

HUSEIN SUGAR MILLS LIMITED.

COST AUDIT REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2013

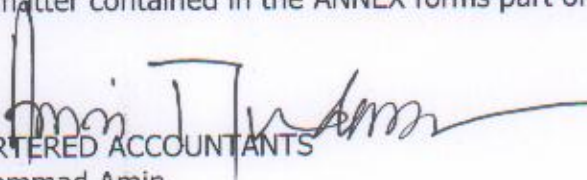
COST AUDITORS' REPORT TO THE DIRECTORS

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, 2013 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 2014

**PARTICULARS TO BE INCLUDED IN
COST AUDITORS' REPORT TO THE DIRECTORS OF
HUSEIN SUGAR MILLS LIMITED
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

1. CAPACITY

	Unit	2013	2012
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	5,134.00	5,380.00
Days operated	Numbers	113	121
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	2013	2012
Actual cane crushed	Metric Tons	580,197	650,995
Days operated	Numbers	113	121
Actual recovery	Percentage	9.55	9.39
Production capacity of white refined sugar	Metric Tons	70,100	73,852
Actual production of white refined sugar	Metric Tons	55,368	61,129
Capacity utilization	Percentage	78.98	82.77
Molasses produced	Metric Tons	24,160	28,634



4. RAW MATERIAL

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

	2013			2012			2011		
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	580,197	4,221.54	2,449,322,011	650,995	3,717.62	2,420,153,423	575,886	4,654.44	2,680,425,376
Sugarcane development cess		25.01	14,508,579		25.00	16,275,435		25.03	14,413,385
Market committee fee		5.03	2,920,647		5.07	3,301,951		5.00	2,879,993
Cane unloading		0.46	265,486		0.44	283,579		0.47	268,208
Others (Loading and other expenses)		46.11	26,752,436		203.58	132,528,074		234.70	135,161,874
			<u>2,493,769,159</u>			<u>2,572,542,462</u>			<u>2,833,148,836</u>

2013	2012	2011
Metric Tons		

Consumption of raw material :

Per unit of production – Actual	10.48	10.64	11.47
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 **30.869%** 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, taxes, 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

2013	2012
Rupees	

a. Category wise break up of salaries and wages

Direct labor costs on production	43,360,176	33,715,576
Indirect employees costs on production	46,973,525	36,525,207
Employees cost on administration	75,442,530	59,641,289
Employees costs on selling and distribution	4,014,858	2,150,952
Bonus to workers and employees	12,805,034	12,488,938
Other employees cost	22,688,153	22,741,843
	<u>205,284,276</u>	<u>167,263,805</u>

b. Chief Executive and Directors' Remuneration

	Chief Executive	Directors
Rupees		
Managerial remuneration	5,799,732	6,029,356
House rent	1,728,000	1,900,587
Contribution to provident fund	-	423,687
Utilities/medical allowance	418,608	558,842
Reimbursable expenses	141,979	1,011,661
	<u>8,088,319</u>	<u>9,924,133</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.

	2013	2012
c. Total available man-days of direct labour	150	150
Total actually worked man-days of direct labour	113	121
d. Average number of workers employed during the year	935	950

	2013	2012	2011
Rupees per Metric Ton			
e. Direct labour cost per unit of output/product	783.13	551.55	612.50
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

	2013	2012
	Rupees per M.Ton	
Per unit expenditure of stores and spares on output	200.08	162.40

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

- a) Depreciation on all operating fixed assets is charged to profit on the straight-line method.
- b) The basis of allocation of depreciation on common assets is based on its utilization by the production and other departments.
- c) 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	2013	2012	2011
	R u p e e s		
Other factory overheads (Note 8.1)	10,130,599	11,653,903	11,869,581
Administrative overheads (Note 8.2)	130,698,466	111,626,744	99,142,216
Selling overheads (Note 8.3)	10,310,796	8,922,296	7,815,000
Financial charges	121,178,197	84,712,605	66,503,859
	<u>272,318,058</u>	<u>216,915,548</u>	<u>185,330,656</u>

8.1 Other Factory Overheads

Apprenticeship training expenses	16,965	21,600	11,470
Tractor trolley expenses	2,430,446	3,267,587	4,860,875
Electricity -Colony	7,683,188	8,364,702	6,957,800
Others	-	-	39,436
	<u>10,130,599</u>	<u>11,653,903</u>	<u>11,869,581</u>

8.2 Administrative Expenses

Salaries, wages and benefits	90,414,741	74,520,096	63,893,581
Traveling and conveyance	1,026,708	1,148,159	647,255
Printing and stationery	1,656,668	1,508,768	1,226,625
Communication	1,355,560	1,459,691	1,392,256
Subscriptions, books and periodicals	1,606,634	1,102,916	2,336,803
Legal and professional	614,250	1,512,500	4,653,166
Auditors' remuneration	833,750	769,900	707,500
Rent, rate and taxes	3,970,351	3,911,901	3,503,581
Insurance	1,780,995	1,707,997	1,079,615
Water, gas and electricity	565,473	725,413	608,740
Entertainment	1,404,228	1,437,331	1,088,430
Advertisement	51,800	36,850	280,545
Vehicles running and maintenance	10,107,821	9,374,816	8,364,500
Repair and maintenance	1,342,893	1,303,582	2,373,398
Depreciation and amortization	11,022,147	8,611,238	5,126,720
Miscellaneous expenses	2,944,447	2,495,586	1,859,501
	<u>130,698,466</u>	<u>111,626,744</u>	<u>99,142,216</u>



2013	2012	2011
R u p e e s		

8.3 Distribution and Selling Expenses

Salaries, wages and other benefits	4,014,858	2,150,952	1,678,940
Commission to selling agent	2,022,776	3,247,828	3,455,340
Handling and distribution	3,472,021	2,850,507	2,341,558
Repair and maintenance	392,593	222,427	140,354
Printing and stationery	13,030	71,035	64,577
Miscellaneous	16,200	15,654	14,231
Depreciation	379,318	363,893	120,000
	<u>10,310,796</u>	<u>8,922,296</u>	<u>7,815,000</u>

a. Reasons for Significant Variances

Other Overheads:

Factory overheads decreased by Rs.1,523,304 mainly due to decrease in tractor trolley expense.

Administrative Expenses

An increase in administrative expenses by Rs 19,071,722 is mainly due to annual increments, increase in minimum wage rates and increase in depreciation.

Distribution and Selling Expenses

An increase in distribution expenses by Rs 1,388,500 is mainly due to annual increments of selling staff, increase in minimum wage rate and handling charges.

Financial Charges

Financial charges increased by Rs. 36,465,592 mainly due to increase in short term financing amounting Rs. 785,517,807 obtained during the year for working capital by the company and slow pace of repayment/adjustment of borrowed funds.

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:

- 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, 2013	46,963.51
Year ended September 30, 2012	42,352.82

Cost of production per metric ton of sugar production increased as compared to last year mainly due to increase in sugarcane support price by the Provincial Government by Rs.50 per quintal and decrease in sugar production owing to lesser sugarcane crushing.

Sugar	2013			2012		
	Per Metric Ton	Total		Per Metric Ton	Total	
Quantity produced		55,368 M.Tons			61,129 M.Tons	
Quantity sold		42,296 M.Tons			60,482 M.Tons	
	R	U	P	E	E	S
Cost of sales	46,911.64	1,984,189,046		42,365.84	2,562,390,399	
Admin expenses	3,090.07	130,698,466		1845.61	111,626,744	
Selling expenses	243.77	10,310,796		147.52	8,922,296	
Financial charges	2,864.98	121,178,197		1400.61	84,712,605	
Other charges/ (income)	(485.83)	(20,548,697)		(511.42)	(30,931,908)	
Sales tax and SED	2,755.33	116,540,127		3,174.57	192,005,799	
	<u>55,379.97</u>	<u>2,342,367,935</u>		<u>48,422.73</u>	<u>2,928,725,935</u>	

Increase in cost to make and sell per metric ton is attributable to factors mentioned in 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	2013			2012		
	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	33,096.55	1,661,956,883	50,215.41	60,482.45	2,946,772,281	48,721.11
Export	9,199.75	441,418,925	47,981.62	-	-	-
	42,296.30	2,103,375,808	49,729.55	60,482.45	2,946,772,281	48,721.11

Export has been made to following countries:

- Afghanistan
- India

13. (LOSS) / PROFITABILITY

	2013	2012
Quantity sold (M.Tons)	42,296.300	60,482.450
Machine hours crushed (Numbers)	2,492.35	2,717.00
(Loss)/Profit before tax per unit of sugar	Rupees per Metric Ton (5,650.43)	2,038.30
(Loss)/Profit before tax per machine hour crushed	Rupees per machine hour (95,890.27)	42,427.55

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 when installed.** The plant when installed was new.

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 made. 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.

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:-

	2013	2012
	Rupees	Rupees
Cost of sales	5,255,310	3,057,893
Administrative, selling and general expenses	1,780,995	1,707,997
	7,036,305	4,765,890

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

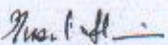


ANNEX-A

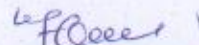
HUSEIN SUGAR MILLS LIMITED
STATEMENT OF CAPACITY UTILIZATION UNDER RULE 4(1) (a)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

2013	
Rated Capacity	Utilised Capacity
Metric Tons	

Cane Crushing Per day	6,500	5,134.49
No. of days crushing done	113	113
Cane crushed	734,500	580,197


Chief Executive Officer




Chief Financial Officer



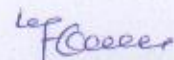
ANNEX-B

HUSEIN SUGAR MILLS LIMITED
STATEMENT OF STOCK IN TRADE UNDER RULE 4(1) (b)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Quantity (Metric Tons)	Cost (Rupees)
Raw Material	-	-
Work in process		
Sugar	32	1,186,640
Molasses (By product)	11	<u>85,602</u>
		1,272,242
Finished Goods		
Sugar	13,772	645,665,450
Molasses (By product)	-	-
Press mud	45,276	<u>19,515,347</u>
		665,180,797
		<u><u>666,453,039</u></u>



Chief Executive Officer

Chief Financial Office



HUSEIN SUGAR MILLS LIMITED
STATEMENTS SHOWING COST OF PRODUCTION AND SALE
OF WHITE BAGGED SUGAR FOR THE YEAR ENDED SEPTEMBER 30, 2013

Quantitative Data - Bagged Sugar

	2013	2012
Opening Stock (M.Ton)	700.000	53.750
Production (M.Ton)	55,368.000	61,128.700
Closing Stock (M.Ton)	(13,771.700)	(700.000)
Sales (M.Ton)	42,296.300	60,482.450

S.No.	Particulars	2013		2012	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
		Rupees	Rupees	Rupees	Rupees
1	Raw Materials:				
	(a) Sugar Cane (Annex 3)	2,496,738,060	45,093.52	2,575,218,138	42,127.81
	(b) Beet (Annex 4)				
	(c) Gur				
	(d) Raw Sugar	-	-	-	-
	(e) Process Material (Annex 5)	22,552,472	407.32	24,547,959	401.58
2	Salaries / Wages and Benefits (Annex 6)	91,538,545	1,653.28	73,184,391	1,197.22
3	Consumable Stores	10,572,911	190.96	9,446,848	154.54
4	Repairs and Maintenance	81,584,729	1,473.50	44,996,989	736.10
5	Utilities				
	Steam (Annex 7/2)	20,606,784	372.18	19,323,252	316.11
6	Electric Power (Annex 8/2)	20,053,698	362.19	18,793,623	307.44
7	Water & Gas	1,720,727	31.08	2,153,257	35.22
8	Insurance	5,160,310	93.20	2,972,207	48.62
9	Depreciation	47,772,195	862.81	38,502,267	629.86
10	Other Factory Overheads (Annex 9)	10,130,599	182.97	11,653,903	190.65
11	Total Cost	2,808,431,030	50,723.00	2,820,792,834	46,145.15
12	ADD: Opening Stock of W.I.P.	370,926	-	485,457	-
13	LESS: Closing Stock of W.I.P.	(1,272,242)	-	(370,926)	-
14	Total Cost of Goods Manufacturing	2,807,529,714	50,706.72	2,820,907,365	46,147.02
15	Less: Realisable value of By-Products:				
	Molasses	(213,825,727)	(3,861.90)	(244,857,990)	(4,005.61)
	Bagasse	(16,511,839)	(298.22)	(9,140,649)	(149.53)
	Press Mud	(1,678,147)	(30.31)	(1,904,241)	(31.15)
16	Net Cost of goods Manufacturing:	2,575,514,001	46,516.29	2,565,004,485	41,960.72
17	Add: Packing Material and Handling	24,761,489	447.22	23,968,288	392.10
18	Net Cost of Bagged Sugar	2,600,275,490	46,963.51	2,588,972,773	42,352.82
19	Add: Sales Tax & S.E.D.	116,540,127	2,755.33	192,005,799	3,174.57
20	Total Cost of Bagged Sugar:	2,716,815,617	49,718.83	2,780,978,572	45,527.39
21	Add: Opening Stock of Sugar	29,579,006	-	2,996,632	-
22	Less: Closing Stock of Sugar	(645,665,450)	-	(29,579,006)	-
23	Cost of Sales	2,100,729,173	49,666.97	2,754,396,198	45,540.42
24	Administrative Expenses (Annex 10)	130,698,466	3,090.07	111,626,744	1,845.61
25	Selling and Distribution Expenses (Annex 11)	10,310,796	243.78	8,922,296	147.52
26	Financial Expenses	121,178,197	2,864.98	84,712,605	1,400.61
27	Other Charges	(20,548,697)	(485.83)	(30,931,908)	(511.42)
	Total Cost to Make and Sell.	2,342,367,935	55,379.97	2,928,725,935	48,422.74

Muhammad Ali
Chief Executive Officer



Farooq
Chief Financial Officer



HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SUGARCANE PRODUCED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

S.No.	Particulars	2013		2012	
		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

[Signature]
 Chief Executive Officer



[Signature]
 Chief Financial Officer



HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SUGARCANE CRUSHED FOR THE YEAR ENDED SEPTEMBER 30, 2013

S.No.	Particulars	2013			2012		
		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	580,197	4,221.53	2,449,322,011	650,995	3,717.62	2,420,153,423
2	Sugarcane produced from own farm (Annex 2)	-	-	-	-	-	-
3	Less: Loss in transit	-	-	-	-	-	-
4	Sugarcane received at factory gate	580,197	4,221.53	2,449,322,011	650,995	3,717.62	2,420,153,423
5	Commission	-	-	-	-	-	-
6	Quality premium	-	-	-	-	-	-
7	Unloading charges	-	0.46	265,486	-	0.44	283,579
8	Cane development expenses						
	(a) Salaries and Wages of Supply and Development Staff (Annexure 6)	-	5.12	2,968,901	-	4.05	2,639,023
	(b) Sugarcane Development Research	-	-	-	-	-	-
	(c) Supply staff and transportation expenses	-	-	-	-	-	-
	(d) Other expenditure (Incentive for S.C Procurement)	-	15.85	9,195,114	-	162.22	105,601,176
9	Taxes and Levies:						
	(a) Cane / purchase tax	-	-	-	-	-	-
	(b) Market committee fee	-	5.03	2,920,647	-	5.07	3,301,951
	(c) Road /cane development cess	-	25.01	14,508,579	-	25.00	16,275,435
	(d) Octroi	-	-	-	-	-	-
	(e) Other levies	-	-	-	-	-	-
10	Transportation Charges:						
	(a) Delivery expenses	-	-	-	-	-	-
	(b) Transport expenses	-	25.12	14,573,128	-	32.38	21,077,538
	(c) Others	-	-	-	-	-	-
11	Other Expenditures at Cane Collection Centres:						
	(a) Salaries and Wages	-	-	-	-	-	-
	(b) Stores	-	-	-	-	-	-
	(c) Repairs and Maintenance	-	-	-	-	-	-
	(d) Others	-	5.14	2,984,194	-	8.99	5,849,360
	Total cost of "SUGARCANE" Transferred to production processes (Annex 1)	-	4,303.26	2,496,738,060	-	3,955.76	2,575,181,485

Muhammad Ali
 Chief Executive Officer



Waqar
 Chief Financial Officer



HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF BEET CONSUMED FOR THE YEAR ENDED SEPTEMBER 30, 2013

S.No.	Particulars	2013			2012		
		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	
	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)							

Muhammad Ali
Chief Executive Officer



Uf Osoor
Chief Financial Officer



HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

S.No.	Particulars	2013		2012	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
	Total Sugar Produced (M-Tons)		55,368		61,129
		Rupees	Rupees	Rupees	Rupees
1	Unslaked Lime	-	-	-	-
2	Phosphoric Acid	3,223,036	58.21	3,558,917	58.22
3	Chemquest	-	-	-	-
4	Chemrite	-	-	-	-
5	Caustic Soda	3,535,750	63.86	4,329,162	70.82
6	Soda Ash	32,405	0.59	51,166	0.84
7	Trisodium Phosphate	13,047	0.24	10,873	0.18
8	Lime Quick	3,272,845	59.11	3,057,588	50.02
9	Bio Cide S.D.D.	434,315	7.84	86,580	1.42
10	Filter Paper	-	-	16,242	0.27
11	Laboratory Chemicals	-	-	-	-
12	Filter Media	435,442	7.86	-	-
13	Sewing Thread	-	-	-	-
14	Caustic Soda Flakes	489,538	8.84	43,923	0.72
15	Dechlorizer/Colorquest 555 Talafolic	8,157,886	147.34	10,458,180	171.08
16	Others	38,422	0.69	858,512	14.04
16.1	Common Salt	-	-	4,918	0.08
16.2	Chema Float 100	-	-	-	-
16.3	AccoFlocA-110	-	-	382,746	6.26
16.4	Juice Flocculant	1,422,782	25.70	1,339,633	21.91
16.5	Bleaching Powder	138,680	2.50	138,308	2.26
16.6	Lead Sub Acetate	94,734	1.71	76,211	1.25
16.7	Hydrochloric Acid	358,430	6.47	-	-
16.8	Chemfloc-57HP	164,122	2.96	-	-
16.9	Accofloc	27,995	0.51	-	-
16.10	Spirit Mathelated	131,230	2.37	135,000	2.21
16.11	SuperfolicBD-319	581,813	-	-	-
16.12	Decalent(Chemoquest SD-40)	-	-	-	-
	Total	22,552,472	407.32	24,547,959	401.58
	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	22,552,472	407.32	24,547,959	401.58

Husein S.
Chief Executive Officer



Leif O. O. O.
Chief Financial Officer



HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SALARIES, WAGES AND BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

S.No.	Particulars	2013		2012	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	Total Sugar Produced (M-Tons)		55,368.00		61,128.70
2	Cost:	Rupees	Rupees	Rupees	Rupees
	<i>Salaries / Wages:-</i>				
	Officers and Permanent Staff	115,021,074	2077.39	89,663,982	1466.81
	Seasonal Staff	12,946,170	233.82	11,769,245	192.53
	Daily rated and Contract Labour	10,499,280	189.63	9,544,800	156.14
	Bonuses	12,805,034	231.27	12,488,938	204.31
	Benefits:				
	Medical Expenses / PESSI	8,893,751	160.63	7,764,800	127.02
	Canteen Expenses	540,000	9.75	624,000	10.21
	Welfare, Recreation	4,348,478	78.54	1,610,333	26.34
	Transport and Travelling	893,930	24.21	915,931	24.81
	Education Cess	-	-	-	-
	Group Insurance	2,984,701	53.91	2,162,449	35.38
	Comp. Insurance	-	-	-	-
	Prov. Fund (Employer's contribution)	9,248,549	167.04	4,060,387	66.42
	EOBI	4,415,156	79.74	3,917,097	64.08
	Other Benefits (If any)	22,688,153	409.77	22,741,843	372.03
	Total :	205,284,276	3,715.70	167,263,805	2,746.08
	Less allocated to :				
	Electricity Generation (Annexure - 8/2)	9,170,702	165.63	8,151,735	133.35
	Steam Generation (Annexure - 7/2)	7,176,529	129.62	6,379,137	104.36
	Raw Material (Annexure - 3)	2,968,901	53.62	2,639,023	43.17
	Admin Expenses (Annexure - 10)	90,414,741	1632.98	74,520,096	1219.07
	Selling & Distribution Expenses (Annexure - 11)	4,014,858	72.51	2,150,952	35.19
	<i>Any Other Specify</i>				
		113,745,731	2,054.36	93,840,943	1,535.14
	Balance transferred to production process (Annexure-	91,538,545	1,661.34	73,422,862	1,210.94

Shahid Ali
 Chief Executive Officer

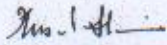


Farooq
 Chief Financial Officer



HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF STEAM / GENERATED CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

S.No.	Particulars	Unit	2013	Unit	2012
	Types of steam boilers used - Water Tube Bolier				
1	No. of days worked	-	113	-	121
2	Installed Capacity (steam in tonnes)	-	150 Ton/Hr.	-	150 Ton/Hr.
3	Utilised capacity (steam in tonnes)	-	113.77Ton/Hr.	-	117.09Ton/Hr.
4	Production:				
(a)	High pressure steam	-	-	-	-
(b)	Medium pressure steam	-	-	-	-
(c)	Low pressure steam	-	113.77Ton/Hr.	-	117.09Ton/Hr.
(d)	Less: Transit losses	-	-	-	-
(e)	Total	-	113.77Ton/Hr.	-	117.09Ton/Hr.
5	Percentage of capacity utilization ($3/2 * 100$)	-	75.85%	-	78.06%


 Chief Executive Officer

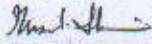



 Chief Financial Officer

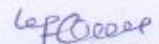


HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF STEAM / GENERATED CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

S.No.	Particulars	2013			2012		
		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	171,407.271	-	-	188,897.188	-	-
	ii) Purchased	-	-	-	-	-	-
	(b) Pith	-	-	-	-	-	-
	(c) Coal purchased	-	-	-	-	-	-
	(d) Furnace Oil	-	-	-	-	-	-
	(e) Fire Wood Kg	119.40	-	999,143	119.36	-	999,001
	(f) Gas	-	-	-	-	-	-
	(g) Other fuels, if any	-	-	11,773	-	-	-
3	Quantity of waste heat from the plant, if any	-	-	-	-	-	-
4	Consumable stores	-	-	326,574	-	-	315,416
5	Direct salaries, Wages and benefits (Annexure 6)	-	-	7,176,529	-	-	6,379,137
6	Repairs and Maintenance	-	-	11,256,785	-	-	10,714,433
7	Other direct expenses (e.g.Boiler inspection fee etc)	-	-	30,000	-	-	30,000
8	Insurance	-	-	95,000	-	-	85,686
	Depreciation	-	-	710,980	-	-	710,980
	Total Cost of Steam Raised			20,606,784			19,234,653
10	Less: Outside sale	-	-	-	-	-	-
	Total Cost of Steam for Self Consumption	-	-	20,606,784	-	-	19,234,653
	Add: Cost of Steam Purchased	-	-	-	-	-	-
	Total Cost of Steam Consumed			20,606,784			19,234,653
	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 (Annexure1)			20,606,784			19,234,653


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, 2013

S.No.	Particulars	2013			2012		
		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			178,598			165,497
3	Salaries and Wages (Annexure 6)			9,170,702			8,151,735
4	Other direct expenses			-			-
5	Repairs and maintenance			1,976,546			1,345,679
6	Duty on electricity			-			478,259
7	Depreciation			965,786			965,786
8	Total			12,291,632			11,106,956
	Less: (a) Credit for exhaust steam used in process etc.			-			-
	(b) Other credits, if any			-			-
9	Cost of power generated			12,291,632			11,106,956
10	Less: Cost of power sold			-			-
11	Add: Cost of power purchased			15,968,227			16,620,713
12	Total net cost of power consumed			28,259,859			27,727,669
	Cost per unit average			2.63			3.57
	Total at item 12 allocated to _____						
	(i) White bagged sugar			20,053,698			18,680,404
	(ii) Self-consumption			-			-
	(iii) Others:			-			-
	(a) Staff colony			7,683,188			8,364,702
	(b) Office building			522,973			682,563
	(c) Other (specify)			-			-
	Total as per item 13 above transferred to (Annexure 1)			28,259,859			27,727,669

Mushtaq
Chief Executive Officer



Uf Qaeer
Chief Financial Officer



HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING OTHER FACTORY OVERHEADS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

S.No.	Particulars	2013		2012	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
1	Total Sugar Produced (M-Tons)		55,368.00		61,128.70
		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	16,965	0.31	21,600	0.35
12.2	Tractor trolley expenses	2,430,446	65.83	3,267,601	88.51
12.3	M.Committee fee -Molasses	-	-	-	-
12.4	Press mud removal	-	-	-	-
12.5	Electricity-colony	7,683,188	208.11	8,364,702	226.57
13	Total	10,130,599	182.97	11,653,903	190.65
	Allocated to _____				
(i)	White bagged sugar	10,130,599	182.97	11,653,903	190.65
(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)	10,130,599	182.97	11,653,903	190.65

Muhammad Ali
 Chief Executive Officer

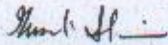


6/10/2013
 Chief Financial Officer

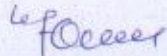


HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

S.No.	Particulars	2013		2012	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	Total Sugar Sold (M-Tons)		42,296.30		60,482
		Rupees	Rupees	Rupees	Rupees
	Costs:				
2	Salaries, Wages and Benefits (Annex 6)	90,414,741	2,137.65	74,520,096	1,232.09
3	Rent, Rate and Taxes	3,970,351	93.87	3,911,901	64.68
4	Insurance	1,780,995	42.11	1,707,997	28.24
5	Water, Gas and Electricity	565,473	13.37	725,413	11.99
6	Printing and Stationery	1,656,668	39.17	1,508,768	24.95 ¹⁾
7	Telephone Fax and Telex & Postage	1,355,560	32.05	1,459,691	24.13
8	Repair and Maintenance	1,342,893	31.75	1,303,582	21.55
9	Travelling and Conveyance	1,026,708	24.27	1,148,159	18.98
10	Subscriptions, Books and Periodicals	1,606,634	37.99	1,102,916	18.24
11	Entertainment	1,404,228	33.20	1,437,331	23.76
12	Advertising	51,800	1.22	36,850	0.61
13	Legal and Professional Expenditure	614,250	14.52	1,512,500	25.01
14	Auditors' remuneration	833,750	19.71	769,900	12.73
15	Vehicle Running Expenses	10,107,821	238.98	9,374,816	155.00
16	Depreciation & Amortization	11,022,147	260.59	8,611,238	142.38
17	Misc. expenses	2,944,447	69.61	2,495,586	41.26
	Total "Admin Expenses" transferred to (Annexure 1)	130,698,466	3,090.07	111,626,744	1,845.61


Chief Executive Officer




Chief Financial Officer



HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING SELLING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

S.No.	Particulars	2013		2012	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	2	3	4	3	4
1	Total Sugar Sold (M-Tons)		42,296.30		60,482.45
	Costs:	Rupees	Rupees	Rupees	Rupees
2	Salaries, Wages and Benefits (Annex 6)	4,014,858	94.92	2,150,952	35.56
3	Travelling and Conveyance	-	-	-	-
4	Commission	2,022,776	47.82	3,247,828	53.70
5	Freight Outwards	-	-	-	-
6	Handling and Distribution	3,472,021	82.09	2,850,507	47.13
7	Loading / Unloading	-	-	-	-
8	Export Expenses	-	-	-	-
9	Vehicle Running Expenses	-	-	-	-
10	Other Expenses	801,141	18.94	673,009	11.13
Total :Selling Expenses" transferred to (Annexure 1)		10,310,796	243.78	8,922,296	147.52

Muhammad Ali
 Chief Executive Officer



Leopold
 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, 2013

	AMOUNT RUPEES
Cost of sales as financial statement	2,210,826,627
Add : Federal excise duty on sugar	116,540,127
Less : Realizable value of	
Molasses	(213,825,727)
Mud	(16,511,839)
Bagasse	(1,678,147)
	(232,015,713)
Add: Effect of finished goods stock of Molasses and Mud	
Opening stock	
Molasses	-
Mud	(13,644,242)
	(13,644,242)
Closing Stock	
Molasses	-
Mud	19,515,347
	5,871,105
Add: Inspection fee of Boiler	30,000
Less: Electricity Office Building	(522,973)
Cost of sales as per Annexure 1	<u>2,100,729,173</u>

