

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 | 1,821,941,033 | 580,197 | 4,221.54 | 2,449,122,111 |
| Sugarcane development cess | | 37.51 | 16,771,801 | | 25.00 | 10,759,277 | | 25.00 | 11,368,074 |
| Market committee fee | | 5.00 | 2,236,240 | | 5.01 | 2,151,267 | | 5.03 | 2,927,947 |
| Cane unloading | | 0.55 | 247,533 | | 0.49 | 210,835 | | 0.48 | 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>2,493,769,159</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 |
|---|------|------|
| c. Total available man-days of direct labour | 150 | 150 |
| Total actually worked man-days of direct labour | 139 | 114 |
| d. Average number of workers employed during the year | 993 | 969 |

| | 2015 | 2014 | 2013 |
|---|---------|----------|--------|
| e. Direct labour cost per unit of output/product | 1330.25 | 1,117.62 | 783.13 |
| 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

- 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 | 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> |

8.3 Distribution and Selling Expenses

| | 2015 | 2014 | 2013 |
|------------------------------------|-------------------|------------------|-------------------|
| | R u p e e s | | |
| 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 | | |
|------------------------|----------------|---------------|-----|----------------|---------------|--|
| | Per Metric Ton | Total | | Per Metric Ton | Total | |
| Quantity produced | | R | U P | E E | S | |
| Quantity sold | | | | | | |
| | | | | | | |
| 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 |

n



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 |
| | | <u>2,519,009</u> |
| Finished Goods | | |
| Sugar | 5,287.30 | 286,497,638 |
| Press mud | 69,473.87 | 32,652,717 |
| | | <u>319,150,355</u> |
| | | <u><u>321,669,364</u></u> |



Chief Executive Officer

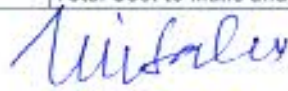


Chief Financial Officer

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

| <u>Quantitative Data - Bagged Sugar</u> | 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 | 1,903,666,297 | 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) | 18,915,851 | 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 | 2,000,796,729 | 429,511 | 4,241.52 | 1,821,991,611 |
| 2 | Sugarcane produced from own farm (Annex 2) | - | - | - | - | - | - |
| 3 | Less: Loss in transit | - | - | - | - | - | - |
| 4 | Sugarcane received at factory gate | 447.091 | 4,475.01 | 2,000,796,729 | 429,511 | 4,241.52 | 1,821,991,611 |
| 5 | Commission | - | - | - | - | - | - |
| 6 | Quality premium | - | - | - | - | - | - |
| 7 | Unloading charges | - | 0.55 | 247,533 | - | 0.49 | 210,935 |
| 8 | Cane development expenses | - | - | - | - | - | - |
| (a) | Salaries and Wages of Supply and Development Staff (Annexure 6) | - | 8.40 | 3,757,515 | - | 7.77 | 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 | 61,400,374 |
| 9 | Taxes and Levies | - | - | - | - | - | - |
| (a) | Cane / purchase tax | - | - | - | - | - | - |
| (b) | Market committee fee | - | 5.00 | 2,236,240 | - | 5.01 | 2,151,267 |
| (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 | 9,215,888 | - | 17.24 | 4,114,127 |
| (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 | - | 1.61 | 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 |

Urbalek
Chief Executive Officer

Mohamed
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 | 193.01 |
| 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 | Formaic 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 Matenal | - | - | - | - |
| 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

