	84.19	13,854,940	68.01
	Charity and donation	204,081	1.16	1,950,416	9.57
	Fee and subscription	5,199,761	29.63	5,144,992	25.26
	Ijarah rentals	-	-	199,654	0.98
	Depreciation	13,506,513	76.97	12,981,992	63.73
	Others	12,310,976	70.15	8,758,746	43.00
	Total	292,341,202	1,665.87	239,929,777	1,177.79

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Annexure-11

THE THAL INDUSTRIES CORPORATION LIMITED
STATEMENT SHOWING SELLING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No	Particulars	2016		2015	
		Rupees	Per metric ton	Rupees	Per metric ton
1	Total sugar sold 2015 - 203,711.40 metric tons Total sugar sold 2016 - 175,488.55 metric tons	10,742,365,484	61,214.05	11,328,486,642	55,610.47
2	**Cost:**				
	Salaries, wages and benefits (Annexure-6)	8,999,097	51.28	7,371,782	36.19
	Commission	6,576,031	37.47	6,050,859	29.70
	Traveling and conveyance	-	-	-	-
	Freight outward	54,319,987	309.54	68,289,861	335.23
	Stacking / Restacking	14,328,632	81.65	15,544,474	76.31
	Loading / Unloading	8,782,532	50.05	6,518,914	32.00
	Numbering expenses	411,972	2.35	418,167	2.05
	Vehicle running expenses	-	-	-	-
	Advertising for sales promotion	-	-	-	-
	Insurance	4,010,089	22.85	4,205,954	20.65
	Other expenses	2,738,678	15.61	2,175,298	10.68
	Total	**100,167,018**	**570.79**	**110,575,309**	**542.80**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER