

**HASEEB WAQAS SUGAR MILLS LIMITED  
COST AUDIT REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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**COMPANY INFORMATION**

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1	NAME OF COMPANY	HASEEB WAQAS SUGAR MILLS LIMITED
2	DATE OF INCORPORATION	January 13, 1992
3	LOCATION OF REGISTERED OFFICE	F-6 MODEL TOWN, LAHORE
4	LOCATION OF FACTORY	MERAJABAD, DISTRICT NANKANA SAHIB
5	PRODUCTS OTHER THAN SUGAR BEING MANUFACTURED	NIL
6	TOTAL NUMBER OF HOURS OF ACTUAL CRUSHING	2,391.60
7	INSTALLED CANE CRUSHING CAPACITY (IN TONS.Per Day)	8,000

**CHIEF EXECUTIVE**

**CHIEF ACCOUNTANT**

LAHORE: January 28, 2013

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**COST AUDIT REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**PRODUCTION DATA**

Sr.No.	Particulars	Current Year	Previous Year
<b>(1A)</b>	<b>CANE CRUSHED</b>		
	DATE STARTED	November 19, 2011	December 1, 2010
	DATE FINISHED	March 14, 2012	March 22, 2011
	DURATION OF RUN DAYS	117	109
	TOTAL NUMBER OF HOURS IN DURATION	2808	2,612
	TOTAL NUMBER OF HOURS ACTUAL CRUSHING	2392	2,113
	TOTAL NUMBER OF HOURS LOST	416.4	499.00
	TOTAL CANE MILLED (TONNES)	648,976.122	513,707.280
	CONVERTED MAUNDS	16,224,403.05	12,842,682.00
	TOTAL MIXED JUICE OBTAINED (TONNES)	644,043.90	549,214.18
<b>1B.</b>	<b>GUR MELTED</b>	-	-
<b>2</b>	<b>JUICE AND ADDED WATER</b>		
	AVERAGE MIXED JUICE %CANE	99.24	106.91
	AVERAGE ADDED WATER %CANE	29.44	36.82
<b>3</b>	<b>SUGAR MADE</b>		
	TOTAL SUGAR BAGGED OF ALL GRADES(100 Kgs.)	-	-
	TOTAL SUGAR BAGGED OF ALL GRADES(50 Kgs.)	1166791	870,310
	SUGAR BAGGED (TONNES)	58,339.550	43,515.500
	SUGAR IN PROCESS(TONNES)	68.30	77.86
<b>4</b>	<b>MOLASSES EXTRACTED</b>		
	TOTAL MOLASSES SENT OUT (TONNES)	30,451	25,191
	MOLASSES IN PROCESS (TONNES)	29.590	58.670
<b>5</b>	<b>RECOVERY %</b>		
	LABORATORY TEST % RECOVERY OF SUGARCANE :		
	AVERAGE RECOVERY OF MAKETABLE WHITE SUGAR % CAN	9.00%	8.47%
	AVERAGE PRODUCTION OF FINAL MOLASSES % CANE	4.697%	4.90%
<b>6</b>	<b>BY PRODUCTS</b>		
	BUGGASE % CANE (TONNES)	30.20%	29.91%
	V. F. CAKE % CANE (TONNES)	3.00%	3.00%
<b>7</b>	<b>CLARIFICATION PROCESS</b>		
	DEFACTATION REMELT PHOSPHITATION		

**CHIEF EXECUTIVE**

**CHIEF ACCOUNTANT**

LAHORE: January 28, 2013

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**COST AUDIT REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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**STATEMENT SHOWING CAPACITY UTILISED**

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Sr.No.	Particulars	Current Year	Previous Year
	<b><u>CAPACITY</u></b>		
(1)	LICENCED CANE CRUSHING CAPACITY -TONNES PER DAY	8,000	8,000
(2)	INSTALLED CANE CRUSHING CAPACITY -TONNES PER DAY	8,000	8,000
(3)	UTILIZED CANE CRUSHING CAPACITY -TONNES PER DAY	5,546.80	4,712.91
(4)	PERCENTAGE OF UTILIZATION IN RELATION TO INSTALLED CAPACITY	69.34%	58.91%

**CHIEF EXECUTIVE**

LAHORE: January 28, 2013

**CHIEF ACCOUNTANT**

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**COST AUDIT REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**STATEMENT SHOWING PRODUCTION CAPACITY OF THE PLANT**

Sr.No.	Particulars	Current Year	Previous Year
<b>(1)</b>	<b>INSTALLED PRODUCTION</b>		
	(a) SUGAR	84,240	73,858
	(b) MOLASSES	43,964	42,728
	(c) OTHERS	-	-
<b>(2)</b>	<b>ACTUAL PRODUCTION</b>		
	(a) SUGAR	58,340	43,516
	(b) MOLASSES	30,451	25,191
	(c) OTHERS		
<b>(3)</b>	<b>PERCENTAGE OF PRODUCTION IN RELATION TO INSTALLED CAPACITY</b>		
	(a) SUGAR	69.25%	58.92%
	(b) MOLASSES	69.26%	58.96%
	(c) OTHERS	-	-

**CHIEF EXECUTIVE**

LAHORE: January 28, 2013

**CHIEF ACCOUNTANT**

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**COST AUDIT REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**STATEMENT SHOWING STOCK IN TRADE**

SR. #	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		QUANTITY (M. TONS)	AMOUNT	QUANTITY (M. TONS)	AMOUNT
(1)	<b>RAW MATERIALS</b>	-	-	-	-
(2)	<b>WORK IN PROCESS</b>				
	<u>SUGAR</u>	68.30	3,680,913	77.86	6,228,800
	<u>MOLASSES</u>	29.59	257,444	58.67	586,700
			3,938,357		6,815,500
(3)	<b>FINISHED GOODS</b>				
	SUGAR	20,000.90	1,077,914,817	2,878.20	230,256,000
	MOLASSES	22,451	195,323,700	2,000.00	20,000,000
			1,273,238,517		250,256,000
		(A)	1,277,176,874		257,071,500
(4)	<b>STORE GENERAL</b>				
	STORES		49,013,112		41,582,189
	SPARES		407,864		452,287
	LOOSE TOOLS		-		-
		(B)	49,420,976		42,034,476
		(A+B)	<b>1,326,597,850</b>		<b>299,105,976</b>

**CHIEF EXECUTIVE**

LAHORE: January 28, 2013

**CHIEF ACCOUNTANT**

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**STATEMENT SHOWING COST OF PRODUCTION AND SALE OF**  
**WHITE BAGGED SUGAR FOR THE YEAR ENDED 30-09-2012**

<b>QUANTITATIVE DATA-BAGGED SUGAR</b>	<b>2012 CURRENT YEAR</b>	<b>2011 PREVIOUS YEAR</b>	
OPENING STOCK (MT)	2,878	2,709	54,180.00
PRODUCTION (MT)	58,340	43,516	870,310.00
PURCHASE(MT)	-	-	
	61,218	46,225	
CLOSING STOCK (MT)	(20,001)	(2,878)	(57,564.00)
SALES (MT)	41,217	43,346	866,926.00

SR.#	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT Rs.	COST/TON OF SUGAR	AMOUNT Rs.	COST/TON OF SUGAR
(1)	(2)	(3)	(4)	(5)	(6)
1	RAW MATERIALS				
	(a) SUGAR CANE (ANNEXURE 3)	2,537,000,752	43,486.81	2,719,776,559	62,501.33
	(b) BEET (ANNEXURE 4)	-	-	-	-
	(c) GUR	-	-	-	-
	(d) RAW SUGAR	-	-	-	-
	(e) PROCESS MATERIAL CONSUMED(ANNEXURE 5)	26,812,023	459.59	16,971,472	390.01
2	SALARIES/WAGES & BENEFITS (ANNEXURE 6)	72,741,542	1,246.86	60,314,507	1,386.05
3	REPAIR & MAINTENANCE	51,636,415	885.10	39,402,128	905.47
4	UTILITIES	-	-	-	-
5	STEAM (ANNEXURE 7)	2,415,058	41.40	1,053,920	24.22
6	ELECTRIC POWER (ANNEXURE 8)	9,722,071	166.65	10,412,522	239.28
7	WATER & GAS	-	-	-	-
8	INSURANCE	9,149,072	156.82	6,974,417	160.27
9	DEPRECEIATION	132,487,861	2,270.98	49,361,045	1,134.33
10	OTHER FACTORY OVERHEADS (ANNEXURE 9)	3,138,510	53.80	1,758,088	40.40
<b>11</b>	<b>TOTAL COST</b>	<b>2,845,103,304</b>	<b>48,768.00</b>	<b>2,906,024,658</b>	<b>66,781.37</b>
12	ADD. OPENING STOCK OF W.I.P.	6,228,800	106.77	6,156,000	141.47
13	LESS: CLOSING STOCK OF W.I.P.	3,680,913	63.09	6,228,800	143.14
<b>14</b>	<b>TOTAL COST OF GOODS MANUFACTURED</b>	<b>2,847,651,191</b>	<b>48,811.68</b>	<b>2,905,951,858</b>	<b>66,779.70</b>
15	LESS: REALISABLE VALUE OF BY PRODUCTS	126,150,000	2,162.34	276,318,081	6,349.88
<b>16</b>	<b>NET COST OF GOODS MANUFACTURED</b>	<b>2,721,501,191</b>	<b>46,649.33</b>	<b>2,629,633,777</b>	<b>60,429.82</b>
<b>17</b>	<b>ADD: PACKING MATERIAL &amp; HANDLING</b>	<b>23,429,995</b>	<b>401.61</b>	<b>15,971,749</b>	<b>367.04</b>
<b>18</b>	<b>NET COST OF BAGGED SUGAR</b>	<b>2,744,931,186</b>	<b>47,050.95</b>	<b>2,645,605,526</b>	<b>60,796.85</b>
<b>19</b>	<b>ADD: EXCISE DUTY/SALES TAX</b>	<b>162,230,123</b>	<b>2,780.79</b>	<b>184,979,225</b>	<b>4,250.88</b>
<b>20</b>	<b>TOTAL COST OF BAGGED SUGAR</b>	<b>2,907,161,309</b>	<b>49,831.74</b>	<b>2,830,584,751</b>	<b>65,047.74</b>
<b>21</b>	<b>ADD: OPENING STOCK OF SUGAR</b>	<b>230,256,000</b>	<b>3,946.83</b>	<b>216,732,000</b>	<b>4,980.57</b>
<b>22</b>	<b>LESS: CLOSING STOCK OF SUGAR</b>	<b>1,077,914,817</b>	<b>18,476.57</b>	<b>230,256,000</b>	<b>5,291.36</b>
<b>23</b>	<b>COST OF SALES</b>	<b>2,059,502,492</b>	<b>35,301.99</b>	<b>2,817,060,751</b>	<b>64,736.95</b>
<b>24</b>	<b>ADMINISTRATIVE EXPENSES (ANNEX. 10)</b>	<b>37,120,107</b>	<b>636.28</b>	<b>32,666,790</b>	<b>750.69</b>
<b>25</b>	<b>SELLING &amp; DISTRIBUTION EXPENSES (ANNEX 11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>FINANCIAL EXPENSES</b>	<b>254,565,826</b>	<b>4,363.52</b>	<b>167,931,206</b>	<b>3,859.11</b>
<b>27</b>	<b>OTHER CHARGES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL COST MAKE AND SELL</b>	<b>2,351,188,425</b>	<b>40,301.79</b>	<b>3,017,658,747</b>	<b>69,346.76</b>

\* Rate per M.Ton has been calculated on the basis of equivalent production as shown in annexure-3.

**CHIEF EXECUTIVE**

**CHIEF ACCOUNTANT**

LAHORE: January 28, 2013

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**STATEMENT SHOWING COST OF SUGAR CANE PRODUCED**  
**FOR THE YEAR ENDED 30-09-2012**

SR.#	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		QUANTITY	AMOUNT Rs.	QUANTITY	AMOUNT Rs.
(1)	(2)	(3)	(4)	(5)	(6)
<b>1</b>	<b>SEEDS AND OTHER INPUTS:</b>	NIL	NIL	NIL	NIL
	SEED				
	FERTILIZERS, HERBICIDES, etc.				
	INSECTICIDES				
	ABIANA/WATER CHARGES				
	TOTAL COST OF INPUTS				
<b>2</b>	<b>LABOUR COST:</b>	NIL	NIL	NIL	NIL
	LAND PREPARATION				
	PLANTATION				
	MAINTENANCE OF CANE CROP/RATIONS				
	OPERATION OF TRACTORS				
	HARVESTING				
	TOTAL LABOUR COST				
<b>3</b>	<b>OTHER COST:</b>	NIL	NIL	NIL	NIL
	FUEL FOR TRACTORS OPERATIONS				
	MAINTENANCE AND OVER HAUL OF TRACTORS				
	INSURANCE				
	INTEREST EXPENSES				
	DEPRECIATION OF EQUIPMENTS				
	RENT OF AGRICULTURAL EQUIPMENTS (IF ANY)				
	TOTAL OTHER COSTS:				
	TOTAL COST OF OWN PRODUCTION (1+2+3)	NIL	NIL	NIL	NIL
	SALES VALUE AT CONTROLLED PRICE				
	PROFIT/LOSS ON OWN PRODUCTION				

**NOTE**

As no sugar cane has been cultivated by the company on its own farm, consequently the above annexure is not applicable.

**CHIEF EXECUTIVE**

LAHORE: January 28, 2013

**CHIEF ACCOUNTANT**

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**STATEMENT SHOWING COST OF SUGAR CANE CRUSHED**  
**FOR THE YEAR ENDED 30-09-2012**

SR.#	PARTICULARS	CURRENT YEAR			PREVIOUS YEAR		
		QUANTITY M.TONS	RATE Rs./M.TON	AMOUNT Rs.	QUANTITY M.TONS	RATE Rs./M.TON	AMOUNT Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>1</b>	<b>TOTAL SUGAR CANE PURCHASED AT GOVT.</b>	648,976.12	3,750.01	2,433,663,756	513,707.28	3,127.47	1,606,601,766
	<b>FIXED RATE</b>						
	SUGARCANE PRODUCED OWN FARMS (ANNEXURE 2)	-	-	-			
	LESS: LOSS IN TRANSIT						-
	<b>SUGARCANE RECEIVED AT FACTORY GATE</b>	648,976.12	3,750.01	2,433,663,756	513,707.28	3,127.47	1,606,601,766
<b>2</b>	<b>COMMISSION</b>	-	-			-	
	QUALITY PREMIUM / SUBSIDY TO GROWERS	648,976.12	80.85	52,467,959	513,707.28	2,108.61	1,083,207,106
<b>4</b>	<b>CANE LOADING CHARGES</b>	-	-	-			
<b>5</b>	<b>CANE UNLOADING / FEEDING CHARGES</b>	648,976.12	0.47	306,023	513,707.28	0.69	356,319
<b>6</b>	<b>CANE DEVELOPMENT EXPENSES</b>	648,976.12	18.39	11,933,662	513,707.28	3.70	1,901,788
<b>7</b>	<b>TAXES AND LEVIES</b>						
	(a) CANE CESS / PURCHASE TAX						
	(b) MARKET COMMITTEE FEE	648,976.12	5.00	3,244,880	513,707.28	5.00	2,568,544
	(c) ROAD CESS	648,976.12	25.00	16,222,698	513,707.28	25.00	12,841,567
	(d) OCTROI						
	(e) OTHER LEVIES				-	-	
			30.00	19,467,578.00		30.00	15,410,111.00
<b>8</b>	<b>TRANSPORTATION CHARGES</b>						
	(a) CANE HAULAGE / TRANSPORTATION EXPENSES	648,976.12	3.51	2,276,680	513,707.28	1.74	892,831
	(b) TRANSPORTATION SUBSIDY						
	(c) OTHERS HANDLING & DISTRIBUTION	648,976.12	26.02	16,885,094	513,707.28	21.75	11,173,488
			29.53	19,161,774.00		23.49	12,066,319.00
<b>9</b>	<b>OTHER EXPENDITURES AT CANE COLLECTION</b>						
	<b>CENTRES</b>						
	(a) SALARIES & WAGES						
	(b) STORES						
	(c) REPAIRS & MAINTENANCE						
	(d) OTHERS				513,707.28	0.45	233,150
			-	-		0.45	233,150.00
	<b>TOTAL COST OF SUGAR CANE TRANSFERRED TO PRODUCTION PROCESSES (ANNEXURE 1)</b>	648,976.122	3,909	2,537,000,752	513,707.28	5,294.41	2,719,776,559

**NOTES:**

No sugar cane has been produced by the company.

No beet has been used for the production of white sugar.

**CHIEF EXECUTIVE**

LAHORE: January 28, 2013

**CHIEF ACCOUNTANT**

# HASEEB WAQAS SUGAR MILLS LIMITED

## STATEMENT SHOWING COST OF BEET CONSUMED

FOR THE YEAR ENDED 30-09-2012

SR.#	PARTICULARS	CURRENT YEAR			PREVIOUS YEAR		
		QUANTITY M.TONS	RATE Rs./M.TON	AMOUNT Rs.	QUANTITY M.TONS	RATE Rs./M.TON	AMOUNT Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>1</b>	TOTAL BEET PURCHASED AT GOVT. FIXED RATE	-	-	-	-	-	-
	LESS: LOSS IN TRANSIT	-	-	-	-	-	-
	<b>BEET RECEIVED AT FACTORY GATE</b>	-	-	-	-	-	-
<b>2</b>	COMMISSION PAID	-	-	-	-	-	-
<b>3</b>	LOADING/UNLOADING CHARGES	-	-	-	-	-	-
<b>4</b>	<b>BEET DEVELOPMENT EXPENSES</b>	-	-	-	-	-	-
	(a) SALARIES & WAGES OF SUPPLY & DEVELOPMENT STAFF	-	-	-	-	-	-
	(b) SUGAR CANE DEVELOPMENT RESEARCH	-	-	-	-	-	-
	(c) SUPPLY STAFF AND TRANSPORTATION EXPENSES	-	-	-	-	-	-
	(d) OTHER EXPENDITURES	-	-	-	-	-	-
<b>5</b>	<b>TAXES AND LEVIES(IF ANY)</b>	-	-	-	-	-	-
	(a) PURCHASE TAX	-	-	-	-	-	-
	(b) MARKET COMMITTEE FEE	-	-	-	-	-	-
	(c) ROAD CESS	-	-	-	-	-	-
	(d) OCTROI	-	-	-	-	-	-
	(e) OTHER LEVIES	-	-	-	-	-	-
<b>6</b>	<b>TRANSPORTATION CHARGES</b>	-	-	-	-	-	-
	(a) DELIVERY EXPENSES/TRAVELLING FROM PURCHASING CENTRE TO MILL GATE	-	-	-	-	-	-
	(b) TRANSPORTATION SUBSIDY	-	-	-	-	-	-
	(c) OTHERS	-	-	-	-	-	-
<b>7</b>	<b>OTHER EXPENDITURES AT BEET COLLECTION CENTRES</b>	-	-	-	-	-	-
	(a) SALARIES & WAGES	-	-	-	-	-	-
	(b) STORES	-	-	-	-	-	-
	(c) REPAIRS & MAINTENANCE	-	-	-	-	-	-
	(d) OTHERS	-	-	-	-	-	-
	<b>TOTAL COST OF BEET TRANSFERRED TO PRODUCTION PROCESSES (ANNEXURE 1)</b>						

**NOTES:**

- 1 No beet has been consumed by the company.
- 2 No beet has been used for the production of white sugar.

**CHIEF EXECUTIVE**

LAHORE: January 28, 2013

**CHIEF ACCOUNTANT**

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED**  
**FOR THE YEAR ENDED 30-09-2012**

SR.#	PARTICULARS	CURRENT SEASON		PREVIOUS SEASON	
		AMOUNT Rs.	COST/TON OF SUGAR	AMOUNT Rs.	COST/TON OF SUGAR
(1)	(2)	(3)	(4)	(5)	(6)
	<b>TOTAL SUGAR PRODUCED (M. TONS)</b>	<b>58,340</b>		43,516	
<b>1</b>	UNSLACKED LIME	4,002,055	68.60	3,257,023	74.85
<b>2</b>	PHOSPHORIC ACID	2,395,684	41.06	1,528,405	35.12
<b>3</b>	VISCADE	-	-	-	-
<b>4</b>	SULPHUR	-	-	-	-
<b>5</b>	CAUSTIC SODA	3,744,993	64.19	1,585,953	36.45
<b>6</b>	SODA ASH	955,818	16.38	358,277	8.23
<b>7</b>	SODIUM CHLORIDE	-	-	-	-
<b>8</b>	SODIUM SULPHATE & NITRATE	-	-	-	-
<b>9</b>	BLEACHING POWDER	883,578	15.15	550,349	12.65
<b>10</b>	ANTIFOAM	195,165	3.35	77,700	1.79
<b>11</b>	FORMALINE	21,607	0.37	21,516	0.49
<b>12</b>	LAB. CHEMICALS	287,076	4.92	136,289	3.13
<b>13</b>	SCUM FLOCULANT	-	-	-	-
<b>14</b>	SPIRIT	-	-	-	-
<b>15</b>	HCL	5,924	0.10	9,280	0.21
<b>16</b>	MUD FLOCULANT	-	-	830,745	19.09
<b>17</b>	COLOR PRECIPETANT	-	-	-	-
<b>18</b>	SEMI FLACOULENT	-	-	-	-
<b>19</b>	DGLOFLAOC DES200	6,956,328	119.24	4,057,233	93.24
<b>20</b>	SIKAMENT 163	-	-	-	-
<b>21</b>	DECLORIZER PROPEAGEN	-	-	-	-
<b>22</b>	DGLOFLOC DES600	-	-	-	-
<b>23</b>	TRI SODIUM PHOSPHATE	8,834	0.15	-	-
		19,457,062	333.51	12,412,770	285.25
	OIL & LUBRICANTS	7,354,961	126.07	4,558,702	104.76
	<b>TOTAL</b>	<b>26,812,023</b>	<b>459.59</b>	<b>16,971,472</b>	<b>390.01</b>
	LESS ALLOCATED TO:-----				
	(a) ELECTRICITY GENERATION				
	(b) STEAM GENERATION				
	(c) RAW MATERIALS				
	(d) ADMIN EXPENSES				
	(e) SELLING & DISTRIBUTION EXPENDITURES				
	(f) ANY OTHERS SPECIFY				
	<b>BALANCE TRANSFERED TO PRODUCTION PROCESS (ANNEXURE 1)</b>	<b>26,812,023</b>	<b>459.59</b>	<b>16,971,472</b>	<b>390.01</b>

**CHIEF EXECUTIVE**

LAHORE: January 28, 2013

**CHIEF ACCOUNTANT**

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**STATEMENT SHOWING COST OF SALARIES, WAGES & BENEFITS**  
**FOR THE YEAR ENDED 30-09-2012**

SR.#	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT Rs.	COST/TON OF SUGAR	AMOUNT Rs.	COST/TON OF SUGAR
(1)	(2)	(3)	(4)	(5)	(6)
	<b>TOTAL SUGAR PRODUCED (M. TONS)</b>	58,340		43,516	
	<b>COST</b>				
<b>1</b>	<b>SALARIES &amp; WAGES</b>				
(i)	OFFICERS & PERMANENT STAFF	58,619,454	1,004.80	45,168,636	1,037.99
(ii)	SEASONAL STAFF AND RETAINED STAFF	16,877,713	289.30	13,539,110	311.13
(iii)	DAILY RATED AND CONTRACT LABOR		-	-	-
(iv)	BONUSES/EXGRATIA/REWARDS	37,484	0.64	26,022	0.60
		75,534,651.00	1,294.74	58,733,768.00	1,349.72
<b>2</b>	<b>BENEFITS</b>		-		-
(i)	MEDICAL EXPENSES		-	-	-
(ii)	CANTEEN EXPENSES		-	-	-
(iii)	STAFF WELFARE	1,828,489	31.34	1,704,997	39.18
(iv)	WELFARE RECREATION		-	-	-
(v)	TRANSPORT & TRAVELLING		-	8,920	0.20
(vi)	EDUCATION CESS/ EXPENSES		-	-	-
(vii)	GROUP INSURANCE/WORKMAN		-	-	-
(viii)	COMP. INSURANCE		-	-	-
(ix)	PROVIDENT FUND (EMPLOYER'S CONTRIBUTION)		-	-	-
(x)	GRATUITY / PENSION	1,914,161	32.81	1,845,117	42.40
(xi)	EOBI CONTRIBUTION	793,839	13.61	2,467,572	56.71
(xii)	SOCIAL SECURITY	791,304	13.56	2,471,577	56.80
(xiii)	OVERTIME DIRECT		-	-	-
	Others		-	-	-
		5,327,793	91.32	8,498,183	195.29
	<b>TOTAL</b>	<b>80,862,444</b>	<b>1,386.07</b>	<b>67,231,951</b>	<b>1,545.01</b>
	LESS ALLOCATED TO:-----				
(a)	ELECTRICITY GENERATION		-	-	-
(b)	STEAM GENERATION		-	-	-
(c)	RAW MATERIALS		-	-	-
(d)	ADMIN EXPENSES	8,120,902	139.20	6,917,444	158.97
(e)	SELLING & DISTRIBUTION EXPENDITURES		-	-	-
(f)	ANY OTHERS SPECIFY		-	-	-
		8,120,902.00	139.20	6,917,444.00	158.97
	<b>BALANCE TRANSFERED TO PRODUCTION PROCES</b>	<b>72,741,542</b>	<b>1,246.86</b>	<b>60,314,507</b>	<b>1,386.05</b>

**CHIEF EXECUTIVE**

LAHORE: January 28, 2013

**CHIEF ACCOUNTANT**

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**STATEMENT SHOWING COST OF STEAM/GENERATED CONSUMED**  
**FOR THE YEAR ENDED 30-09-2012**

SR.#	PARTICULARS	UNIT	CURRENT YEAR	PREVIOUS YEAR	VARIANCE
(1)	(2)		(3)	(4)	(5)
	<b>TYPES OF STEAM BOILERS USED</b>		<b>WATER TUBE</b>	<b>WATER TUBE</b>	
1	NUMBER OF DAYS WORKED	Days	117	109	8.00
2	INSTALLED CAPACITY (STEAM IN TONNES)	TPH	240	240	-
3	UTILISED CAPACITY (STEAM IN TONNES)	TPH	134.05	135.00	(0.95)
4	<b>PRODUCTIONS:</b>				-
	(a) HIGH PRESSURE STEAM	TONS	376,408	353,160	23,248.00
	(b) MEDIUM PRESSURE STEAM		-	-	-
	(c) LOW PRESSURE STEAM		-	-	-
	(d) LESS: TRANSIT LOSSES	TONS		(7,063)	7,063.00
	(e) TOTAL	TONS	376,408	346,097	30,311.00
5	PERCENTAGE OF CAPACITY UTILISATION (3/2*100)	%	55.85%	56.25%	0%

SR.#	PARTICULARS	CURRENT YEAR			PREVIOUS YEAR		
		QUANTITY (M.TONS)	RATE PER M.TON Rs.	AMOUNT Rs.	QUANTITY (M.TONS)	RATE PER M.TON Rs.	AMOUNT Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	WATER						
2	FUELS:						
	(a) BAGGASE						
	(i) OWN-						
	(ii) PURCHASED	-	-	-	-	-	-
	(b) PITCH			-			-
	(c) COAL PURCHASED			-			-
	(d) FURNACE OIL						
	(e) FIRE WOOD	58,340	41.40	2,415,058	43,516	24.22	1,053,920
	(f) GAS						
	(g) OTHER FUELS-HUSK AND STRAW						
	QUANTITY OF WASTE HEAT FROM THE PLANT (IF ANY)						
3	CONSUMABLE STORES		41.40	2,415,058		24.22	1,053,920
4	DIRECT SALARIES, WAGES & BENEFITS						
5	REPAIRS AND MAINTENANCE						
6	OTHER DIRECT EXPENSES (e.g.) BOILER INSPECTION FEE etc.						
7	INSURANCE						
8	DEPRECIATION						
	TOTAL COST OF STEAM RAISED		41.40	2,415,058		24.22	1,053,920
9	LESS: OUTSIDE SALE						
10	TOTAL COST OF STEAM FOR SELF CONSUMPTION						
11	ADD: COST OF STEAM PURCHASED						
12	TOTAL COST OF STEAM CONSUMED		41.40	2,415,058		24.22	1,053,920
13	<b>ALLOCATION</b>						
	TOTAL OF ITEM 12 ALLOCATED TO ----						
	(i) WHITE BAGGED SUGAR						
	(ii) ELECTRIC POWER HOUSE		41.40	2,415,058		24.22	1,053,920
	(iii) OTHERS						
	(a) STAFF COLONY						
	(b) OFFICE BUILDING etc.						
	<b>TOTAL:</b>	58,340	41.40	2,415,058	43,516	24.22	1,053,920

**CHIEF EXECUTIVE**  
LAHORE: January 28, 2013

**CHIEF ACCOUNTANT**

## HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT SHOWING COST OF ELECTRIC POWER PURCHASED/GENERATED AND CONSUMED  
FOR THE YEAR ENDED 30-09-2012

SR #	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	VARIANCE
1	INSTALLED CAPACITY (KWH)	23,712,000	23,712,000	-
2	NUMBER OF UNITS GENERATED (KWH)	15,065,500	8,096,400	6,969,100
3	NUMBER OF UNITS PURCHASED (KWH)	587,084	946,737	(359,653)
4	TOTAL (2+3)	15,652,584	9,043,137	6,609,447
5	CONSUMPTION IN POWER HOUSE INCLUDING OTHER LOSSES	-	-	-
6	NET UNITS CONSUMED ( 4 - 5 )	15,652,584	9,043,137	6,609,447
7	PERCENTAGE OF CONSUMPTION AND LOSSES TO TOTAL UNIT	100%	100%	-
	UNITS AVAILABLE ( = 5 / 4 * 100 )			
8	PERCENTAGE OF POWER GENERATED TO INSTALLED CAPACITY ( = 2 / 1 * 100 )	63.54%	34.14%	29%

SR.#	PARTICULARS	CURRENT YEAR			PREVIOUS YEAR		
		QUANTITY UNITS	RATE PER M. TON Rs.	AMOUNT Rs.	QUANTITY UNITS	RATE PER M. TON Rs.	AMOUNT Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<b>TOTAL SUGAR PRODUCED (M. TONS)</b>	58,340			43,516		
	<b>COST</b>						
1	STEAM (ANNEXURE 7)	-	-	-	-	-	-
2	CONSUMABLE STORES	58,340	-	-	43,516	4.52	196,714
3	SALARIES & WAGES			-			-
4	ORHER DIRECT EXPENSE			-			-
5	REPAIRS AND MAINTENANCE			-			-
6	DUTY ON ELECTRICITY	58,340	1.47	85,601	43,516	19.84	863,356
7	DEPRECIATION			-			-
	<b>TOTAL:</b>		1.47	85,601		24.36	1,060,070
8	LESS:			-			-
	(a) CREDIT FOR EXHAUST STEAM USED IN PROCESS etc.			-			-
	(b) OTHER CREDITS (if any)			-			-
9	COST OF POWER GENERATED		1.47	85,601		24.36	1,060,070
10	LESS: COST OF POWER SOLD			-			-
11	ADD: COST OF FUEL AND POWER		165.18	9,636,470		214.92	9,352,452
12	NET COST OF POWER CONSUMED		166.65	9,722,071		239.28	10,412,522
13	COST PER UNIT AVERAGE			-			-
	TOTAL AT ITEM 12 ALLOCATED TO:			-			-
	(i) WHITE BAGGED SUGAR		166.65	9,722,071		239.28	10,412,522
	(ii) SELF CONSUMPTION			-			-
	(iii) OTHERS			-			-
	(a) STAFF COLONY			-			-
	(b) OFFICE BUILDING			-			-
	(b) OTHER (SPECIFY)			-			-
	<b>TOTAL:</b>	-	166.65	9,722,071	-	239.28	10,412,522

CHIEF EXECUTIVE

LAHORE: January 28, 2013

CHIEF ACCOUNTANT

**HASEEB WAQAS SUGAR MILLS LIMITED****STATEMENT SHOWING OTHER FACTORY OVERHEADS****FOR THE YEAR ENDED 30-09-2012**

SR.#	PARTICULARS	AMOUNTS IN RUPEES			
		CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT Rs.	COST/TON OF SUGAR	AMOUNT Rs.	COST/TON OF SUGAR
(1)	(2)	(3)	(4)	(5)	(6)
	<b>TOTAL SUGAR PRODUCED (M. TONS)</b>	<b>58,340</b>		43,516	
	<b>COST</b>				
1	RENT, RATES & TAXES	-	-	-	-
2	PRINTING & STATIONERY	-	-	-	-
3	POSTAGE & TELEGRAM	-	-	-	-
4	TELEPHONE, FAX & TELEX	-	-	-	-
5	TRAVELLING AND CONVEYANCE	-	-	-	-
6	FEE, SUBSCRIPTIONS, BOOKS AND PERIODICALS	55,460	0.95	73,975	1.70
7	ENTERTAINMENT	388,826	6.66	285,854	6.57
8	GENERAL CHARGES	806,343	13.82	441,439	10.14
9	FREIGHT AND OCTROI	-	-	-	-
10	FIRE FIGHTING CHARGES	-	-	-	-
11	CASH HANDLING CHARGES	820,182	14.06	61,883	1.42
	<b>OTHER MANUFACTURING EXPENSES</b>	-	-	-	-
	MUD HANDLING	-	-	-	-
	ASH HANDLING	-	-	-	-
	BAGGASSE HANDLING	-	-	-	-
	SUGAR HANDLING EXPENSES	-	-	-	-
	CEREMONIAL EXPENSE	-	-	-	-
	GARDNING EXPENSE	-	-	-	-
	GUEST HOUSE EXPENSE	1,067,699	18.30	894,937	20.57
	VEHICLE REPAIR & MAINTENANCE	-	-	-	-
		-	-	-	-
		-	-	-	-
12	TOTAL	3,138,510	53.80	1,758,088	40.40
	ALLOCATED TO:-----				
	(i) WHITE BAGGED SUGAR	3,138,510	53.80	1,758,088	40.40
	(ii) ELECTRIC POWER HOUSE				
	(iii) STEAM GENERATION				
	(iii) OTHERS				
	(a) STAFF COLONY				
	(b) OFFICE BUILDING etc.				
	<b>TOTAL AS PER ITEM 12 ABOVE</b>	<b>3,138,510</b>	<b>53.80</b>	<b>1,758,088</b>	<b>40.40</b>

**CHIEF EXECUTIVE**

LAHORE: January 28, 2013

**CHIEF ACCOUNTANT**

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**STATEMENT SHOWING ADMINISTRATIVE EXPENSES**  
**FOR THE YEAR ENDED 30-09-2012**

SR.#	PARTICULARS	AMOUNTS IN RUPEES			
		CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT Rs.	COST/TON OF SUGAR	AMOUNT Rs.	COST/TON OF SUGAR
(1)	(2)	(3)	(4)	(5)	(6)
<u>1</u>	TOTAL SUGAR PRODUCED (M. TONS)	58,340		43,516	
<u>2</u>	COST				
	SALARIES & WAGES	8,120,902	139.20	6,917,444	158.97
	DIRECTORS REMUNERATION	2,400,000	41.14	2,400,000	55.15
	RENT, RATES & TAXES	2,400,000	41.14	2,400,000	55.15
	INSURANCE	954,615	16.36	1,105,528	25.41
	WATER, GAS AND ELECTRICITY	5,855,841	100.38	1,518,205	34.89
	PRINTING & STATIONERY	363,799	6.24	292,765	6.73
	POSTAGE & TELEGRAM	182,909	3.14	129,537	2.98
	TELEPHONE, FAX & TELEX	1,499,757	25.71	1,362,909	31.32
	REPAIR AND MAINTENANCE	807,821	13.85	1,679,952	38.61
	TRAVELLING AND CONVEYANCE	1,025,961	17.59	939,226	21.58
	SUBSCRIPTIONS, BOOKS AND PERIODICALS	493,102	8.45	412,495	9.48
	ENTERTAINMENT	343,920	5.90	499,523	11.48
	ADVERTISING	51,740	0.89	130,190	2.99
	LEGAL AND PROFESSIONAL EXPENSES	2,153,042	36.91	2,552,750	58.66
	AUDITOR'S REMUNERATION	625,000	10.71	625,000	14.36
	VEHICLE RUNNING EXPENSES	5,435,791	93.18	3,778,426	86.83
	WPPF FUND		-	1,616,177	37.14
	DEPRICEATION	4,267,771	73.15	4,156,719	95.52
	MISCELLANEOUS	138,136	2.37	149,944	3.45
					-
	<b>TOTAL AS PER ITEM 12 ABOVE</b>	<b>37,120,107</b>	<b>636.28</b>	<b>32,666,790</b>	<b>750.69</b>

CHIEF EXECUTIVE

LAHORE: January 28, 2013

CHIEF ACCOUNTANT

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**STATEMENT SHOWING SELLING EXPENSES**  
**FOR THE YEAR ENDED 30-09-2012**

SR.#	PARTICULARS	AMOUNTS IN RUPEES			
		CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT Rs.	COST/TON OF SUGAR	AMOUNT Rs.	COST/TON OF SUGAR
(1)	(2)	(3)	(4)	(5)	(6)
<b>1</b>	<b>TOTAL SUGAR PRODUCED (M. TONS)</b>	<b>58,340</b>		43,516	
<b>2</b>	<b>COST</b>				
	SALARIES & WAGES	-			
	TRAVELLING AND CONVEYANCE	-			
	COMMISSION	-			
	FREIGHT OUTWARDS	-			
	SUGAR LOADING/UNLOADING EXPENSES	-	-	-	-
	EXPORT EXPENSES	-	-	-	-
	VEHICLE RUNNING EXPENSES	-		-	
	ADVERTISING FOR SALES PROMOTION	-		-	
	SELLING EXPENSE	-		-	
	STORAGE EXPENSES	-	-	-	-
	<b>TOTAL AS PER ITEM 12 ABOVE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CHIEF EXECUTIVE**

LAHORE: January 28, 2013

**CHIEF ACCOUNTANT**

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

We, **M/s SAEED MOHY-UD-DIN AND CO., CHARTERED ACCOUNTANTS**, having been appointed to conduct an Audit of the Cost Accounts of **M/s HASEEB WAQAS 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 other relevant record for the year ended on September 30, 2012 and report that:

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of this audit.

a) In our opinion:

i)

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;

ii) The said books and records give the information, as required by the rules, in the manner so required.

b) In our opinion and subject to the best of our information:

i) The Annexed Statement of Capacity Utilization and Stock in Trade are in agreement with the books of account of the Company and exhibit a true and fair view of the Company's affairs; and

ii) The 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 Sugar and its by-products, namely Molasses and Bagasse.

The matter contained in the ANNEXURES forms an integral part of this report.

LAHORE: January 28, 2013

**SAEED MOHY-UD-DIN AND CO.  
CHARTERED ACCOUNTANTS**

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**APPENDIX III [see Rule 4(3)]**  
**OF THE COMPANIES (AUDIT OF COST ACCOUNTS) RULES, 1998**  
**OF THE COST AUDITOR'S REPORT TO THE BOARD OF DIRECTORS**

This is with reference to our appointment as Cost Auditors for the year ended September 30, 2012 vide application made, on the form as set out in Appendix I [see Rule 3(3)] of the Companies (Audit of Cost Accounts) Rules, 1998, to the Securities and Exchange Commission of Pakistan (SECP) (the "Commission") dated October 30, 2008 and subsequent approval by the same authority, as conveyed vide Letter No. EMD/C.O.258/85/2002-1385 dated November 01, 2012. In this regard, we take pleasure in reporting hereunder on the following matters:

**1 CAPACITY**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>1.1</b> Licensed/Installed Capacity of the Mill (M. Tons. Per Day)	8,000	8,000	8,000
Capacity Utilized by the Mill (M. Tons. Per Day)	5,547	4,713	3,625
No. of days worked (Days)	117	109	91
Total capacity based on the No. of Days Worked (M. Tons)	936,000	872,000	730,960
Cane crushed (M.Tons)	648,976	513,707	329,879

**1.2** The company is not engaged in any other activity.

**2 COST ACCOUNTING SYSTEM**

**2.1** The company is engaged in the production of White Sugar using a Continuous Process. The Company uses a tailor-made Accounting Software for Sugar Industry, whereby the Cost Accounting Records are integrated with the Financial Accounting Records allowing all the accounting entries for the Cost of Production, at various levels, to be incorporated in the financial books of accounts. The Company's weighment bridge is fully computerized that facilitates the incorporation of Cane purchased in the books of account at the time of weighment. The said Software was assessed as adequate to determine correctly the Company's Cost of Production.

**2.2** The Actual Cost incurred during the period are allocated to the respective Cost Centres, as under:

**2.2.1 Production Department:**

- White Sugar

**2.2.2 Service Department:**

- Steam Generation

- Electricity Generation

**3 PRODUCTION**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>3.1</b> Sugar produced from sugar cane (M. Tons)	58,340	43,516	27,590
Sugar produced from sugar cane (No. of 50 kg. bags of sugar)	1,166,791	870,310	551,800

**3.2 Percentage of Production in relation to Available/Installed Capacity:**

	2012	2011	2010
Available/Installed Capacity (M. Tons.)	936,000	872,000	730,960
Capacity utilized (M. Tons.)	648,976	513,707	829,979
Percentage of production in relation to installed capacity.	69.34%	58.91%	45.13%

**3.2.1 Percentage of Production in relation to Available/Installed Capacity (in terms of Recovery Percentage):**

	2012		
	Sugar Cane (M. Tons)	Recovery %	White Sugar (M. Tons)
Installed crushing capacity (at 117 days)	936,000	9.00%	84,240
Attained crushing capacity	648,976	9.00%	58,408
Variance	287,024	-	25,832
	2011		
	Sugar Cane (M. Tons)	Recovery %	White Sugar (M. Tons)
Installed crushing capacity (at 109 days)	872,000	8.47%	73,858
Attained crushing capacity	513,707	8.47%	43,516
Variance	358,293	-	30,342
	2010		
	Sugar Cane (M. Tons)	Recovery %	White Sugar (M. Tons)
Installed crushing capacity (at 91 days)	730,960	8.39%	61,306
Attained crushing capacity	329,879	8.39%	27,667
Variance	401,081	-	33,639

**3.2.2 Reason for variance in available/installed capacity:**

	2012	2011	2010
Available capacity depends upon the length of crushing season which was (in days)	117	109	91

**3.2.3 Reason for variance in capacity utilized:**

During the season, we had faced severe shortage of sugarcane due to its less cultivation in our mills area. Moreover, some technical problems arose during the season. The plant, therefore, faced various shut down due to low cane and technical problems.

**3.2.4 Percentage of hours crushed in relation to crushing hours available:**

	2012	2011	2010
Crushing hours available (Hours)	2,808	2,612	2,193
Hours actually crushed (Hours)	2,392	2,113	1,342
Percentage of hours crushed in relation to crushing hours available	85.17%	80.90%	61.18%

**3.3 Addition to the production capacity during the year or in immediate preceding two years.**

There were no additions to the production capacity during the year or in immediate preceding two years.

**4 RAW MATERIAL**

4.1 Please refer to the 'Statement showing the cost of sugar cane crushed, i.e Annexure III'.

**4.2 The Cost of Raw Material (per bag of production)**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Raw material cost (Rupees)	2,537,000,752	2,719,776,559	1,753,015,206
No. of 50 kg bags of sugar (Bags)	1,166,791	870,310	551,800
Cost of raw material (per bag of production) (Rupees)	2,174.34	3,125.07	3,176.90

4.3 The production of sugar (per M. Tons. of sugar cane) depends upon the quality of sugar cane and the months during which the sugar cane has been crushed.

The raw material cost (per bag of production) has increased mainly due to the increase in the price of sugar cane.

**4.4 No. of Bags of Sugar produced per M. Tons of Sugar Cane Crushed:**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
No. of 50 kg. bags of sugar (Bags)	1,166,791	870,310	551,800
Total sugar cane crushed (M. Tons)	648,976	513,707	329,879
No. of bags of sugar produced per M.Tons of Sugar Cane Crushed bags)	1.80	1.69	1.67

**4.5 Recovery Percentage of Sugar (in percentage)**

<b>2012</b>	<b>2011</b>	<b>2010</b>
9.00%	8.47%	8.39%

4.6 The sugar cane, being received from farmers at the Factory Gate and Purchase Centres (Depots), is directly transferred to production. It was also reviewed and observed that proper computerized and manual records, regarding the receipt and purchase of Sugar Cane (both in Quantity and Value), were determined.

**5 WAGES AND SALARIES**

5.1 Please refer to the 'Statement showing the Cost of Salaries, Wages and Benefits, i.e. Annexure VI'.

The Administrative Salaries include the Remuneration of the Chief Executive, Directors and Executives which amount to Rs. 2.4 Million (2011: Rs. 2.4 Million), Rs. Nil (2011: Rs. Nil Million) and Rs. 4.446 Million (2011: Rs. 3.397 Million) respectively. The said are also entitled to the free use of Company Cars.

**5.2 Total Man-Days of Direct Labour Available and Actually Worked for the year:**

	2012	2011	2010
Total man-days of direct labour available (Days)	137,007	127,094	87,715
Total man-days of direct labour actually worked (Days)	116,690	102,657	53,670

**5.3 Average No. of Workers Employed for the year:**

	2012	2011	2010
Direct and indirect labour, including contract staff (No. of Workers)	1,171	1166	960

**5.4 Direct Labour Cost (per Bag of Output) (Rupees)**

	2012	2011	2010
Direct Labour Cost (Rupees)	72,741,542	60,314,507	51,070,451
No. of Bags of Sugar (Bags)	1,166,791	870,310	551,800
Direct Labour Cost (per bag of output) (Rupees)	62.34	69.30	92.55

5.5 The variation in direct labour cost (per bag of output) is mainly due to the increase in the number of employees and production.

5.6 There were various Incentive Schemes for direct/indirect labour, i.e EOBI, ESSI, Gratuity, Group Insurance etc. No change was observed in these Incentive Schemes during the year.

**6 STORES AND SPARES PARTS****6.1 Stores and Spare parts - Expenditure per bag of output:**

	2012	2011	2010
Expenditure on stores and spares parts (Rupees)	62,379,147	44,409,663	56,160,559
No. of bags of sugar cane (Bags)	1,166,791	870,310	551,800
Stores and spare parts - expenditure per bag of output (Rupees)	53.46	51.03	101.78

6.2 The stores and spare parts cost per unit of output has fallen due to the increase in the production of sugar bags.

**6.3 Comments on the System of Stores accounting for recording Receipts, Issue and Balance, (both in Quantities and Values):****a) Recording of Receipts:**

The Company follows the Perpetual Method of Accounting for stores and spare parts. The receipts are recorded on the basis of Actual Prices and Actual Quantities received.

**b) Recording of Consumption:**

The stores and spare parts consumed are recorded on the basis of Stores Requisition Slips and are valued at an Average Rate. The Provision for Obsolescence, if any, of the Stores and Spare Parts and any reversal thereof are included in the normal consumption.

**6.4 The Proportion of Closing Inventory of the Stores, representing items that have not been moved for over Twenty Four (24) months:**

\_\_\_\_\_ (2011: 4.7) percent of the Inventory items, in terms of value, have not been moved for over Twenty Four (24) months from the end of the reporting period.

**7 DEPRECIATION**

7.1 The Company uses the Reducing Balance Method for the purpose of determining the depreciation charge for the year, at the rates ranging between 5% - 20%.

7.2 Depreciation on additions is charged from the month in which the asset is put to use. Depreciation on disposals of assets is charged up to the month the assets is in use.

7.3 The depreciation charged is allocated between the Cost of Sales and Administrative expenses at the rate of 92% and 8% (approximately) respectively.

**8 OVERHEADS**

**8.1 The total amount of overheads is as under:**

	2012	2011	2010
i) Factory overheads	3,138,510	1,758,088	2,748,138
ii) Administrative	37,120,107	32,666,790	32,152,943
iii) Selling and distribution	-	-	-
iv) Financial charges	254,565,826	167,931,206	125,788,403
	<u>294,824,443</u>	<u>202,356,084</u>	<u>160,689,484</u>

8.2 For break-up of the items (i), (ii) and (iii), please refer to the 'Statement showing other factory overheads, administrative expenses, i.e. Annexure X' and the 'Statement showing selling expenses, i.e. Annexure XI' respectively.

**8.3 The variance in the above overhead, in comparison with the preceding two years, are as under:**

	2012	2011	Increase/ (Decrease)
i) Factory overheads	3,138,510	1,758,088	1,380,422
ii) Administrative	37,120,107	32,666,790	4,453,317
iii) Selling and distribution	-	-	-
iv) Financial charges	254,565,826	167,931,206	86,634,620

  

	2011	2010	Increase/ (Decrease)
i) Factory overheads	1,758,088	2,748,138	(990,050)
ii) Administrative	32,666,790	32,152,943	513,847
iii) Selling and distribution	-	-	-
iv) Financial charges	167,931,206	125,788,403	42,142,803

8.4 The variance in the Administrative Expenses is mainly due to normal recruitment in staff during the current fiscal year. The depreciation has decreased, in comparison with the prior year as a consequence of disposal of plant and machinery during the year. Increase in the financial charges is due to multifold reasons, but mainly due to increase in long term financing in the year.

8.5

All factory overheads have been charged directly to the White Sugar Produced and Work in Progress. The method of charging the said overheads to productions is based on the Absorption Costing Methods.

8.6 **The Cost of Packing Material**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Polypropylene bags	23,429,995	15,971,749	6,810,827

9 **ROYALTY / TECHNICAL AID PAYMENTS**

The Company has not paid any Royalty or Technical Aid Payment during the year under report.

10 **ABNORMAL NON RECURRING FEATURES**

10.1 The company has faced various abnormal features that have been affected the production during the year, viz: Low Cane Recovery, Less attainment of crushing capacity, High Cane Cost etc. The driving forces behind these abnormalities were: the increase in competition with surrounding Sugar Mills in respect of sugar cane purchase, multiple shut downs, less rains and the abundance of unapproved, poor quality Sugar Cane varieties.

10.2 There were no special expense incurred during the year that have been charged to White Sugar.

11 **COST OF PRODUCTION**

11.1 Please refer to the 'Statement showing the Cost of Production and Sale of White Bagged Sugar i.e Annexure I'.

11.2 **The Cost of Production per M. Tons of White Sugar:**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Cost of goods manufactured (Rupees)	2,907,161,309	2,830,584,751	1,896,925,841
Sugar produced from sugar cane (M. Tons)	58,340	43,516	27,590
Cost of production per M.Tons of White Sugar (Rupees)	49,831.74	65,047.74	68,754.11

11.3 The cost of production per M. Tons of white sugar has decreased by Rs. 49831.74. This decrease has resulted due to substantial decrease in sugar cane / raw material cost and subsidy to growers / quality premium.

## 12 SALES

### 12.1 Local - White Sugar

	2012	2011	2010
Total sales of sugar	1,951,211,552	2,994,432,788	1,825,327,115
No. of 50 kg bags sold to white sugar (Bags)	824,337	866,926	515,887
Average selling price per 50 kg bag of white sugar	2,367.01	3,454.08	3,538.23
Average selling price per M. Tons of white sugar	47,340.14	69,081.62	70,764.61

12.2 There were no exports of white sugar during the year under report.

## 13 PROFITABILITY

### 13.1 Profit/(Loss) per M. Tons of White Sugar

	2012	2011	2010
Total cost to make and sell white sugar	2,351,188,425	3,017,658,747	1,866,000,875
Quantity of white sugar sold (M.Tons)	41,217	43,346	25,794
Cost of white sugar sold per M. Tons	57,044.35	69,617.45	72,341.46
Sale price per M. Tons of white sugar (from 12.1 above)	47,340.14	69,081.62	70,764.61
Profit/(loss) per M. Tons	(9,704.21)	(535.82)	(1,576.85)

### 13.2 Profit/(Loss) per Machine Hour:

	2012	2011	2010
Total profit/(loss) on sale of white sugar	(399,976,873)	(23,225,959)	(40,673,760)
Total machine hours available	2,808	2,612	2,193
Total machine hours lost	416	499	851
Total machine hours actually crushed (Hours)	2,392	2,113	1,342
Profit/(loss) per machine hours	(167,242)	(10,992)	(30,311)

13.3 The profitability of the company depends upon the support prices of sugar cane as fixed by the Government and the recovery percentage of sugar from the sugar cane.

## 14 COST AUDITORS' OBSERVATION AND CONCLUSIONS

To the best of our knowledge and belief, there are no:

- matters, which appear to be clearly wrong in principle or apparently unjustifiable;
- cases, where the company's funds have been used in a negligent or inefficient manner;
- factor that could have been controlled, but have not been done resulting in the increase in cost of production;

- i) we state that the company has maintained a good budgetary control system; and
- ii) we also state that the company has setup an effective Internal Audit Function, which is operated through the Head Office, manned by suitably qualified and experienced personnel, who are conversant with the policies and procedures of the company.

**d) Suggestions for Improvements in Performance**

- i) **Rectification of General Imbalance in Production Facilities**  
Our procedures did not reveal any general imbalance in production facilities.
- ii) **Fuller Utilization of Installed Capacity**  
Though the company has significantly improved its crushing per day yet there is space to reduce the gap between installed cane crushing capacity and the capacity achieved.
- iii) **Comments on areas offering scope for Cost Reduction, Productivity, Key Limiting Factor, Improved Inventory Policies, Energy Conservancy, State of Technology, whether modern or obsolete; and Plant, whether new or second-hand when installed:**

The major component of the cost is sugar cane, which should be controlled by having efficient field staff for procurement. Further scientific means should be adopted to determine the Quality of Cane, so as to avoid purchase of Low Quality Cane, which will ultimately enhance the recovery rate and overall profitability. Besides the cost reduction in purchase of raw material, saving in other manufacturing expenses should be tried. Apart from the non-availability of sugar cane, there are no bottlenecks that limit production. Further that the Inventory System is adequate, the utilization of energy is efficient (being utilized at the maximum level) and the plant was new when installed.

**15 RECONCILIATION WITH FINANCIAL ACCOUNTS**

The figure shown in this report are subject to reconciliation with the Annual Accounts duly audited, as required under Rule 15 of the Companies (Audit of Cost Accounts) Rules, 1998.

**16 COST STATEMENT**

Cost statement on the formats prescribed by the Securities and Exchange Commission of Pakistan (SECP) (the "Commission") under Clause (e) of Sub-Section (1) of Section 230 of the Companies Ordinance, 1984, duly authenticated by the Chief Executive and Chief Accountant, are enclosed with this report.

**17 MISCELLANEOUS**

Corresponding figures have been re-stated and, wherever necessary, re-grouped to facilitate comparison.

LAHORE: January 28, 2013

**SAEED MOHY-UD-DIN AND CO.  
CHARTERED ACCOUNTANTS.**

**HASEEB WAQAS SUGAR MILLS LIMITED**  
**COST AUDIT REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**RECONCILIATION OF COST ACCOUNTS WITH FINANCIAL ACCOUNTS**

	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>Total Cost to Make and Sell (As Per Annexure I)</b>	<b>2,351,188,425</b>	<b>3,017,658,747</b>
<b>Less:</b>		
Administrative Expenses	37,120,107	32,666,790
Selling and Distribution Expenses	-	-
Finance Cost	254,565,826	167,931,206
Sales Tax / Excise Duty	162,230,123	184,979,225
Closing Stock (Molasses)	195,581,144	20,586,700
	<b>649,497,200</b>	<b>406,163,921</b>
<b>Add:</b>		
Realisable Value of By-Products	126,150,000	276,318,081
Opening Stock (Molasses)	20,586,700	12,586,121
	<b>146,736,700</b>	<b>288,904,202</b>
<b>Total Cost of Sales (As Per Financial Statements)</b>	<b>1,848,427,925</b>	<b>2,900,399,028</b>