

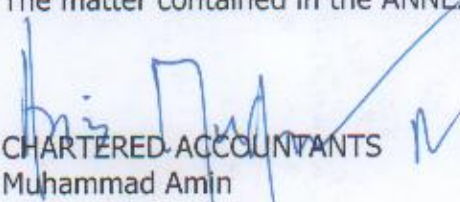
COST AUDITORS' REPORT TO THE DIRECTORS

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, 2016 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: 26 JAN 2017

**PARTICULARS TO BE INCLUDED IN
COST AUDITORS' REPORT TO THE DIRECTORS OF
HUSEIN SUGAR MILLS LIMITED
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

1. CAPACITY

	Unit	2016	2015
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	4,499.07	3,216.48
Days operated	Numbers	111	139
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	2016	2015
Actual cane crushed	Metric Tons	499,396.47	447,091
Days operated	Numbers	111	139
Actual recovery	Percentage	9.41	9.20
Production capacity of white refined sugar	Metric Tons	67,893.15	83,122
Actual production of white refined sugar	Metric Tons	46,860.75	41,103
Capacity utilization	Percentage	69.02	49.45
Molasses produced	Metric Tons	22,305	19,665



4. RAW MATERIAL

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

	2016			2015			2014		
	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	499,396	4,752.78	2,373,523,686	447,091	4,475.01	2,000,736,728	429,611	4,241.02	1,821,991,031
Sugarcane development cess		37.50	18,727,534		37.51	16,771,801		25.00	10,739,277
Market committee fee		5.00	2,497,030		5.00	2,236,240		5.01	2,151,267
Cane unloading		0.51	253,952		0.55	247,533		0.49	210,835
Others (Loading and other expenses)		4.87	2,432,650		72.27	32,310,979		151.84	65,233,873
			<u>2,397,434,852</u>			<u>2,052,303,281</u>			<u>1,900,326,283</u>

2016	2015	2014
Metric Tons		

Consumption of raw material:

Per unit of production – Actual	10.66	10.88	10.63
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 30.78% 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

2016	2015
Rupees	

a. Category wise break up of salaries and wages

Direct labor costs on production	70,670,690	54,677,406
Indirect employees costs on production	31,430,357	59,233,857
Employees cost on administration	88,297,401	92,096,662
Employees costs on selling and distribution	4,404,056	4,291,130
Bonus to workers and employees	12,358,472	-
Other employees cost	25,801,423	20,348,927

232,962,399	230,647,982
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b. Chief Executive and Directors' Remuneration

	Chief Executive	Directors
Rupees		
Managerial remuneration	7,483,700	3,644,984
House rent	2,331,810	1,391,190
Contribution to provident fund	337,534	309,150
Utilities/medical allowance	53,878	356,092
Reimbursable expenses	1,768,563	1,923,563
	11,975,485	7,624,979

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.

2016	2015
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c.	Total available man-days of direct labour	150	150
	Total actually worked man-days of direct labour	111	139
d.	Average number of workers employed during the year	839	993

2016	2015	2014
Rupees per Metric Ton		

e.	Direct labour cost per unit of output/product	1,508.10	1,330.25	1,117.62
g.	Direct labour cost per unit of output increased mainly due to annual increments to employees of cane and production department of white refined sugar.			
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

	2016	2015
	Rupees per M.Ton	
Per unit expenditure of stores and spares on output	201.76	275.31

The decrease in per unit expenditure of stores and spares on output is mainly due to increase in production and smooth working of machinery.

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

- a) Depreciation on all operating fixed assets is charged to profit and loss account applying the reducing balance 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	2016	2015	2014
	R u p e e s		
Other factory overheads (Note 8.1)	16,301,185	18,915,851	14,838,741
Administrative overheads (Note 8.2)	155,686,750	148,838,934	133,939,198
Selling overheads (Note 8.3)	15,388,904	17,625,456	9,198,868
Financial cost (Note 8.4)	61,569,188	61,335,416	90,543,802
	<u>248,946,027</u>	<u>246,715,657</u>	<u>248,520,609</u>

8.1 Other Factory Overheads

Apprenticeship training expenses	25,960	29,775	17,795
Tractor trolley expenses	6,403,904	5,422,049	5,963,379
Electricity – Colony	5,933,281	7,818,693	8,857,567
Rent, rate and taxes	535,194	1,621,559	-
Others	3,402,846	4,023,775	-
	<u>16,301,185</u>	<u>18,915,851</u>	<u>14,838,741</u>

8.2 Administrative Expenses

Salaries, wages and benefits	105,571,331	102,725,010	92,182,931
Traveling and conveyance	2,176,801	2,100,675	1,663,149
Printing and stationery	2,039,321	1,597,793	1,613,517
Communication	2,364,414	1,658,640	1,679,345
Subscriptions, books and periodicals	2,047,762	1,178,354	1,682,598
Legal and professional	2,667,316	4,370,560	2,004,262
Auditors' remuneration	1,075,000	1,015,500	899,125
Rent, rate and taxes	4,189,897	3,805,202	4,440,802
Insurance	2,000,581	2,096,718	2,043,513
Water, gas and electricity	1,345,140	1,371,089	1,011,888
Entertainment	3,219,954	2,324,321	1,789,657
Advertisement	249,095	86,850	156,880
Vehicles running and maintenance	8,037,632	8,345,757	10,315,244
Repair and maintenance	1,322,479	1,001,466	1,450,758
Depreciation and amortization	6,961,980	8,505,711	6,848,500
Miscellaneous expenses	10,418,047	6,655,288	4,157,029
	<u>155,686,750</u>	<u>148,838,934</u>	<u>133,939,198</u>



2016	2015	2014
R u p e e s		

8.3 Distribution and Selling Expenses

Salaries, wages and other benefits	4,404,056	4,291,130	3,627,592
Commission to selling agent	-	1,598,000	702,972
Handling and distribution	3,107,371	2,969,396	3,451,616
Repair and maintenance	62,066	126,145	335,043
Printing and stationery	65,032	29,252	12,791
Depreciation	7,750,379	8,611,533	1,068,854
	<u>15,388,904</u>	<u>17,625,456</u>	<u>9,198,868</u>

8.4 Finance Cost

Mark up on:

- Long term finance	-	2,104,227	8,619,773
- Short term finance	53,403,616	54,646,529	71,039,589
Finance charges on lease liabilities	160,309	967,407	1,627,006
Interest on balance payable to provident fund trust	819,308	509,981	-
Bank charges and commission	7,185,955	3,107,272	9,257,434
	<u>61,569,188</u>	<u>61,335,416</u>	<u>90,543,802</u>

a. Reasons for Significant Variances

Other Overheads:

Factory overheads decreased by Rs.2,614,666 mainly due to decrease in electricity expenses of colony and electricity reimbursement to workers.

Administrative Expenses

An increase in administrative expenses by Rs.6,847,816 is mainly due to annual increments to employees, increase in subscriptions, books and periodicals expenses and fines and penalties charged in miscellaneous expenses.

Distribution and Selling Expenses

A decrease in distribution and selling expenses by Rs.2,236,552 is mainly due to decrease in depreciation charge for the year and the company has not paid any commission to the selling agents during the year under audit.



Finance Cost

Finance cost increased by Rs.233,772 mainly due to increase in bank charges and commission for 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.

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, 2016	52,990.30
Year ended September 30, 2015	54,271.03

Cost of production per metric ton of sugar production decreased as compared to last year mainly due to increase in production units and spread/allocation of fixed overheads to more number of units produced.



Sugar	2016			2015		
	Per Metric Ton	Total		Per Metric Ton	Total	
	R	U	P	E	E	S
Quantity produced		46,860.750 M.Tons		41,103 M.Tons		
Quantity sold		52,145.40 M.Tons		37,520.10 M.Tons		
Cost of sales	53,111.54	2,769,522,249		53,947.24	2,024,106,011	
Admin expenses	2,985.63	155,686,750		3,966.91	148,838,934	
Selling expenses	295.12	15,388,904		469.76	17,625,456	
Financial charges	1,180.72	61,569,188		1,634.73	61,335,416	
Other charges/(income)	(3,634.97)	(189,546,730)		(1,647.24)	(61,804,745)	
Sales tax and FED	3,730.02	194,503,340		3,342.79	125,421,763	
	57,668.05	3,007,123,701		61,714.19	2,315,522,835	

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	2016			2015		
	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	44,038.40	2,583,699,888	58,669.25	33,172.10	1,693,193,782	51,042.71
Export	8,107.00	382,211,731	47,145.89	4,348.00	198,513,179	45,656.20
	52,145.4	2,965,911,619	56,877.72	37,520.1	1,891,706,961	50,418.49

Export has been made to following country:

- Afghanistan

13. (LOSS) / PROFITABILITY

	2016	2015	
Quantity sold (M.Tons)	52,145.40	37,520.10	
Machine hours (Numbers)	2,232.20	2,723.30	
Loss before tax per unit on sugar	Rupees per Metric Ton	790.33	11,295.70
Loss before tax per machine hour	Rupees per machine hour crushed	18,462.54	155,625.85



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. However, rent of building amounting Rs. 2,700,000 was paid to close family relative.



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:-

	2016	2015
	Rupees	Rupees
Cost of sales	3,787,659	6,505,475
Administrative, selling and general expenses	2,000,581	2,096,718
	<u>5,788,240</u>	<u>8,602,193</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



ANNEX-A

HUSEIN SUGAR MILLS LIMITED
STATEMENT OF CAPACITY UTILIZATION UNDER RULE 4(1) (a)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	2016	
	Rated Capacity	Utilised Capacity
	Metric Tons	
Cane Crushing Per day	4,499.067	3,216.48
No. of days crushing done	111	139
Cane crushed	499,396.475	447,091

MUSTAFA A. FARUQ

Chief Executive Officer



Mutaleer

Chief Financial Officer

Husein Sugar Mills Limited

Amin, Mudassar & Co.
Chartered Accountants

ANNEX-B

HUSEIN SUGAR MILLS LIMITED
STATEMENT OF STOCK IN TRADE UNDER RULE 4(1) (b)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Quantity (Metric Tons)	Cost (Rupees)
Raw Material	-	-
Work in process		
Sugar	187.16	7,590,664
Molasses (By product)	92.25	660,245
		<hr/>
		8,250,909
Finished Goods		
Sugar	2.65	140,492
Press mud	80,078.00	172,121,981
		<hr/>
		172,262,473
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		<u>180,513,382</u>

M. OSTAFFA A. TARIQ

Chief Executive Officer



M. Saleem

Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENTS SHOWING COST OF PRODUCTION AND SALE
OF WHITE BAGGED SUGAR FOR THE YEAR ENDED SEPTEMBER 30, 2016

Quantitative Data - Bagged Sugar	2016	2015
Opening Stock (M.Ton)	5,287.300	1,704.400
Production (M.Ton)	46,860.750	41,103.000
Closing Stock (M.Ton)	(2.650)	(5,287.300)
Sales (M.Ton)	<u>52,145.400</u>	<u>37,520.100</u>

S.No.	Particulars	2016		2015	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
		Rupees	Rupees	Rupees	Rupees
1	Raw Materials:				
	(a) Sugar Cane (Annex 3)	2,401,662,057	51,251.04	2,056,060,796	50,022.16
	(b) Beet (Annex 4)				
	(c) Gur				
	(d) Raw Sugar	-	-	-	-
	(e) Process Material (Annex 5)	21,472,236	458.21	26,248,458	638.60
2	Salaries / Wages and Benefits (Annex 6)	95,484,160	2,037.61	99,184,862	2,413.08
3	Consumable Stores	9,003,011	192.12	10,774,641	262.14
4	Repairs and Maintenance	31,420,304	670.50	30,605,257	744.60
5	Utilities				
	Steam (Annex 7/2)	19,185,586	409.42	18,357,517	446.62
6	Electric Power (Annex 8/2)	23,886,973	509.74	22,733,160	533.08
7	Water & Gas	1,727,677	36.87	2,416,788	58.80
8	Insurance	3,728,193	79.56	6,403,356	155.79
9	Depreciation	112,949,494	2,410.32	103,581,217	2,520.04
10	Other Factory Overheads (Annex 9)	16,301,185	347.86	18,915,851	460.21
11	Total Cost	2,736,820,876	58,403.27	2,395,281,903	58,275.11
12	ADD: Opening Stock of W.I.P.	2,519,008	-	1,659,576	-
13	LESS: Closing Stock of W.I.P.	(8,250,909)	-	(2,519,008)	-
14	Total Cost of Goods Manufacturing	2,731,088,975	58,280.95	2,394,422,471	58,254.20
15	Less: Realisable value of By-Products:				
	Molasses	(164,493,790)	(3,510.27)	(185,261,729)	(4,507.26)
	Bagasse	(102,853,804)	(2,194.88)	-	-
	Press Mud	-	-	(704,591)	(17.14)
16	Net Cost of goods Manufacturing:	2,463,741,381	52,575.80	2,208,456,151	53,729.80
17	Add: Packing Material and Handling	19,423,722	414.50	22,246,280	541.23
18	Net Cost of Bagged Sugar	2,483,165,103	52,990.30	2,230,702,431	54,271.04
19	Add: Sales Tax & F.E.D.	194,503,340	3,730.02	125,421,763	3,342.79
20	Total Cost of Bagged Sugar:	2,677,668,443	56,720.32	2,356,124,194	57,613.83
21	Add: Opening Stock of Sugar	286,497,638	-	79,901,218	-
22	Less: Closing Stock of Sugar	(140,492)	-	(286,497,638)	-
23	Cost of Sales	2,964,025,589	56,841.55	2,149,527,774	57,290.03
24	Administrative Expenses (Annex 10)	155,686,750	2,985.63	148,838,934	3,966.91
25	Selling and Distribution Expenses (Annex 11)	15,388,904	295.12	17,625,456	469.76
26	Financial Expenses	61,569,188	1,180.72	61,335,416	1,634.73
27	Other Charges	(189,546,730)	(3,634.97)	(61,804,745)	(1,647.24)
	Total Cost to Make and Sell.	3,007,123,701	57,668.05	2,315,522,835	61,714.20

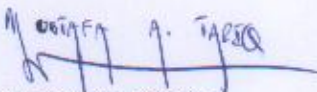
M. MUSTAFA A. TARIQ
 Chief Executive Officer



Mustafa A. Tariq
 Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SUGARCANE PRODUCED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No.	Particulars	2016		2015	
		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, 2016

S.No.	Particulars	2016			2015		
		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	499,396.48	4,752.78	2,373,523,686	447,090.89	4,475.01	2,000,736,72
2	Sugarcane produced from own farm (Annex 2)	-	-	-	-	-	-
3	Less: Loss in transit	-	-	-	-	-	-
4	Sugarcane received at factory gate	499,396.48	4,752.78	2,373,523,686	447,090.89	4,475.01	2,000,736,72
5	Commission	-	-	-	-	-	-
6	Quality premium	-	-	-	-	-	-
7	Unloading charges	-	-	-	-	-	-
8	Cane development expenses	-	0.51	253,952	-	0.55	247,53
	(a) Salaries and Wages of Supply and Development Staff (Annexure 6)	-	8.46	4,227,205	-	8.40	3,757,51
	(b) Sugarcane Development Research	-	-	-	-	-	-
	(c) Supply staff and transportation expenses	-	-	-	-	-	-
	(d) Other expenditure (Incentive for S.C Procurement)	-	-	-	-	47.29	21,144,72
9	Taxes and Levies:	-	-	-	-	-	-
	(a) Cane / purchase tax	-	-	-	-	-	-
	(b) Market committee fee	-	5.00	2,497,030	-	5.00	2,236,240
	(c) Road / cane development cess	-	37.50	18,727,534	-	37.51	16,771,801
	(d) Octroi	-	-	-	-	-	-
	(e) Other levies	-	-	-	-	-	-
10	Transportation Charges:	-	-	-	-	-	-
	(a) Delivery expenses	-	-	-	-	-	-
	(b) Transport expenses	-	1.14	566,914	-	20.65	9,231,888
	(c) Others	-	-	-	-	-	-
11	Other Expenditures at Cane Collection Centres:	-	-	-	-	-	-
	(a) Salaries and Wages	-	-	-	-	-	-
	(b) Stores	-	-	-	-	-	-
	(c) Repairs and Maintenance	-	-	-	-	-	-
	(d) Others	-	3.74	1,865,736	-	4.33	1,934,362
	Total cost of 'SUGARCANE' Transferred to production processes (Annex 1)	499,396.48	4,809.13	2,401,662,057	447,090.89	4,598.75	2,056,060,796

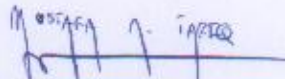
M. MOSTAFFA A. IARIQ
Chief Executive Officer

M. Iqbal
Chief Financial Officer

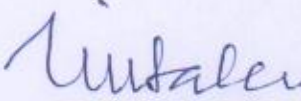


HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF BEET CONSUMED FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No.	Particulars	2016			2015		
		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)							

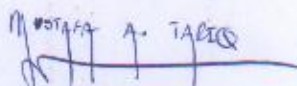

 Chief Executive Officer



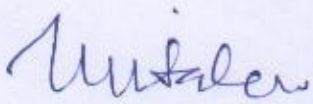

 Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No.	Particulars	2016		2015	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
	Total Sugar Produced (M-Tons)		46,860.75		41,103.00
		Rupees	Rupees	Rupees	Rupees
1	Unslaked Lime	-	-	-	-
2	Phosphoric Acid	2,793,617	59.62	3,628,746	88.28
3	Chemquest	-	-	-	-
4	Carbo-UA (Decolorizing Agent)	63,665	1.36	5,103,735	124.17
5	Caustic Soda	2,536,750	54.13	3,261,520	79.35
6	Soda Ash	50,798	1.08	36,117	0.88
7	Trisodium Phosphate	6,524	0.14	-	-
8	Lime Quick	3,318,154	70.81	3,237,092	78.76
9	Bio Cide S.D.D.	381,910	8.15	147,200	3.58
10	Filter Paper	-	-	-	-
11	Laboratory Chemicals	-	-	-	-
12	Filter Media	-	-	353,295	8.60
13	Sewing Thread	462,050	9.86	-	-
14	Caustic Soda Flakes	19,300	0.41	319,600	7.78
15	Declorizer/Colorquest 555 Talafolic	8,921,314	190.38	7,081,798	172.29
16	Others	175,456	3.74	128,556	3.13
16.1	Common Salt	34,011	0.73	55,980	1.36
16.2	Chema Float 100	-	-	20,888	0.51
16.3	AccoFlocA-110	-	-	-	-
16.4	Juice Flocculant	1,029,098	21.96	1,527,225	37.16
16.5	Bleaching Powder	253,400	5.41	227,500	5.53
16.6	Lead Sub Acetate	110,483	2.36	-	-
16.7	Hydrochloric Acid	347,788	7.42	-	-
16.8	Chemfloc-57HP	232,486	4.96	-	-
16.9	Accofloc	-	-	298,704	7.27
16.10	Spirit Mathelated	275,725	5.88	278,240	6.77
16.11	SuperfolicBD-319	-	-	11,320	0.28
16.12	Formaic Acid	459,707	9.81	530,942	12.92
	Total	21,472,236	458.21	26,248,458	638.60
	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	21,472,236	458.21	26,248,458	638.60

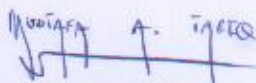

Chief Executive Officer

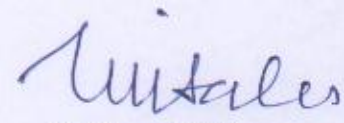



Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SALARIES, WAGES AND BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No.	Particulars	2016		2015	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	Total Sugar Produced (M-Tons)		46,860.75		41,103.00
2	Cost:				
	Salaries / Wages:-				
	Officers and Permanent Staff	132,199,256	2821.11	154,236,940	3752.45
	Seasonal Staff	17,231,352	367.71	15,664,866	381.11
	Daily rated and Contract Labour	13,974,542	298.21	12,704,129	309.08
	Bonuses	12,358,472	263.73	-	0.00
	Benefits:				
	Medical Expenses / PESSI	11,310,859	241.37	11,519,781	280.27
	Canteen Expenses	660,000	14.08	660,000	16.06
	Welfare, Recreation	5,665,119	120.89	976,269	23.75
	Transport and Travelling	867,549	18.51	1,062,070	25.84
	Education Cess	-	-	-	-
	Group Insurance	3,811,370	81.33	4,407,848	107.24
	Comp. Insurance	-	-	-	-
	Prov.Fund (Employer's contribution)	5,193,668	110.83	4,584,284	111.53
	EOBI	3,888,789	82.99	4,482,869	109.06
	Other Benefits (If any)	25,801,423	550.60	20,348,927	495.07
	Total :	232,962,399	4,971.38	230,647,982	5,611.46
	Less allocated to :				
	Electricity Generation (Annexure - 8/2)	13,057,503	278.64	11,606,670	282.38
	Steam Generation (Annexure - 7/2)	10,218,144	218.05	9,082,795	220.98
	Raw Material (Annexure - 3)	4,227,205	90.21	3,757,515	91.42
	Admin Expenses (Annexure - 10)	105,571,331	2,252.87	102,725,010	2499.21
	Selling & Distribution Expenses (Annexure - 11)	4,404,056	93.98	4,291,130	104.40
	Any Other Specify				0.00
		137,478,239	2,933.76	131,463,120	3,198.38
	Balance transferred to production process (Annexure-1)	95,484,160	2,037.61	99,184,862	2,413.08

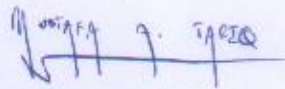

Chief Executive Officer


Chief Financial Officer

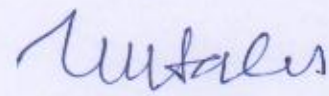


HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF STEAM / GENERATED CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No.	Particulars	Unit	2016	Unit	2015
	Types of steam boilers used - Water Tube Bolier				
1	No. of days worked	-	111	-	139
2	Installed Capacity (steam in tonnes)	-	150 Ton/Hr.	-	150 Ton/Hr.
3	Utilised capacity (steam in tonnes)	-	83.81Ton/Hr.	-	73.67 Ton/Hr.
4	Production:				
	(a) High pressure steam	-	-	-	-
	(b) Medium pressure steam	-	-	-	-
	(c) Low pressure steam	-	83.81Ton/Hr.	-	73.67 Ton/Hr.
	(d) Less: Transit losses	-	-	-	-
	(e) Total	-	83.81Ton/Hr.	-	73.67 Ton/Hr.
5	Percentage of capacity utilization (3/2 * 100)	-	55.87%	-	49.11%


Chief Executive Officer




Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF STEAM/ GENERATED CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No.	Particulars	2016			2015		
		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	124,035.075	-	-	136,541.559	-	-
	ii) Purchased	-	-	-	-	-	-
	(b) Pith	-	-	-	-	-	-
	(c) Coal purchased	-	-	-	-	-	-
	(d) Furnace Oil	-	-	-	-	-	-
	(e) Fire Wood Kg	96,735	-	991,664	103,295	-	1,115,254
	(f) Gas	-	-	-	-	-	-
	(g) Other fuels, if any (diesel)	7,249	-	526,861	11,613	-	952,298
3	Quantity of waste heat from the plant, if any	-	-	-	-	-	-
4	Consumable stores	-	-	292,448	-	-	350,570
5	Direct salaries, Wages and benefits (Annexure 6)	-	-	10,218,144	-	-	9,082,795
6	Repairs and Maintenance	-	-	4,304,651	-	-	4,191,102
7	Other direct expenses (e.g.Boiler inspection fee etc)	-	-	30,000	-	-	30,000
8	Insurance	-	-	59,466	-	-	102,119
9	Depreciation	-	-	2,762,352	-	-	2,533,379
	Total Cost of Steam Raised			19,185,586			18,357,517
10	Less. Outside sale	-	-	-	-	-	-
	Total Cost of Steam for Self Consumption	-	-	19,185,586	-	-	18,357,517
	Add. Cost of Steam Purchased	-	-	-	-	-	-
	Total Cost of Steam Consumed			19,185,586			18,357,517
	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)			19,185,586			18,357,517

MUSTAFA A. TARIQ

Chief Executive Officer



Mitalan

Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT OF COST OF ELECTRIC POWER PURCHASED / GENERATED AND CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No.	Particulars	2016	2015	Variance
1	Installed Capacity (KWH).	20,646,000	25,854,000	
2	No. of units generated (KWH).	9,964,472	11,060,580	(1,096,108)
3	No. of units purchased (KWH).	1,228,709	1,077,935	150,774
4	Total (2 + 3)	11,193,181	12,138,515	(945,334)
5	Consumption in Power House including other losses	-	-	
6	Net units consumed (4-5)	11,193,181	12,138,515	(945,334)
7	Percentage of consumption losses to total units	100%	100%	-
	Available = 5/4 * 100	-	-	-
	Percentage of power generated to installed capacity 2/1 * 100	-	-	-
		48.26%	42.78%	-

MUSAFI A. TARIQ
 Chief Executive Officer



Ustad
 Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT OF COST OF ELECTRIC POWER PURCHASED / GENERATED AND CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No.	Particulars	2016			2015		
		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			159,399			190,784
3	Salaries and Wages (Annexure 6)			13,057,503			11,606,670
4	Other direct expenses			-			-
5	Repairs and maintenance			755,138			735,903
6	Duty on electricity			-			-
7	Depreciation			2,337,375			2,145,408
8	Total			16,309,415			14,678,765
	Less: (a) Credit for exhaust steam used in process etc.			-			-
	(b) Other credits, if any			-			-
9	Cost of power generated			16,309,415			14,678,765
10	Less: Cost of power sold			-			-
11	Add: Cost of power purchased			14,735,935			17,133,366
12	Total net cost of power consumed			31,045,350			31,812,131
13	Cost per unit average			2.77			2.62
	Total at item 12 allocated to _____						
	(i) White bagged sugar			23,886,973			22,733,160
	(ii) Self-consumption			-			-
	(iii) Others:			-			-
	(a) Staff colony			5,933,281			7,818,693
	(b) Office building			1,225,096			1,260,278
	(c) Other (specify)			-			-
	Total as per item 13 above transferred to (Annexure 1)			31,045,350			31,812,131

MUSTAFA A. TADIQ

Chief Executive Officer



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Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING OTHER FACTORY OVERHEADS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No.	Particulars	2016		2015	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
1	Total Sugar Produced (M-Tons)		46,860.75		41,103.00
		Rupees	Rupees	Rupees	Rupees
2	Rent, Rate and Taxes	535,194	11.42	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	3,402,846	72.62	4,023,775	97.89
12.1	Apprenticeship training expenses	25,960	0.55	29,775	0.72
12.2	Tractor trolley expenses	6,403,904	136.66	5,422,049	131.91
12.3	M.Committee fee -Molasses	-	-	-	-
12.4	Press mud removal	-	-	-	-
12.5	Electricity-colony	5,933,281	126.62	7,818,693	190.22
13	Total	16,301,185	347.86	18,915,851	460.21
	Allocated to _____				
	(i) White bagged sugar	16,301,185	347.86	18,915,851	460.21
	(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)	16,301,185	347.86	18,915,851	460.21

Staff A. TALIQ
 Chief Executive Officer



Mitalan
 Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No.	Particulars	2016		2015	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	Total Sugar Sold (M-Tons)		46,860.75		37,520.10
	Costs:				
		Rupees	Rupees	Rupees	Rupees
2	Salaries, Wages and Benefits (Annex 6)	105,571,331	2,252.87	102,725,010	2,737.87
3	Rent, Rate and Taxes	4,189,897	89.41	3,805,202	101.42
4	Insurance	2,000,581	42.69	2,096,718	55.88
5	Water, Gas and Electricity	1,345,140	28.71	1,371,089	36.54
6	Printing and Stationery	2,039,321	43.52	1,597,793	42.58
7	Telephone Fax and Telex & Postage	2,364,414	50.46	1,658,640	44.21
8	Repair and Maintenance	1,322,479	28.22	1,001,466	26.69
9	Travelling and Conveyance	2,176,801	46.45	2,100,675	55.99
10	Subscriptions, Books and Periodicals	2,047,762	43.70	1,178,354	31.41
11	Entertainment	3,219,954	68.71	2,324,321	61.95
12	Advertising	249,095	5.32	86,850	2.31
13	Legal and Professional Expenditure	2,667,316	56.92	4,370,560	116.49
14	Auditors' remuneration	1,075,000	22.94	1,015,500	27.07
15	Vehicle Running Expenses	8,037,632	171.52	8,345,757	222.43
16	Depreciation & Amortization	6,961,980	148.57	8,505,711	226.70
17	Misc. expenses	10,418,047	222.32	6,655,288	177.38
	Total "Admin Expenses" transferred to (Annexure 1)	155,686,750	3,322.33	148,838,934	3,966.91

M. MOUSTAFA A. IPIQ
 Chief Executive Officer



M. M. M. M.
 Chief Financial Officer

HUSEIN SUGAR MILLS LIMITED
STATEMENT SHOWING SELLING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

S.No.	Particulars	2016		2015	
		Amount	Cost per ton of sugar	Amount	Cost per ton of sugar
1	2	3	4	3	4
1	Total Sugar Sold (M-Tons)		46,860.75		37,520.10
	Costs:	Rupees	Rupees	Rupees	Rupees
2	Salaries, Wages and Benefits (Annex 6)	4,404,056	93.98	4,291,130	114.37
3	Travelling and Conveyance	-	-	-	-
4	Commission	-	0.00	1,598,000	42.59
5	Freight Outwards	-	-	-	-
6	Handling and Distribution	3,107,371	66.31	2,969,396	79.14
7	Loading / Unloading	-	-	-	0.00
8	Export Expenses	-	-	-	-
9	Vehicle Running Expenses	-	-	-	-
10	Other Expenses	7,877,477	168.10	8,766,930	233.66
	Total :Selling Expenses" transferred to (Annexure 1)	15,388,904	328.40	17,625,456	469.76

M. OSTAFF A. TARSQ
 Chief Executive Officer



M. Ustalev
 Chief Financial Officer

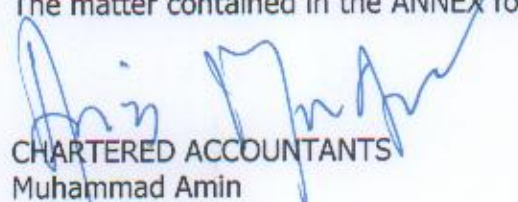
COST AUDITORS' SUPPLEMENTARY REPORT TO THE DIRECTORS

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, 2016 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: 26 JAN 2017

HUSEIN SUGAR MILLS LIMITED
RECONCILIATION OF COST OF SALES AS PER FINANCIAL AND COST AUDIT
COST AUDIT FOR THE YEAR ENDED SEPTEMBER 30, 2016

		RUPEES
Cost of sales as financial statement		2,898,595,674
Add: Sales tax and special excise duty on sugar		194,503,340
Less : Realizable value of		
Molasses		(164,493,790)
Mud		-
Bagasse		(102,853,804)
		(267,347,594)
Add: Effect of finished goods stock of Molasses and Mud		
Opening stock		
Molasses	-	
Mud	(32,652,717)	(32,652,717)
Closing Stock		
Molasses	-	
Mud	172,121,981	172,121,981
		139,469,264
Add: Inspection fee of Boiler		30,000
Less: Electricity Office Building		(1,225,096)
Cost of sales as per Annexure 1		2,964,025,588

MUSTAFA A. FARIS
Chief Executive Officer



Mudassar
Chief Financial Officer