

HUSEIN SUSGAR MILLS LIMITED

COST AUDITORS' REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2015

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, 2015 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: 27 JAN 2016

**PARTICULARS TO BE INCLUDED IN
COST AUDITORS' REPORT TO THE DIRECTORS OF
HUSEIN SUGAR MILLS LIMITED
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

1. CAPACITY

	Unit	2015	2014
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	3,216.48	3,768.52
Days operated	Numbers	139	114
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	2015	2014
Actual cane crushed	Metric Tons	447,091	429,611
Days operated	Numbers	139	114
Actual recovery	Percentage	9.20	9.41
Production capacity of white refined sugar	Metric Tons	83,122	69,728
Actual production of white refined sugar	Metric Tons	41,103	40,415
Capacity utilization	Percentage	49.45	57.96
Molasses produced	Metric Tons	19,665	17,848

4. RAW MATERIAL

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

	2015			2014			2013		
	Quantity M/Tons	Rate Rupees Per M/ Ton	Amount Rupees	Quantity M/Tons	Rate Rupees Per M/ Ton	Amount Rupees	Quantity M/Tons	Rate Rupees Per M/ Ton	Amount Rupees
Sugarcane purchased/crushed	447,091	4,475.01	2,000,736,728	429,611	4,241.02	1,821,940,033	580,197	4,221.54	2,449,122,111
Sugarcane development cess		37.51	16,771,801		25.00	10,596,217		25.01	11,368,074
Market committee fee		5.00	2,236,240		5.01	2,151,267		5.03	2,927,647
Cane unloading		0.55	247,533		0.49	210,835		0.46	265,446
Others (Loading and other expenses)		72.27	32,310,979		151.84	65,233,873		46.11	26,752,436
			<u>2,052,303,281</u>			<u>1,900,326,283</u>			<u>2,493,769,114</u>

2015	2014	2013
Metric Tons		

Consumption of raw material:

Per unit of production – Actual	10.88	10.63	10.48
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 **30.54%** 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

2015	2014
Rupees	

a. Category wise break up of salaries and wages

Direct labor costs on production	54,677,406	45,168,466
Indirect employees costs on production	59,233,857	48,932,504
Employees cost on administration	92,096,662	76,951,497
Employees costs on selling and distribution	4,291,130	3,627,592
Bonus to workers and employees	-	12,143,808
Other employees cost	20,348,927	23,700,889
	<u>230,647,982</u>	<u>210,524,756</u>

b. Chief Executive and Directors' Remuneration

	Chief Executive	Directors
Rupees		
Managerial remuneration	7,791,919	4,336,378
House rent	2,261,033	1,372,241
Contribution to provident fund	-	305,276
Utilities/medical allowance	548,809	681,805
Reimbursable expenses	371,304	1,620,649
	<u>10,973,065</u>	<u>8,316,349</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

2015	2014
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- c. Total available man-days of direct labour
- Total actually worked man-days of direct labour
- d. Average number of workers employed during the year

150	150
139	114
993	969

2015	2014	2013
Rupees per Metric Ton		

- e. Direct labour cost per unit of output/product
- g. Direct labour cost per unit of output increased mainly due to increase in crushing of cane and production of white refined sugar and increase in basic wage rate
- g. The Company did not operate any incentive scheme for its workers except bonuses and retirement benefit scheme i.e. provident fund for its permanent employees.

6. STORES AND SPARE PARTS

	2015	2014
	Rupees per M.Ton	
Per unit expenditure of stores and spares on output	275.31	229.74

An increase in per unit expenditure of stores and spares on output is mainly due to increase in prices of stores and spare parts.

Store was valued at lower of moving average cost and net realizable value 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	2015	2014	2013
	R u p e e s		
Other factory overheads (Note 8.1)	18,915,851	14,838,741	10,130,599
Administrative overheads (Note 8.2)	148,838,934	133,939,198	130,698,466
Selling overheads (Note 8.3)	17,625,456	9,198,868	10,310,796
Financial cost (Note 8.4)	61,335,416	90,543,802	121,178,197
	<u>246,715,657</u>	<u>248,520,609</u>	<u>272,318,058</u>

8.1 Other Factory Overheads

Apprenticeship training expenses	29,775	17,795	16,965
Tractor trolley expenses	5,422,049	5,963,379	2,430,446
Electricity - Colony	7,818,693	8,857,567	7,683,188
Rent, rate and taxes	1,621,559	-	-
Others	4,023,775	-	-
	<u>18,915,851</u>	<u>14,838,741</u>	<u>10,130,599</u>

8.2 Administrative Expenses

Salaries, wages and benefits	102,725,010	92,182,931	90,414,741
Traveling and conveyance	2,100,675	1,663,149	1,026,708
Printing and stationery	1,597,793	1,613,517	1,656,668
Communication	1,658,640	1,679,345	1,355,560
Subscriptions, books and periodicals	1,178,354	1,682,598	1,606,634
Legal and professional	4,370,560	2,004,262	614,250
Auditors' remuneration	1,015,500	899,125	833,750
Rent, rate and taxes	3,805,202	4,440,802	3,970,351
Insurance	2,096,718	2,043,513	1,780,995
Water, gas and electricity	1,371,089	1,011,888	565,473
Entertainment	2,324,321	1,789,657	1,404,228
Advertisement	86,850	156,880	51,800
Vehicles running and maintenance	8,345,757	10,315,244	10,107,821
Repair and maintenance	1,001,466	1,450,758	1,342,893
Depreciation and amortization	8,505,711	6,848,500	11,022,147
Miscellaneous expenses	6,655,288	4,157,029	2,944,447
	<u>148,838,934</u>	<u>133,939,198</u>	<u>130,698,466</u>

2015	2014	2013
R	u	p e e s

8.3 Distribution and Selling Expenses

Salaries, wages and other benefits	4,291,130	3,627,592	4,014,858
Commission to selling agent	1,598,000	702,972	2,022,776
Handling and distribution	2,969,396	3,451,616	3,472,021
Repair and maintenance	126,145	335,043	392,593
Printing and stationery	29,252	12,791	13,030
Miscellaneous	-	-	16,200
Depreciation	8,611,533	1,068,854	379,318
	<u>17,625,456</u>	<u>9,198,868</u>	<u>10,310,796</u>

8.4 Finance Cost

Mark up on:

- Long term finance	2,104,227	8,619,773	13,569,490
- Short term finance	54,646,529	71,039,589	99,638,035
Finance charges on lease liabilities	967,407	1,627,006	2,713,497
Interest on balance payable to provident fund trust	509,981	-	54,185
Bank charges and commission	3,107,272	9,257,434	5,202,990
	<u>61,335,416</u>	<u>90,543,802</u>	<u>121,178,197</u>

a. Reasons for Significant Variances

Other Overheads:

Factory overheads increased by Rs. 4,077,110 mainly due to increase in other expenses which comprise of electricity reimbursement to workers.

Administrative Expenses

An increase in administrative expenses by Rs.14,899,736 is mainly due to annual increments to employees, legal and professional expenses and depreciation charges.

Distribution and Selling Expenses

An increase in distribution and selling expenses by Rs. 8,426,588 is mainly due to increase in depreciation charge for the year.

Finance Cost

Finance cost decrease by Rs. 29,208,386 mainly due to decrease in financial charges on short term borrowing, long term loans and bank charges and commission amounting Rs. 16.393 million, Rs.6.515 million and Rs. 6.150 million respectively 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 except that on august 25, 2015, Husein Sugar Mills Limited was sealed and on October 02, 2015 was unsealed on the order of Honorable Lahore High Court, Lahore. However, the above order did not affect the production and its disposal during the period covered by this report:

- a. 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

- b. 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, 2015	54,271.03
Year ended September 30, 2014	49,660.66

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

Sugar	2015			2014		
Quantity produced	41,103 M.Tons			40,415 M.Tons		
Quantity sold	37,520.10 M.Tons			52,482 M.Tons		
	Per Metric Ton	Total		Per Metric Ton	Total	
	R	U	P	E	E	S
Cost of sales	53,947.24	2,024,106,011		49,022.52	2,572,799,921	
Admin expenses	3,966.91	148,838,934		2,552.10	133,939,198	
Selling expenses	469.76	17,625,456		175.28	9,198,868	
Financial charges	1,634.73	61,335,416		1,725.24	90,543,802	
Other charges/(income)	(1,647.24)	(61,804,745)		5.35	280.893	
Sales tax and SED	3,342.79	125,421,763		936.60	49,154,867	
	61,714.19	2,315,522,835		54,417.09	2,855,917,549	

Increase 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	2015			2014		
	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	33,172.10	1,693,193,782	51,042.71	32,286.25	1,627,313,739	50,402.69
Export	4,348.00	198,513,179	45,656.20	20,195.75	914,969,135	45,305.03
	37,520.1	1,891,706,961	50,418.49	52,482	2,542,282,874	48,441.04

Export has been made to following country:

- Afghanistan

13. (LOSS) / PROFITABILITY

	2015	2014
Quantity sold (M.Tons)	37,520.10	52,482.00
Machine hours (Numbers)	2,723.30	2,543.45
Loss before tax per unit on sugar	Rupees per Metric Ton	
	11,295.70	5,976.04
Loss before tax per machine hour	Rupees per machine hour crushed	
	155,625.85	123,310.73

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, in 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 when installed. The plant when installed was new.

g. 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 by-products such as molasses, bagasse 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 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:-

	2015	2014
	Rupees	Rupees
Cost of sales	6,505,475	4,968,962
Administrative, selling and general expenses	2,096,718	2,043,513
	8,602,193	7,012,475

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

ANNEX-A

HUSEIN SUGAR MILLS LIMITED
STATEMENT OF CAPACITY UTILIZATION UNDER RULE 4(1) (a)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

2015	
Rated Capacity	Utilised Capacity
Metric Tons	

Cane Crushing Per day	6,500	3,216.48
No. of days crushing done	139	139
Cane crushed	903,500	447,091

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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, 2015

	Quantity (Metric Tons)	Cost (Rupees)
Raw Material		
Work in process		
Sugar	54.75	2,373,358
Molasses (By product)	25.82	145,651
		<hr/>
		2,519,009
Finished Goods		
Sugar	5,287.30	286,497,638
Press mud	69,473.87	32,652,717
		<hr/>
		319,150,355
		<hr/>
		321,669,364



Chief Executive Officer



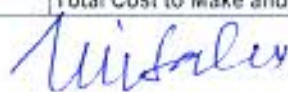
Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENTS SHOWING COST OF PRODUCTION AND SALE
OF WHITE BAGGED SUGAR FOR THE YEAR ENDED SEPTEMBER 30, 2015

Quantitative Data - Bagged Sugar

	2015	2014
Opening Stock (M.Ton)	1,704.400	13,771.700
Production (M.Ton)	41,103.000	40,414.700
Closing Stock (M.Ton)	(5,287.300)	(1,704.400)
Sales (M.Ton)	37,520.100	52,482.000

S.No.	Particulars	2015		2014	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
		Rupees	Rupees	Rupees	Rupees
1	Raw Materials:				
	(a) Sugar Cane (Annex 3)	2,056,060.796	50,022.16	1,903,666.257	47,103.31
	(b) Beet (Annex 4)				
	(c) Gur				
	(d) Raw Sugar				
	(e) Process Material (Annex 5)	26,248.458	638.60	28,857.981	714.05
2	Salaries / Wages and Benefits (Annex 6)	99,184.862	2,413.08	92,983.585	2,300.74
3	Consumable Stores	10,774.641	262.14	8,840.876	218.75
4	Repairs and Maintenance	30,605.257	744.60	49,321.176	1,220.38
5	Utilities				
	Steam (Annex 7/2)	18,357.517	446.62	17,865.622	442.06
6	Electric Power (Annex 8/2)	22,733.160	553.08	20,856.419	516.06
7	Water & Gas	2,416.788	58.80	1,929.165	47.73
8	Insurance	6,403.356	155.79	4,890.962	121.02
9	Depreciation	103,581.217	2,520.04	23,188.416	573.76
10	Other Factory Overheads (Annex 9)	18,915.651	460.21	14,838.741	367.16
11	Total Cost	2,395,281,903	58,275.11	2,167,239,240	53,625.02
12	ADD: Opening Stock of W.I.P.	1,659,576	-	1,272,242	-
13	LESS: Closing Stock of W.I.P.	(2,519,008)	-	(1,659,576)	-
14	Total Cost of Goods Manufacturing	2,394,422,471	58,254.20	2,166,851,906	53,615.44
15	Less: Realisable value of By-Products:				
	Molasses	(185,261,729)	(4,507.26)	(178,228,506)	(4,409.99)
	Bagasse			(3,080,000)	(76.21)
	Press Mud	(704,591)	(17.14)	(168,640)	(4.17)
16	Net Cost of goods Manufacturing:	2,208,456,151	53,729.80	1,985,374,760	49,125.06
17	Add: Packing Material and Handling	22,246,280	541.23	21,660,929	535.97
18	Net Cost of Bagged Sugar	2,230,702,431	54,271.04	2,007,035,689	49,661.03
19	Add: Sales Tax & F.E.D	125,421,763	3,342.79	49,154,867	936.60
20	Total Cost of Bagged Sugar:	2,356,124,194	57,613.83	2,056,190,556	50,597.64
21	Add: Opening Stock of Sugar	79,901,218	-	645,665,450	-
22	Less: Closing Stock of Sugar	(286,497,638)	-	(79,901,218)	-
23	Cost of Sales	2,149,527,774	57,290.03	2,621,954,788	49,959.12
24	Administrative Expenses (Annex 10)	148,838,934	3,966.91	133,939,198	2,552.10
25	Selling and Distribution Expenses (Annex 11)	17,625,456	469.76	9,198,868	175.28
26	Financial Expenses	61,335,416	1,634.73	90,543,802	1,725.24
27	Other Charges / (income)	(61,804,745.00)	(1,647.24)	280,893	5.35
	Total Cost to Make and Sell.	2,315,522,835	61,714.20	2,855,917,549	54,417.09



Chief Executive Officer



Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SUGARCANE PRODUCED
FOR THE YEAR ENDED SEPTEMBER 30, 2015

S.No.	Particulars	2015		2014	
		Quantity	Amount Rupees	Quantity	Amount Rupees
1	Seeds and Other inputs:				
	Seed.				
	Fertilizers, herbicides etc.		N/A		N/A
	Insecticides.		N/A		N/A
	Abiana / Water Charges		N/A		N/A
	Total Cost of Inputs		N/A		N/A
2	Labour Cost:				
	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	Other Cost:				
	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


Chief Executive Officer


Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SUGARCANE CRUSHED FOR THE YEAR ENDED SEPTEMBER 30, 2015

S.No.	Particulars	2015			2014		
		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	447.091	4,475.01	2,000,796,728	429,511	4,241.62	1,821,901,131
2	Sugarcane produced from own farm (Annex 2)	-	-	-	-	-	-
3	Less: Loss in transit	-	-	-	-	-	-
4	Sugarcane received at factory gate	447.091	4,475.01	2,000,796,728	429,511	4,241.62	1,821,901,131
5	Commission	-	-	-	-	-	-
6	Quality premium	-	-	-	-	-	-
7	Unloading charges	-	0.55	247,533	-	0.49	210,835
8	Cane development expenses	-	-	-	-	-	-
(a)	Salaries and Wages of Supply and Development Staff (Annexure 6)	-	8.40	3,757,515	-	7.79	3,340,014
(b)	Sugarcane Development Research	-	-	-	-	-	-
(c)	Supply staff and transportation expenses	-	-	-	-	-	-
(d)	Other expenditure (Incentive for S.C Procurement)	-	47.29	21,144,729	-	142.92	61,400,314
9	Taxes and Levies	-	-	-	-	-	-
(a)	Cane / purchase tax	-	-	-	-	-	-
(b)	Market committee fee	-	5.00	2,236,240	-	5.01	2,151,262
(c)	Road / cane development cess	-	37.51	16,771,801	-	25.00	10,739,277
(d)	Octroi	-	-	-	-	-	-
(e)	Other levies	-	-	-	-	-	-
10	Transportation Charges	-	-	-	-	-	-
(a)	Delivery expenses	-	-	-	-	-	-
(b)	Transport expenses	-	20.15	9,211,888	-	-	-
(c)	Others	-	-	-	-	-	-
11	Other Expenditures at Cane Collection Centres	-	-	-	-	-	-
(a)	Salaries and Wages	-	-	-	-	-	-
(b)	Stores	-	-	-	-	-	-
(c)	Repairs and Maintenance	-	-	-	-	-	-
(d)	Others	-	4.33	1,934,362	-	1.51	692,274
	Total cost of "SUGARCANE" Transferred to production processes (Annex 1)	-	4,598.75	2,056,060,796	-	4,431.14	1,903,666,297

Urbale
Chief Executive Officer

Muhammad
Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF BEET CONSUMED FOR THE YEAR ENDED SEPTEMBER 30, 2015

S.No	Particulars	2015			2014		
		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, 2015

S.No.	Particulars	2015		2014	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
	Total Sugar Produced (M-Tons)		41.103		40.415
		Rupees	Rupees	Rupees	Rupees
1	Unslaked Lime	-	-	-	-
2	Phosphoric Acid	3,628,746	88.28	4,046,454	100.12
3	Chemquest	-	-	-	-
4	Carbo-UA (Decolorizing Agent)	5,103,735	124.17	5,553,630	137.42
5	Caustic Soda	3,261,520	79.35	4,464,375	110.46
6	Soda Ash	36,117	0.88	17,609	0.44
7	Trisodium Phosphate	-	-	6,524	0.16
8	Lime Quick	3,237,092	78.76	3,643,370	90.15
9	Bio Cide S.D.D.	147,200	3.58	225,635	5.58
10	Filter Paper	-	-	-	-
11	Laboratory Chemicals	-	-	-	-
12	Filter Media	353,295	8.60	416,353	10.30
13	Sewing Thread	-	-	-	-
14	Caustic Soda Flakes	319,600	7.78	121,773	3.01
15	Decolorizer/Colorquest 555 Tatalolic	7,081,798	172.29	7,801,401	193.03
16	Others	128,556	3.13	191,981	4.75
16.1	Common Salt	55,980	1.36	22,969	0.57
16.2	Chema Float 100	20,888	0.51	-	-
16.3	AccoFlocA-110	-	-	-	-
16.4	Juice Flocculant	1,527,225	37.16	1,458,165	36.08
16.5	Bleaching Powder	227,500	5.53	180,610	4.47
16.6	Lead Sub Acetate	-	-	38,594	0.95
16.7	Hydrochloric Acid	-	-	-	-
16.8	Chemfloc-57HP	-	-	-	-
16.9	Accofloc	298,704	7.27	401,414	9.93
16.10	Spirit Mathelated	278,240	6.77	187,200	4.63
16.11	SuperflocBD-319	11,320	0.28	-	-
16.12	Formic Acid	530,942	12.92	79,924	1.98
	Total	26,248,458	638.60	28,857,981	714.05
	Less allocated to _____				
a	Electricity generation	-	-	-	-
b	Steam Generation	-	-	-	-
c	Raw Material	-	-	-	-
d	Admin Expenses	-	-	-	-
e	Selling and Distribution Expenditure	-	-	-	-
f	Any Other Specify	-	-	-	-
	Balance transferred to production process Annexure-1	26,248,458	638.60	28,857,981	714.05



Chief Executive Officer



Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SALARIES, WAGES AND BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

S.No.	Particulars	2015		2014	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	Total Sugar Produced (M-Tons)		41,103.00		40,414.70
2	Cost:	Rupees	Rupees	Rupees	Rupees
	Salaries / Wages :-				
	Officers and Permanent Staff	154,236,940	3752.45	122,418,671	3029.06
	Seasonal Staff	15,664,866	381.11	14,240,181	352.11
	Daily rated and Contract Labour	12,704,129	309.06	11,549,208	285.11
	Bonuses			12,141,808	300.46
	Benefits:				
	Medical Expenses / PESSI	11,519,781	280.27	9,815,590	242.67
	Canteen Expenses	660,000	16.06	660,000	16.33
	Welfare, Recreation	976,269	23.75	2,248,913	55.65
	Transport and Travelling	1,062,070	25.84	930,988	23.04
	Education Cess				
	Group Insurance	4,407,848	107.24	3,904,519	96.61
	Comp. Insurance				
	Prov Fund (Employer's contribution)	4,584,284	111.53	4,409,100	109.10
	ECB	4,482,869	109.06	4,502,283	111.40
	Other Benefits (If any)	20,348,927	495.07	23,700,889	586.44
	Total	230,647,982	5,611.46	210,524,756	5,209.11
	Less allocated to :				
	Electricity Generation (Annexure - 8/2)	11,606,670	282.38	10,317,461	255.28
	Steam Generation (Annexure - 7/2)	9,082,795	220.98	8,073,545	200.00
	Raw Material (Annexure - 3)	3,757,515	91.42	3,340,114	82.64
	Admin Expenses (Annexure - 10)	102,725,010	2499.21	92,182,537	2280.91
	Selling & Distribution Expenses (Annexure - 11)	4,291,130	104.40	3,627,592	89.76
	Any Other Specify				
		131,463,120	3,198.38	117,541,172	2,908.38
	Balance transferred to production process (Annexure-1)	99,184,862	2,413.08	92,983,585	2,300.74


Chief Executive Officer


Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF STEAM / GENERATED CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2015

S.No.	Particulars	Unit	2015	Unit	2014
	Types of steam boilers used - Water Tube Bolier				
1	No. of days worked	Day	139	Day	114
2	Installed Capacity (steam in tonnes)	Ton/Hr	150 Ton/Hr	Ton/Hr	150 Ton/Hr
3	Utilised capacity (steam in tonnes)	Ton/Hr	73.67 Ton/Hr	Ton/Hr	86.31 Ton/Hr
4	Production:				
(a)	High pressure steam	Ton/Hr	-	Ton/Hr	-
(b)	Medium pressure steam	Ton/Hr	-	Ton/Hr	-
(c)	Low pressure steam	Ton/Hr	73.67 Ton/Hr	Ton/Hr	86.31 Ton/Hr
(d)	Less: Transit losses	Ton/Hr	-	Ton/Hr	-
(e)	Total	Ton/Hr	73.67 Ton/Hr	Ton/Hr	86.31 Ton/Hr
5	Percentage of capacity utilization $(3/2 * 100)$	%	49.11%	%	57.54%


Chief Executive Officer


Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF STEAM / GENERATED CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2015

S.No.	Particulars	2015			2014		
		Quantity M.Ton	Rate Per Unit (Rs.)	Amount Rupees	Quantity M.Ton	Rate Per Unit (Rs.)	Amount Rupees
1	Water						
2	Fuels:						
	(a) Bagasse:						
	i) Own	136,541.559			131,190.305		
	ii) Purchased						
	(b) Pith						
	(c) Coal purchased						
	(d) Furnace Oil						
	(e) Fire Wood Kg	103,295		1,115,254	121,750		1,096,020
	(f) Gas						
	(g) Other fuels, if any (diesel)	11,613		952,298	8,400		375,144
3	Quantity of waste heat from the plant, if any						
4	Consumable stores			350,570			287,652
5	Direct salaries, Wages and benefits (Annexure 6)			9,082,795			8,073,595
6	Repairs and Maintenance			4,191,102			6,754,071
7	Other direct expenses (e.g. Boiler inspection fee etc)			30,000			30,000
8	Insurance			102,119			78,000
9	Depreciation			2,533,379			567,140
	Total Cost of Steam Raised			18,357,517			17,865,622
10	Less: Outside sale						
	Total Cost of Steam for Self Consumption			18,357,517			17,865,622
	Add: Cost of Steam Purchased						
	Total Cost of Steam Consumed			18,357,517			17,865,622
	ALLOCATION						
	Total of item 12 allocated to _____						
	(i) White bagged sugar						
	(ii) Electric powerhouse						
	(iii) Others						
	(a) Staff colony						
	(b) Office building etc						
	Total cost of "Steam" transferred to (Annexure 1)			18,357,517			17,865,622

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, 2015

S.No.	Particulars	2015	2014	Variance
1	Installed Capacity (KWH).	25,854,000	21,204,000	4,650,000
2	No. of units generated (KWH).	11,060,580	9,512,284	1,548,296
3	No. of units purchased (KWH).	1,077,935	1,101,959	(24,024)
4	Total (2 + 3)	12,138,515	10,614,243	1,524,272
5	Consumption in Power House including other losses	-	-	-
6	Net units consumed (4-5)	12,138,515	10,614,243	1,524,272
7	Percentage of consumption	100%	100%	-
	losses to total units	-	-	-
	Available = 5/4 * 100	-	-	-
	Percentage of power generated to installed capacity	-	-	-
	2/1 * 100	42.78%	44.86%	-


 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, 2015

S No.	Particulars	2015			2014		
		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			190,784			156,543
3	Salaries and Wages (Annexure 6)			11,506,670			10,317,040
4	Other direct expenses						
5	Repairs and maintenance			735,903			1,185,928
6	Duty on electricity						
7	Depreciation			2,145,408			480,286
8	Total			14,678,765			12,139,796
	Less: (a) Credit for exhaust steam used in process etc						
	(b) Other credits, if any						
9	Cost of power generated			14,678,765			12,139,796
10	Less: Cost of power sold						
11	Add: Cost of power purchased			17,133,366			18,543,368
12	Total net cost of power consumed			31,812,131			30,683,164
13	Cost per unit average			2.62			2.89
	Total as item 12 allocated to _____						
	(i) White bagged sugar			22,733,160			20,856,419
	(ii) Self-consumption						
	(iii) Others						
	(a) Staff colony			7,818,693			8,441,467
	(b) Office building			1,260,278			969,178
	(c) Other (specify)						
	Total as per item 13 above transferred to (Annexure 1)			31,812,131			30,683,164


Chief Executive Officer


Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING OTHER FACTORY OVERHEADS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

S.No.	Particulars	2015		2014	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
1	Total Sugar Produced (M-Tons)		41,103.00		40,414.70
		Rupees	Rupees	Rupees	Rupees
2	Rent, Rate and Taxes	1,621,559	39.45		
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	4,023,775	97.89		
12.1	Apprenticeship training expenses	29,775	0.72	17,795	0.44
12.2	Tractor trolley expenses	5,422,049	131.91	5,963,379	147.55
12.3	M Committee fee -Molasses				
12.4	Press mud removal				
12.5	Electricity-colony	7,818,693	190.22	8,857,567	219.17
13	Total	18,915,851	460.21	14,838,741	367.16
	Allocated to _____				
	(i) White bagged sugar	18,915,851	460.21	14,838,741	367.16
	(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)	18,915,851	460.21	14,838,741	367.16


Chief Executive Officer


Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

S.No.	Particulars	2015		2014	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	Total Sugar Sold (M-Tons)		37,520.10		52,482.00
		Rupees	Rupees	Rupees	Rupees
	Costs:				
2	Salaries, Wages and Benefits (Annex 6)	102,725,010	2,737.87	92,182,931	1,756.47
3	Rent, Rate and Taxes	3,805,202	101.42	4,440,802	84.62
4	Insurance	2,096,718	55.88	2,043,513	38.94
5	Water, Gas and Electricity	1,371,089	36.54	1,011,888	19.28
6	Printing and Stationery	1,597,793	42.58	1,613,517	30.74
7	Telephone Fax and Telex & Postage	1,658,640	44.21	1,679,345	32.00
8	Repair and Maintenance	1,001,466	26.69	1,450,758	27.64
9	Travelling and Conveyance	2,100,675	55.99	1,663,149	31.69
10	Subscriptions, Books and Periodicals	1,178,354	31.41	1,682,598	32.06
11	Entertainment	2,324,321	61.95	1,789,657	34.10
12	Advertising	86,850	2.31	156,880	2.99
13	Legal and Professional Expenditure	4,370,560	116.49	2,004,262	38.19
14	Auditors' remuneration	1,015,500	27.07	899,125	17.13
15	Vehicle Running Expenses	8,345,757	222.43	10,315,244	196.55
16	Depreciation & Amortization	8,505,711	226.70	6,848,500	130.49
17	Misc. expenses	6,655,288	177.38	4,157,029	79.21
	Total "Admin Expenses" transferred to (Annexure 1)	148,838,934	3,966.91	133,939,198	2,552.10


Chief Executive Officer


Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING SELLING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

S.No.	Particulars	2015		2014	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	2	3	4	3	4
1	Total Sugar Sold (M-Tons)		37,520.10		52,482.00
	Costs:	Rupees	Rupees	Rupees	Rupees
2	Salaries, Wages and Benefits (Annex 6)	4,291,130	114.37	3,627,592	69.12
3	Travelling and Conveyance	-	-	-	-
4	Commission	1,598,000	42.59	702,972	13.39
5	Freight Outwards	-	-	-	-
6	Handling and Distribution	2,969,396	79.14	3,451,616	65.77
7	Loading / Unloading	-	-	-	-
8	Export Expenses	-	-	-	-
9	Vehicle Running Expenses	-	-	-	-
10	Other Expenses	8,766,930	233.66	1,416,688	26.99
	Total :Selling Expenses" transferred to (Annexure 1)	17,625,456	469.76	9,198,868	175.28


Chief Executive Officer


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, 2015

	RUPEES		
Cost of sales as financial statement			2,203,630,719
Add: Sales tax and special excise duty on sugar			125,421,763
Less : Realizable value of			
Molasses			(185,261,729)
Mud			-
Bagasse			(704,591)
			(185,966,320)
Add: Effect of finished goods stock of Molasses and Mud			
Opening stock			
Molasses			-
Mud	(24,980,827)	(24,980,827)	
Closing Stock			
Molasses			-
Mud	32,652,717	32,652,717	7,671,890
Add: Inspection fee of Boiler			30,000
Less: Electricity Office Building			(1,260,278)
Cost of sales as per Annexure 1			<u>2,149,527,774</u>


 Chief Executive Officer


 Chief Financial Officer