


### **COST AUDITORS' REPORT TO THE DIRECTORS**

We, Amin, Mudassar & Co., having been appointed to conduct an audit of cost accounts of Messrs Husein Sugar Mills 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 the other relevant record for the year ended on September 30, 2014 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 purposes 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 with 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 product of the company, namely:

White Refined Sugar

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

  
CHARTERED ACCOUNTANTS  
Muhammad Amin

Lahore: 29 JAN 2014

**PARTICULARS TO BE INCLUDED IN  
COST AUDITORS' REPORT TO THE DIRECTORS OF  
HUSEIN SUGAR MILLS LIMITED  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**1. CAPACITY**

	Unit	2014	2013
a. Licensed		Not Applicable	
Installed: Maximum cane crushing per day	Metric Tons	6,500.00	6,500.00
Utilized: Cane crushing per day	Metric Tons	3,768.52	5,134.00
Days operated	Numbers	114	113
b. In addition to manufacturing and sale of white refined sugar, the company is also engaged in the sale of molasses (a by-product).			

**2. COST ACCOUNTING SYSTEM**

The company is using a separate cost accounting system for sugarcane procurement and its costing. The system generates the following reports:-

- i. Cane payment receipt (CPR)
- ii. Daily sugarcane purchased and payments to growers
- iii. Daily summary of sugarcane purchases
- iv. Fortnightly sugarcane purchases and payments report
- v. Sugarcane procurement cost report – on daily, weekly, fortnightly and monthly basis
- vi. Growers' ledger and loan reports

All other cost accounting data and information are generated from financial accounting system.

**3. PRODUCTION**

Quantitative data for white refined sugar (main product) and molasses (by-product) is as under:

	Unit	2014	2013
Actual cane crushed	Metric Tons	429,611	580,197
Days operated	Numbers	114	113
Actual recovery	Percentage	9.41	9.55
Production capacity of white refined sugar	Metric Tons	69,728	70,145
Actual production of white refined sugar	Metric Tons	40,415	55,368
Capacity utilization	Percentage	57.96	78.93
Molasses produced	Metric Tons	17,848	24,160



#### 4. RAW MATERIAL

- a. The details of raw materials and its cost components, on actual basis, are given below:-

	2014			2013			2012		
	Quantity	Rate	Amount	Quantity	Rate	Amount	Quantity	Rate	Amount
	M/Tons	Rupees Per M/ Ton	Rupees	M/Tons	Rupees Per M/ Ton	Rupees	M/Tons	Rupees Per M/ Ton	Rupees
Sugarcane purchased/crushed	429,611	4,241.02	1,821,991,031	580,197	4,221.54	2,449,322,011	650,995	3,717.62	2,420,153,423
Sugarcane development cess		25.00	10,739,277		25.01	14,508,579		25.00	16,275,435
Market committee fee		5.01	2,151,267		5.03	2,920,647		5.07	3,301,951
Cane unloading		0.49	210,835		0.46	265,486		0.44	283,579
Others (Loading and other expenses)		151.84	65,233,873		46.11	26,752,436		203.58	132,528,074
			<u>1,900,326,283</u>			<u>2,493,769,159</u>			<u>2,572,542,462</u>

2014	2013	2012
Metric Tons		

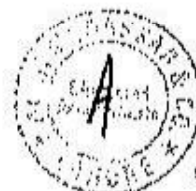
Consumption of raw material:

Per unit of production – Actual	10.63	10.48	10.64
Per unit of production – Standard	Not applicable		

- b. 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 uninterrupted 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. Company's own bagasse, which is about 30.77% of the sugarcane crushed, was used for steam generation besides selling only a small portion of it. The mud being 3% of the sugarcane was discarded as waste material.
- d. The company is buying sugarcane for the production of white refined sugar and the sugarcane acquired is directly put to crushing. Cost of purchase of raw material comprises the purchase price, other taxes and transport, handling and other costs directly attributable to the acquisition of materials. Computerized records are being maintained for purchase of sugarcane and its consumption.



## 5. SALARIES AND WAGES

2014	2013
Rupees	

### a. Category wise break up of salaries and wages

Direct labor costs on production	45,168,466	43,360,176
Indirect employees costs on production	48,932,504	46,973,525
Employees cost on administration	76,951,497	75,442,530
Employees costs on selling and distribution	3,627,592	4,014,858
Bonus to workers and employees	12,143,808	12,805,034
Other employees cost	23,700,889	22,688,153
	<u>210,524,756</u>	<u>205,284,276</u>

### b. Chief Executive and Directors' Remuneration

	Chief Executive	Directors
Rupees		
Managerial remuneration	5,764,392	4,466,344
House rent	1,728,000	1,483,204
Contribution to provident fund	-	330,935
Utilities/medical allowance	488,537	620,952
Reimbursable expenses	678,122	882,404
	<u>8,659,051</u>	<u>7,783,839</u>

In addition to above, the chief executive and certain directors are provided with free use of the company's maintained car.

Chief Executive and Directors' remuneration are included in administrative expenses.

2014	2013
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c. Total available man-days of direct labour	150	150
Total actually worked man-days of direct labour	114	113
d. Average number of workers employed during the year	969	935

2014	2013	2012
Rupees per Metric Ton		

e. Direct labour cost per unit of output/product	1,117.62	783.13	551.55
f. Direct labour cost per unit of output increased mainly due to decrease in crushing and production.			
g. The Company did not operate any incentive scheme for its workers except bonuses for its all staff/workers.			



## 6. STORES AND SPARE PARTS

	2014	2013
	Rupees per M.Ton	
Per unit expenditure of stores and spares on output	229.74	200.08

Store was valued at moving average cost while items considered obsolete are carried at nil value. Stores/spares in transit are valued at cost comprising invoice value plus other charges paid thereon to reporting date.

The system of store accounting for recording receipts issues and balances both in quantity and value is computer based and found satisfactory. Store receipts are recorded on the basis of goods receipt notes, purchase orders, demand notes etc. Issue of stores is made on the basis of issue requisitions received from the relevant departments. Store consumption is charged to relevant heads properly. Store consumed for capital expenditure are shown under the relevant heads separately in financial statements.

The proportion of closing inventory of stores representing items which have not moved for over twenty-four months was Rs. nil.

## 7. DEPRECIATION

- Depreciation on all operating fixed assets is charged to profit and loss account applying the reducing balance method.
- The basis of allocation of depreciation on common assets is based on its utilization by the production and other departments.
- The depreciation to the cost of products is charged on the basis of assets directly used in the production of products.



## 8. OVERHEADS

The total amount of overheads and a break-up of items are given below:

PARTICULARS	2014	2013	2012
	R u p e e s		
Other factory overheads (Note 8.1)	14,838,741	10,130,599	11,653,903
Administrative overheads (Note 8.2)	133,939,198	130,698,466	111,626,744
Selling overheads (Note 8.3)	9,198,868	10,310,796	8,922,296
Financial charges	90,543,802	121,178,197	84,712,605
	<u>248,520,609</u>	<u>272,318,058</u>	<u>216,915,548</u>

### 8.1 Other Factory Overheads

Apprenticeship training expenses	17,795	16,965	21,600
Tractor trolley expenses	5,963,379	2,430,446	3,267,587
Electricity - Colony	8,857,567	7,683,188	8,364,702
Others	-	-	-
	<u>14,838,741</u>	<u>10,130,599</u>	<u>11,653,889</u>

### 8.2 Administrative Expenses

Salaries, wages and benefits	92,182,931	90,414,741	74,520,096
Traveling and conveyance	1,663,149	1,026,708	1,148,159
Printing and stationery	1,613,517	1,656,668	1,508,768
Communication	1,679,345	1,355,560	1,459,691
Subscriptions, books and periodicals	1,682,598	1,606,634	1,102,916
Legal and professional	2,004,262	614,250	1,512,500
Auditors' remuneration	899,125	833,750	769,900
Rent, rate and taxes	4,440,802	3,970,351	3,911,901
Insurance	2,043,513	1,780,995	1,707,997
Water, gas and electricity	1,011,888	565,473	725,413
Entertainment	1,789,657	1,404,228	1,437,331
Advertisement	156,880	51,800	36,850
Vehicles running and maintenance	10,315,244	10,107,821	9,374,816
Repair and maintenance	1,450,758	1,342,893	1,303,582
Depreciation and amortization	6,848,500	11,022,147	8,611,238
Miscellaneous expenses	4,157,029	2,944,447	2,495,586
	<u>133,939,198</u>	<u>130,698,466</u>	<u>111,626,744</u>



2014	2013	2012
R u p e e s		

### 8.3 Distribution and Selling Expenses

Salaries, wages and other benefits	3,627,592	4,014,858	2,150,952
Commission to selling agent	702,972	2,022,776	3,247,828
Handling and distribution	3,451,616	3,472,021	2,850,507
Repair and maintenance	335,043	392,593	222,427
Printing and stationery	12,791	13,030	71,035
Miscellaneous	0	16,200	15,654
Depreciation	1,068,854	379,318	363,893
	<u>9,198,868</u>	<u>10,310,796</u>	<u>8,922,296</u>

#### a. Reasons for Significant Variances

##### Other Overheads:

Factory overheads increased by Rs.4,708,142 mainly due to increase in tractor trolley expense.

##### Administrative Expenses

An increase in administrative expenses by Rs 3,240,732 is mainly due to annual increments, increase in minimum wage rates and insurance rates.

##### Distribution and Selling Expenses

An decrease in distributive expenses by Rs 1,111,928 is mainly due to decrease in commission of distributors due to direct sale by the company.

##### Financial Charges

Financial charges decrease by Rs. 30,634,395 mainly due to decrease in short term financing amounting Rs. 590.887 million during the year.

#### b. Basis of Overhead Allocation

Overhead cost of various service cost centers is allocated to the production cost centers on actual basis.

### 9. ROYALTY/TECHNICAL AID PAYMENTS

No royalty or technical aid payments were made during the current year.





## 10. ABNORMAL NON-RECURRING FEATURES

There are no abnormal non-recurring features affecting the production and its disposal in ordinary course of business of the Company:

- The impact of any abnormal features affecting production/cost of production during the year, e.g. strikes, lockouts, major break downs in the plant, substantial, power cuts, serious accidents, etc. None
- If there are any special expenses which have been directly allocated to products under reference, the total amount as also the incidence per unit of product shall be shown. None

## 11. COST OF PRODUCTION

The Company is producing single product (refined white sugar) and its cost of production per metric ton of sugar production is as under:

Rupees

Year ended September 30, 2014	49,660.66
Year ended September 30, 2013	46,963.51

Cost of production per metric ton of sugar production increased as compared to last year mainly due to decrease in production and excessive factory overheads.

Sugar	2014		2013	
Quantity produced	40,415 M.Tons		55,368 M.Tons	
Quantity sold	52,482 M.Tons		42,296 M.Tons	
	Per Metric Ton	Total	Per Metric Ton	Total
	R	U P	E E	S
Cost of sales	49,022.52	2,572,799,921	46,911.64	1,984,189,046
Admin expenses	2552.10	133,939,198	3,090.07	130,698,466
Selling expenses	175.28	9,198,868	243.77	10,310,796
Financial charges	1725.24	90,543,802	2,864.98	121,178,197
Other charges/ (income)	5.35	280,893	(485.83)	(20,548,697)
Sales tax and SED	936.60	49,154,867	2,755.33	116,540,127
	54,417.09	2,855,917,549	55,379.97	2,342,367,935

Decrease in cost to make and sell per metric ton is attributable to factors mentioned in relevant paragraphs.





## 12. SALES

The Company is a single product (refined white sugar) enterprise and data relating to sale of its single product is as under:

Sugar sales	2014			2013		
	Quantity	Amount	Average Sales Realization	Quantity	Amount	Average Sales Realization
	Metric Tons	Rupees	Rupees per Metric Ton	Metric Tons	Rupees	Rupees per Metric Ton
Local	32,286.25	1,627,313,739	50,402.69	33,096.55	1,661,956,883	50,215.41
Export	20,195.75	914,969,135	45,305.03	9,199.75	441,418,925	47,981.62
	52,482	2,542,282,874	48,441.04	42,296.3	2,103,375,808	49,729.55

Export has been made to following country:

- Afghanistan

## 13. (LOSS) / PROFITABILITY

	2014	2013
Quantity sold (M.Tons)	52,482.000	42,296.300
Machine hours (Numbers)	2,543.45	2,492.35
Loss before tax per unit on sugar	Rupees per Metric Ton 5,976.04	5,650.43
Loss before tax per machine hour	Rupees per machine hour crushed 123,310.73	95,890.27

## 14. COST AUDITORS' OBSERVATIONS AND CONCLUSIONS

- a. **Matters, which appear to be clearly wrong in principle or apparently unjustifiable:**

No such matter observed during the cost audit.

- b. **Cases where the company's funds have been used in a negligent or inefficient manner:**

No such matter noticed during the cost audit.

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

No such matter noticed during the cost audit.

- d. **The adequacy or otherwise of Budgetary Control System, if any, vogue in the company:**



The Company's budgetary control system is adequate in relation to its business activities.

**e. The Scope and Performance of Internal Audit, if any:**

The company has established an effective internal audit function whose scope is determined by the higher management. The internal audit reports are submitted directly to 'Audit Committee', formed under 'Code of Corporate Governance'.

**f. Suggestion for Improvements in Performance:**

Standard costing system should be introduced by the company in order to arrive at likely comparisons as far as performance is concerned.

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

No such imbalance observed.

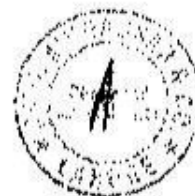
**ii. Fuller utilization of installed capacity:**

Full utilization of plant capacity depends upon availability of sufficient quantity of sugarcane of required quality.

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

Areas	Comments
a. Cost reduction	Economies in cost could be achieved through synchronization in production flow.
b. Increased productivity	Production can be increased by optimal utilization of installed capacity subject to availability of adequate quantity of sugar cane.
c. Key limiting factors causing production bottle-necks	Key limiting factors include availability of adequate quantity of sugar cane of required quality.
d. Improved inventory policies	Management improved the inventory by introducing sophisticated techniques. However, it can further be improved by adjusting the level required for different inventory items.
e. Energy conservancy	None

**iv. The state of technology, whether modern or obsolete.** The state of technology is moderate.



- v. **Plant, whether new or second hand** The plant when installed was new.  
when installed.

f. **Other Matters**

i. Process Material

Adequate quantitative and value-wise record has been maintained for receipt, issue and balance, for each item of the process material.

ii. Work in Process and Finished Goods Stock

These are valued at lower of cost and net realizable value except molasses (a by-product) and press mud, which are valued at net realizable value. Cost in relation to work-in-process and finished goods consist of average material cost, direct labour and factory overheads. Net realizable value is determined on the basis of general market prices less expenses incidental to sales.

iii. Repair and Maintenance

Maintenance, normal repair, renewals and replacements are charged to the relevant heads of account/cost centers, as and when incurred.

Proper record of repair and maintenance is maintained in respect of all fixed assets of the Company. No capital nature transaction is included in repair and maintenance.

iv. Borrowing Cost

Interest, mark-up and other charges on long-term borrowings are capitalized up to the date of commissioning of the respective qualifying assets acquired out of the proceeds of such borrowings. All other interest, mark-up and other charges are charged to income.

v. Adjustment of Cost Variances

The company did not operate standard costing system. Consequently the comparison of standard cost with the actual cost is not possible. Accordingly no variances could be worked out.

vi. Waste and Spoilage

The company has not reported any abnormal process losses. The normal loss if any is charged to cost of production. Income derived from the disposal of scrap is credited to other income account.

vii. Sales Tax and Federal Excise Duty

Proper record is maintained for input and output sales tax and federal excise duty. The company did not claim any rebate during the current year.

viii. Statistical Records

The Company maintained all necessary statistical data and information.

ix. Service Department

Adequate record has been maintained for various service departments.



x. Inter-Company Transactions

There were no inter-company transactions, involving sale or purchase of any commodity between associated companies/undertakings.

xi. Insurance

Adequate record has been maintained to reflect payment of insurance premium to cover various risks associated with assets, including inventories, of the Company. Insurance expense has been charged as follows:-

	2014 Rupees	2013 Rupees
Cost of sales	4,968,962	5,255,310
Administrative, selling and general expenses	2,043,513	1,780,995
	<u>7,012,475</u>	<u>7,036,305</u>

15. **RECONCILIATION WITH FINANCIAL STATEMENTS**

Cost accounting record is reconciled with financial accounts. *ANNEXURE-12*.

16. **COST STATEMENT**

Following cost statements are attached herewith:

Description of Cost Statement	Annexure Reference
Cost of Production and Sale of White Bagged Sugar	1
Cost of Sugarcane Produced	2
Cost of Sugarcane Crushed	3
Cost of Beet Consumed	4
Cost of Process Material Consumed	5
Cost of Salaries, Wages and Benefits	6
Cost of Steam Generated	7/1
Cost of Steam Consumed	7/2
Cost of Electric Power Purchased and Generated	8/1
Cost of Electric Power Consumed	8/2
Other Factory Overheads	9
Administrative Expenses	10
Selling Expenses	11
Reconciliation with Financial Statements	12



Husein Sugar Mills Limited

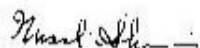
Amin, Mudassar & Co.  
Chartered Accountants

ANNEX-A

**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENT OF CAPACITY UTILIZATION UNDER RULE 4(1) (a)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

2014	
Rated Capacity	Utilised Capacity
Metric Tons	

Cane Crushing Per day	6,500	3,768.52
No. of days crushing done	114	114
Cane crushed	741,000	429,611



Chief Executive Officer

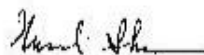
  
Chief Financial Officer



ANNEX-B

HUSEIN SUGAR MILLS LIMITED  
STATEMENT OF STOCK IN TRADE UNDER RULE 4(1) (b)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Quantity (Metric Tons)	Cost (Rupees)
Raw Material		
Work in process		
Sugar	42	1,478,113
Molasses (By product)	20	<u>181,464</u>
		1,659,577
Finished Goods		
Sugar	1,704	79,901,218
Press mud	57,560	<u>24,980,827</u>
		104,882,045
		<u>106,541,622</u>



Chief Executive Officer



Chief Financial Officer



**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENTS SHOWING COST OF PRODUCTION AND SALE**  
**OF WHITE BAGGED SUGAR FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Quantitative Data - Bagged Sugar**

	2014	2013
Opening Stock (M.Ton)	13,771.700	700.000
Production (M.Ton)	40,414.700	55,368.000
Closing Stock (M.Ton)	(1,704.400)	(13,771.700)
<b>Sales (M.Ton)</b>	<b>52,482.000</b>	<b>42,296.300</b>

S.No.	Particulars	2014		2013	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
		<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
1	<b>Raw Materials:</b>				
	(a) Sugar Cane (Annex 3)	1,903,666,297	47,103.31	2,496,738,060	45,093.52
	(b) Beet (Annex 4)				
	(c) Gur				
	(d) Raw Sugar				
	(e) Process Material (Annex 5)	28,857,981	714.05	22,552,472	407.32
2	Salaries / Wages and Benefits (Annex 6)	92,983,585	2,300.74	91,538,545	1,853.28
3	Consumable Stores	8,840,876	218.75	10,572,911	190.96
4	Repairs and Maintenance	49,321,176	1,220.38	81,584,729	1,473.50
5	Utilities				
	Steam (Annex 7/2)	17,865,622	442.06	20,606,784	372.18
6	Electric Power (Annex 8/2)	20,856,419	516.06	20,053,698	362.19
7	Water & Gas	1,929,165	47.73	1,720,727	31.08
8	Insurance	4,890,962	121.02	5,160,310	93.20
9	Depreciation	23,188,416	573.76	47,772,195	862.81
10	Other Factory Overheads (Annex 9)	14,838,741	367.16	10,130,599	182.97
11	<b>Total Cost</b>	<b>2,167,239,240</b>	<b>53,625.02</b>	<b>2,808,431,030</b>	<b>50,723.01</b>
12	ADD: Opening Stock of W.I.P.	1,272,242	-	370,926	-
13	LESS: Closing Stock of W.I.P.	(1,659,576)	-	(1,272,242)	-
14	Total Cost of Goods Manufacturing	2,166,851,906	53,615.44	2,807,529,714	50,706.72
15	Less: Realisable value of By-Products:				
	Molasses	(178,228,506)	(4,409.99)	(213,825,727)	(3,861.90)
	Bagasse	(3,080,000)	(76.21)	(16,511,839)	(298.22)
	Press Mud	(168,640)	(4.17)	(1,678,147)	(30.31)
16	<b>Net Cost of goods Manufacturing:</b>	<b>1,985,374,760</b>	<b>49,125.06</b>	<b>2,575,514,001</b>	<b>46,516.29</b>
17	Add: Packing Material and Handling	21,660,929	535.97	24,761,489	447.22
18	<b>Net Cost of Bagged Sugar</b>	<b>2,007,035,689</b>	<b>49,661.03</b>	<b>2,600,275,490</b>	<b>46,963.51</b>
19	Add: Sales Tax & S.E.D.	49,154,867	936.60	116,540,127	2,755.23
20	<b>Total Cost of Bagged Sugar:</b>	<b>2,056,190,556</b>	<b>50,597.64</b>	<b>2,716,815,617</b>	<b>49,718.83</b>
21	Add: Opening Stock of Sugar	845,665,450	-	29,579,006	-
22	Less: Closing Stock of Sugar	(79,901,218)	-	(645,665,450)	-
23	<b>Cost of Sales</b>	<b>2,621,954,788</b>	<b>49,959.12</b>	<b>2,100,729,173</b>	<b>49,666.97</b>
24	Administrative Expenses (Annex 10)	133,938,198	2,552.10	130,698,466	3,090.07
25	Selling and Distribution Expenses (Annex 11)	9,198,868	175.28	10,310,798	243.78
26	Financial Expenses	90,543,802	1,725.24	121,178,197	2,864.98
27	Other Charges	280,893	5.35	(20,548,697)	(485.83)
	<b>Total Cost to Make and Sell,</b>	<b>2,855,917,549</b>	<b>54,417.09</b>	<b>2,342,367,835</b>	<b>55,379.97</b>

*[Signature]*  
Chief Executive Officer

*[Signature]*  
Chief Financial Officer





**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENT SHOWING COST OF SUGARCANE PRODUCED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

S.No.	Particulars	2014		2013	
		Quantity	Amount Rupees	Quantity	Amount Rupees
1	<b>Seeds and Other Inputs:</b>				
	Seed.				
	Fertilizers, herbicides etc.		N/A		N/A
	Insecticides.		N/A		N/A
	Ablana / Water Charges		N/A		N/A
	Total Cost of Inputs		N/A		N/A
2	<b>Labour Cost:</b>				
	Land preparation Plantation		N/A		N/A
	Maintenance of cane crop/rations		N/A		N/A
	Operation of Tractors		N/A		N/A
	Harvesting		N/A		N/A
	Total Labour Cost		N/A		N/A
3	<b>Other Cost:</b>				
	Fuel for Tractors operation		N/A		N/A
	Maintenance and overhaul of Tractors		N/A		N/A
	Insurance, Interest expenses		N/A		N/A
	Depreciation of equipments		N/A		N/A
	Rent of agriculture equipments (if any)		N/A		N/A
	Total Other Costs		N/A		N/A
	Total Cost of own production (1+2+3)		N/A		N/A
	Sales Value at controlled price		N/A		N/A
	Profit/Loss on own production		N/A		N/A

*M. S. L.*  
 Chief Executive Officer

*[Signature]*  
 Chief Financial Officer

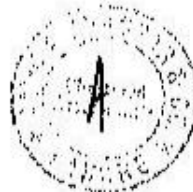


**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENT SHOWING COST OF SUGARCANE CRUSHED FOR THE YEAR ENDED SEPTEMBER 30, 2014**

S.No.	Particulars	2014			2013		
		Quantity M.Ton	Rate per M.Ton (Rs.)	Amount Rupees	Quantity M.Ton	Rate per M.Ton (Rs.)	Amount Rupees
1	Total sugarcane purchased at Government fixed rate	429,611	4,241.02	1,821,991,031	580,197	4,221.53	2,449,322,811
2	Sugarcane produced from own farm (Annex 2)	-	-	-	-	-	-
3	Less: Loss in transit	-	-	-	-	-	-
4	Sugarcane received at factory gate	429,611	4,241.02	1,821,991,031	580,197	4,221.53	2,449,322,811
5	Commission	-	-	-	-	-	-
6	Quality premium	-	-	-	-	-	-
7	Unloading charges	-	0.49	210,835	-	0.46	265,486
8	Cane development expenses	-	-	-	-	-	-
	(a) Salaries and Wages of Supply and Development Staff (Annexure 5)	-	7.77	3,340,014	-	5.12	2,968,801
	(b) Sugarcane Development Research	-	-	-	-	-	-
	(c) Supply staff and transportation expenses	-	-	-	-	-	-
	(d) Other expenditure (Incentive for S.C Procurement)	-	142.92	61,400,374	-	15.85	9,195,114
9	Taxes and Levies	-	-	-	-	-	-
	(a) Cane / purchase tax	-	-	-	-	-	-
	(b) Market committee fee	-	5.01	2,161,287	-	5.03	2,920,647
	(c) Road / cane development cess	-	25.00	10,739,277	-	25.01	14,508,579
	(d) Octroi	-	-	-	-	-	-
	(e) Other levies	-	-	-	-	-	-
10	Transportation Charges	-	-	-	-	-	-
	(a) Delivery expenses	-	-	-	-	-	-
	(b) Transport expenses	-	7.31	3,141,225	-	25.12	14,573,128
	(c) Others	-	-	-	-	-	-
11	Other Expenditures at Cane Collection Centres:	-	-	-	-	-	-
	(a) Salaries and Wages	-	-	-	-	-	-
	(b) Stores	-	-	-	-	-	-
	(c) Repairs and Maintenance	-	-	-	-	-	-
	(d) Others	-	1.61	692,274	-	6.14	2,864,194
	Total cost of "SUGARCANE" Transferred to production processes (Annex 1)	-	4,431.14	1,903,668,297	-	4,303.25	2,496,735,060


*[Signature]*  
Chief Executive Officer

*[Signature]*  
Chief Financial Officer



HUSEIN SUGAR MILLS LIMITED  
STATEMENT SHOWING COST OF BEET CONSUMED FOR THE YEAR ENDED SEPTEMBER 30, 2014

S.No.	Particulars	2014			2013		
		Quantity M.Ton	Rate Rs./M.Ton	Amount Rupees	Quantity M.Ton	Rate Rs./M.Ton	Amount Rupees
1	Total beet purchased at Government fixed rate			N/A			N/A
2	Less: Loss in transit			N/A			N/A
3	Beet received at factory gate			N/A			N/A
4	Commission paid			N/A			N/A
5	Loading unloading			N/A			N/A
6	Beet development expenses:			N/A			N/A
	(a) Salaries and Wages of Supply and Development Staff			N/A			N/A
	(b) Sugar Development Research			N/A			N/A
	(c) Supply staff and transportation expenses			N/A			N/A
	(d) Other expenditure			N/A			N/A
7	Taxes and Levies (if any)						
	(a) Purchase tax			N/A			N/A
	(b) Market committee fee			N/A			N/A
	(c) Road cess			N/A			N/A
	(d) Octroi			N/A			N/A
	(e) Other levies			N/A			N/A
8	Transportation Charges:						
	(a) Delivery expenses /travelling from purchases centre to mill gate			N/A			N/A
	(b) Transport subsidy			N/A			N/A
	(c) Others			N/A			N/A
9	Other Expenditures at Beet Collection Centres:						
	(a) Salaries and Wages			N/A			N/A
	(b) Stores			N/A			N/A
	(c) Repairs and Maintenance			N/A			N/A
	(d) Others			N/A			N/A
Total cost of "BEET" Transferred to production processes (Annexure 1)							

  
Chief Executive Officer

  
Chief Financial Officer





HUSEIN SUGAR MILLS LIMITED  
STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

S.No.	Particulars	2014		2013	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
	Total Sugar Produced (M-Tons)		40,415		55,368
		Rupees	Rupees	Rupees	Rupees
1	Unslaked Lime	-	-	-	-
2	Phosphoric Acid	4,046,454	100.12	3,223,036	58.21
3	Chemquest	-	-	-	-
4	Carbo-UA (Decolorizing Agent)	5,553,630	137.42	-	-
5	Caustic Soda	4,464,375	110.46	3,535,750	63.86
6	Soda Ash	17,609	0.44	32,405	0.59
7	Trisodium Phosphate	6,524	0.16	13,047	0.24
8	Lime Quick	3,643,370	90.15	3,272,845	59.11
9	Bio Cide S.D.D.	225,635	5.58	434,315	7.84
10	Filter Paper	-	-	-	-
11	Laboratory Chemicals	-	-	-	-
12	Filter Media	416,353	10.30	435,442	7.86
13	Sewing Thread	-	-	-	-
14	Caustic Soda Flakes	121,773	3.01	489,538	8.84
15	Decolorizer/Colorquest 555 Talafoic	7,801,401	193.03	8,157,886	147.34
16	Others	191,981	4.75	38,422	0.69
16.1	Common Salt	22,969	0.57	-	-
16.2	Cherna Float 100	-	-	-	-
16.3	AccoFlocA-110	-	-	-	-
16.4	Juice Flocculant	1,458,165	36.08	1,422,782	25.70
16.5	Bleaching Powder	180,610	4.47	138,680	2.50
16.6	Lead Sub Acetate	38,594	0.95	94,734	1.71
16.7	Hydrochloric Acid	-	-	358,430	6.47
16.8	Chemloc-57HP	-	-	164,122	2.96
16.9	Accofloc	401,414	9.93	27,995	0.51
16.10	Spirit Mathelated	187,200	4.63	131,230	2.37
16.11	SuperfolicBD-319	-	-	581,813	10.51
16.12	Formic Acid	79,924	1.98	-	-
	<b>Total</b>	<b>28,857,981</b>	<b>714.05</b>	<b>22,552,472</b>	<b>407.32</b>
	<b>Less allocated to</b>				
a.	Electricity generation	-	-	-	-
b.	Steam Generation	-	-	-	-
c.	Raw Material	-	-	-	-
d.	Admin Expenses	-	-	-	-
e.	Selling and Distribution Expenditure	-	-	-	-
f.	Any Other Specify	-	-	-	-
	<b>Balance transferred to production process Annexure-1</b>	<b>28,857,981</b>	<b>714.05</b>	<b>22,552,472</b>	<b>407.32</b>

*[Signature]*

X Chief Executive Officer

*[Signature]*

Chief Financial Officer





**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENT SHOWING COST OF SALARIES, WAGES AND BENEFITS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

S.No.	Particulars	2014		2013	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	<b>Total Sugar Produced (M-Tons)</b>		<b>40,414.70</b>		<b>55,368.00</b>
2	<b>Cost:</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
	<i>Salaries / Wages:-</i>				
	Officers and Permanent Staff	122,418,671	3029.06	115,021,074	2077.39
	Seasonal Staff	14,240,787	352.37	12,946,170	233.82
	Daily rated and Contract Labour	11,549,208	285.77	10,499,280	189.63
	Bonuses	12,143,808	300.48	12,805,034	231.27
	<b>Benefits:</b>				
	Medical Expenses / PESSI	9,815,590	242.87	8,893,751	180.63
	Canteen Expenses	660,000	16.33	540,000	9.75
	Welfare, Recreation	2,248,913	55.65	4,348,478	78.54
	Transport and Travelling	930,988	23.04	893,930	16.15
	Education Cess	-	-	-	-
	Group Insurance	3,904,519	96.61	2,984,701	53.91
	Comp. Insurance	-	-	-	0.00
	Prov.Fund (Employer's contribution)	4,409,100	109.10	9,248,549	167.04
	EOBI	4,502,283	111.40	4,415,156	79.74
	Other Benefits (If any)	23,700,889	586.44	22,688,153	409.77
	<b>Total :</b>	<b>210,524,756</b>	<b>5,209.11</b>	<b>205,284,276</b>	<b>3,707.63</b>
	<b>Less allocated to :</b>				
	Electricity Generation (Annexure - 8/2)	10,317,040	255.28	9,170,702	165.63
	Steam Generation (Annexure - 7/2)	8,073,595	199.77	7,176,529	129.62
	Raw Material (Annexure - 3)	3,340,014	82.64	2,968,901	53.62
	Admin Expenses (Annexure - 10)	92,182,931	2,280.93	90,414,741	1632.98
	Selling & Distribution Expenses (Annexure - 11)	3,627,592	89.76	4,014,858	72.51
	Any Other Specify				0.00
		<b>117,541,172</b>	<b>2,908.38</b>	<b>113,745,731</b>	<b>2,054.36</b>
	<b>Balance transferred to production process (Annexure-1)</b>	<b>92,983,585</b>	<b>2,300.74</b>	<b>91,538,545</b>	<b>1,653.28</b>

*Naresh Jha*  
 Chief Executive Officer

*[Signature]*  
 Chief Financial Officer



**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENT SHOWING COST OF STEAM / GENERATED CONSUMED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

S.No.	Particulars	Unit	2014	Unit	2013
	Types of steam boilers used - Water Tube Bolier				
1	No. of days worked	-	114	-	113
2	Installed Capacity (steam in tonnes)	-	150 Ton/Hr.	-	150 Ton/Hr.
3	Utilised capacity (steam in tonnes)	-	86.31Ton/Hr.	-	113.77Ton/Hr.
4	Production:				
	(a) High pressure steam	-	-	-	-
	(b) Medium pressure steam	-	-	-	-
	(c) Low pressure steam	-	86.31Ton/Hr.	-	113.77Ton/Hr.
	(d) Less: Transit losses	-	-	-	-
	(e) Total	-	86.31Ton/Hr.	-	113.77Ton/Hr.
5	Percentage of capacity utilization ( $3/2 \times 100$ )	-	57.54%	-	75.85%

*Musel Sh...*  
 Chief Executive Officer

*[Signature]*  
 Chief Financial Officer





**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENT SHOWING COST OF STEAM / GENERATED CONSUMED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

S.No.	Particulars	2014			2013		
		Quantity	Rate Per Unit (Rs.)	Amount Rupees	Quantity	Rate Per Unit (Rs.)	Amount Rupees
1	Water						
2	Fuels:						
	(a) Bagasse:						
	i) Own - M.Ton	131,180.305	-	-	171,407.271	-	-
	ii) Purchased	-	-	-	-	-	-
	(b) Pith	-	-	-	-	-	-
	(c) Coal purchased	-	-	-	-	-	-
	(d) Furnace Oil	-	-	-	-	-	-
	(e) Fire Wood - Kg	121,780	-	1,066,020	119,400	-	999,143
	(f) Gas	-	-	-	-	-	-
	(g) Other fuels - Litres	8,400	-	979,144	105	-	11,773
3	Quantity of waste heat from the plant, if any	-	-	-	-	-	-
4	Consumable stores	-	-	287,652	-	-	326,574
5	Direct salaries, Wages and benefits (Annexure 6)	-	-	8,073,595	-	-	7,176,529
6	Repairs and Maintenance	-	-	6,754,071	-	-	11,256,785
7	Other direct expenses (e.g. Boiler inspection fee etc)	-	-	30,000	-	-	30,000
8	Insurance	-	-	78,000	-	-	95,000
9	Depreciation	-	-	567,140	-	-	710,980
	<b>Total Cost of Steam Raised</b>			<b>17,865,622</b>			<b>20,606,784</b>
10	Less: Outside sale	-	-	-	-	-	-
	Total Cost of Steam for Self Consumption	-	-	17,865,622	-	-	20,606,784
	Add: Cost of Steam Purchased	-	-	-	-	-	-
	<b>Total Cost of Steam Consumed</b>			<b>17,865,622</b>			<b>20,606,784</b>
	<b>ALLOCATION</b>						
	Total of item 12 allocated to _____	-	-	-	-	-	-
	(i) White bagged sugar	-	-	-	-	-	-
	(ii) Electric powerhouse	-	-	-	-	-	-
	(iii) Others	-	-	-	-	-	-
	(a) Staff colony	-	-	-	-	-	-
	(b) Office building etc.	-	-	-	-	-	-
	<b>Total cost of "Steam" transferred to (Annexure1)</b>			<b>17,865,622</b>			<b>20,606,784</b>

*Muhammad Sh*

LEO




*[Signature]*



**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENT OF COST OF ELECTRIC POWER PURCHASED / GENERATED AND CONSUMED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

S.No.	Particulars	2014	2013	Variance
1	Installed Capacity (KWH).	21,204,000	21,018,000	186,000
2	No. of units generated (KWH).	9,512,284	9,670,344	(158,060)
3	No. of units purchased (KWH).	1,101,959	1,076,225	25,734
4	Total (2 + 3)	10,614,243	10,746,569	(132,326)
5	Consumption in Power House including other losses	-	-	-
6	Net units consumed (4-5)	10,614,243	10,746,569	(132,326)
7	Percentage of consumption	100%	100%	-
	losses to total units	-	-	-
	Available = $5/4 \times 100$	-	-	-
	Percentage of power generated to installed capacity	-	-	-
	$2/1 \times 100$	44.86%	46.01%	-

  
 Chief Executive Officer

  
 Chief Financial Officer



**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENT OF COST OF ELECTRIC POWER PURCHASED / GENERATED AND CONSUMED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

S.No.	Particulars	2014			2013		
		Quantity M.Ton	Rate Rs./M.Ton	Amount Rupees	Quantity M.Ton	Rate Rs./M.Ton	Amount Rupees
1	Steam (Annexure 7)						
2	Consumable Stores			156,543			178,598
3	Salaries and Wages (Annexure 6)			10,317,040			9,170,702
4	Other direct expenses			-			-
5	Repairs and maintenance			1,185,928			1,976,546
6	Duty on electricity			-			-
7	Depreciation			480,286			965,786
8	<b>Total</b>			<b>12,139,796</b>			<b>12,291,632</b>
	Less: (a) Credit for exhaust steam used in process etc.			-			-
	(b) Other credits, if any			-			-
9	<b>Cost of power generated</b>			<b>12,139,796</b>			<b>12,291,632</b>
10	Less: Cost of power sold			-			-
11	Add: Cost of power purchased			18,543,368			15,968,227
12	<b>Total net cost of power consumed</b>			<b>30,683,164</b>			<b>28,259,859</b>
13	Cost per unit average			2.89			2.63
	Total at item 12 allocated to _____						
	(i) White bagged sugar			20,856,419			20,053,698
	(ii) Self-consumption			-			-
	(iii) Others:			-			-
	(a) Staff colony			8,857,567			7,683,188
	(b) Office building			969,178			522,973
	(c) Other (specify)			-			-
	<b>Total as per item 13 above transferred to (Annexure 1)</b>			<b>30,683,164</b>			<b>28,259,859</b>

*Musaid S.*  
 Chief Executive Officer

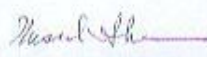
*[Signature]*  
 Chief Financial Officer

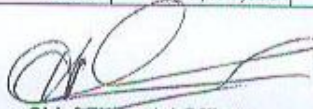




**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENT SHOWING OTHER FACTORY OVERHEADS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

S.No.	Particulars	2014		2013	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
1	Total Sugar Produced (M-Tons)		40,414.70		55,368.00
		Rupees	Rupees	Rupees	Rupees
2	Rent, Rate and Taxes	-	-	-	-
3	Printing and Stationery	-	-	-	-
4	Postage and Telegrams	-	-	-	-
5	Telephone Fax and Telex	-	-	-	-
6	Travelling and Conveyance	-	-	-	-
7	Subscriptions, Books and Periodicals	-	-	-	-
8	Entertainment	-	-	-	-
9	Vehicle Running Expenses	-	-	-	-
10	Security	-	-	-	-
11	Fire Fighting	-	-	-	-
12	Other Expenses	-	-	-	-
12.1	Apprenticeship training expenses	17,795	0.44	16,965	0.31
12.2	Tractor trolley expenses	5,963,379	147.55	2,430,446	43.90
12.3	M.Committee fee -Molasses	-	-	-	-
12.4	Press mud removal	-	-	-	-
12.5	Electricity-colony	8,857,567	219.17	7,683,188	138.77
13	Total	14,838,741	367.16	10,130,599	182.97
	Allocated to _____				
	(i) White bagged sugar	14,838,741	367.16	10,130,599	182.97
	(ii) Power House	-	-	-	-
	(iii) Steam Generation	-	-	-	-
	(iv) Others:	-	-	-	-
	(a) Staff Colony	-	-	-	-
	(b) Office building etc.	-	-	-	-
	Total as per item 13 above transferred to (Annexure 1)	14,838,741	367.16	10,130,599	182.97

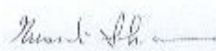
  
Chief Executive Officer

  
Chief Financial Officer



**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENT SHOWING ADMINISTRATIVE EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

S.No.	Particulars	2014		2013	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	Total Sugar Sold (M-Tons)		52,482.00		42,296.30
		Rupees	Rupees	Rupees	Rupees
	Costs:				
2	Salaries, Wages and Benefits (Annex 6)	92,182,931	1,756.47	90,414,741	2,137.65
3	Rent, Rate and Taxes	4,440,802	84.62	3,970,351	93.87
4	Insurance	2,043,513	38.94	1,780,995	42.11
5	Water, Gas and Electricity	1,011,888	19.28	565,473	13.37
6	Printing and Stationery	1,613,517	30.74	1,656,668	39.17
7	Telephone Fax and Telex & Postage	1,679,345	32.00	1,355,560	32.05
8	Repair and Maintenance	1,450,758	27.64	1,342,893	31.75
9	Travelling and Conveyance	1,663,149	31.69	1,026,708	24.27
10	Subscriptions, Books and Periodicals	1,682,598	32.06	1,606,634	37.99
11	Entertainment	1,789,657	34.10	1,404,228	33.20
12	Advertising	156,880	2.99	51,800	1.22
13	Legal and Professional Expenditure	2,004,262	38.19	614,250	14.52
14	Auditors' remuneration	899,125	17.13	833,750	19.71
15	Vehicle Running Expenses	10,315,244	196.55	10,107,821	238.98
16	Depreciation & Amortization	6,848,500	130.49	11,022,147	260.59
17	Misc. expenses	4,157,029	79.21	2,944,447	69.61
	Total "Admin Expenses" transferred to (Annexure 1)	133,939,198	2,552.10	130,698,466	3,090.07

  
 Chief Executive Officer

  
 Chief Financial Officer





**HUSEIN SUGAR MILLS LIMITED**  
**STATEMENT SHOWING SELLING EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

S.No.	Particulars	2014		2013	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	2	3	4	3	4
1	Total Sugar Sold (M-Tons)		52,482.00		42,296.30
	Costs:	Rupees	Rupees	Rupees	Rupees
2	Salaries, Wages and Benefits (Annex 6)	3,627,592	69.12	4,014,858	94.92
3	Travelling and Conveyance	-	-	-	-
4	Commission	702,972	13.39	2,022,776	47.82
5	Freight Outwards	-	-	-	-
6	Handling and Distribution	3,451,616	65.77	3,472,021	82.09
7	Loading / Unloading	-	-	-	-
8	Export Expenses	-	-	-	-
9	Vehicle Running Expenses	-	-	-	-
10	Other Expenses	1,416,688	26.99	801,141	18.94
	Total :Selling Expenses" transferred to (Annexure 1)	9,198,868	175.28	10,310,796	243.78

*Mushtaq Ahmad*

Chief Executive Officer

*M. A. Husein*

Chief Financial Officer



**HUSEIN SUGAR MILLS LIMITED**  
**RECONCILIATION OF COST OF SALES AS PER FINANCIAL AND COST AUDIT**  
**COST AUDIT FOR THE YEAR ENDED SEPTEMBER 30, 2014**

RUPEES

Cost of sales as financial statement 2,749,750,765

Add: Sales tax and special excise duty on sugar 49,154,867

Less : Realizable value of

Molasses

(178,228,506)

Mud

(3,080,000)

Bagasse

(168,640)

(181,477,146)

Add: Effect of finished goods stock of Molasses and Mud

Opening stock

Molasses

(19,515,347)

Mud

(19,515,347)

Closing Stock

Molasses

24,980,827

Mud

24,980,827

5,465,480

Add: Inspection fee of Boiler 30,000

Less: Electricity Office Building (969,178)

Cost of sales as per Annexure 1

2,621,954,788

*Musad J. H.*

Chief Executive Officer

*[Signature]*

Chief Financial Officer

