

Mirza Sugar Mills Ltd.

Cost Auditors' Report

For the year ended September 30, 2010

SIDDIQI & COMPANY *Cost & Management Accountants*

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COST AUDITORS' REPORT, 2009-2010 MIRZA SUGAR MILLS LIMITED

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Section - 1

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01. CORPORATE INFORMATION

Board of Directors

Chairperson & Chief Executive

Dr. (Mrs.) Fehmida Mirza

Directors

Dr. Zulfiqar Ali Mirza

Ms. Farida Abbasi

Mr. Arshad Abid Abbasi

Ms. Fareha Abid Kazi

Mirza Saulat Raza

Mr. Irshad Hussain Mirza

Audit Committee

Mirza Saulat Raza, Chairman

Ms. Farida Abbasi, Member

Mr. Irshad Hussain Mirza, Member

Chief Financial Officer & Company Secretary

Mr. Tariq Mahmood

Coordinator

Mr. Rizwan Ahmed

Statutory Auditors

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

Cost Auditors

M/s. SIDDIQI & COMPANY

Cost & Management Accountants

Legal Advisor

Mr. Ghulam Qadir Zargar

Registered Office

10th Floor, Portion `B`, Lakson Square, Building No. 1,

Sarwar Shaheed Road, Karachi.

Factory

Deh Chharo Tappo, Lowari shariff, District Badin, Sindh.

The Company & Manufacturing Process

1) The Company:

The company was incorporated as Public Limited Company in Pakistan on January 16, 1990. The company is listed on Karachi and Lahore Stock Exchanges.

2) Capacity:

Installed cane crushing capacity is 3,500 MTD.

3) Operations:

Basically the main objective of the company is to manufacture and sell White Sugar and its By-products.

4) Manufacturing Process:

The process consists of the following departments:-

- i) Sugar Cane Procurement
- ii) Cane Cutting and Shredding
- iii) Milling (Juice Extraction)
- iv) Purification (Addition of Lime, Bleaching Powder, Phosperic Acid)
- v) Clarification
- vi) Multiple Effect Evaporation
- vii) Crystallization
- viii) Centrifuge
- ix) Drying on Hoppers
- x) Packing (Polypropylene bags of 50 Kg each are used in packing)

5) Clarification Process:

Defication, Re-Melt and Phosphitation.

6) Registered Office:

10th Floor, Portion `B', Lakson Square, Building No. 1, Sarwar Shaheed Road, Karachi.

7) Factory Location:

The company's sugar manufacturing plant is located at Deh Chharo (Lowari Sharif), District Badin, Sindh.

Cost Auditors' Report

Section - 2

| | |
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Statement of Capacity Utilization

Statement of Stock in Trade

SIDDIQI & COMPANY

Cost & Management Accountants

COST AUDITORS' REPORT

We, **SIDDIQI & COMPANY, Cost & Management Accountants** having been appointed to conduct an audit of cost accounts of **MIRZA 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 September 30, 2010, 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 relating to branches were not required as the Company has no branches in or outside Pakistan;
 - (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 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 products of the company, namely,
 - (i) Main Product
 - White Sugar
 - (ii) By Products
 - Molasses
 - Baggasse

The matters contained in the ANNEXED Forms are part of this report.

SIDDIQI & COMPANY
Cost & Management Accountants

Karachi: 25 JAN 2011

1. CAPACITY (Tonne)

Qty. in Tonne

| | Licensed / Installed Capacity | Utilised Capacity | % of Installed Capacity |
|-------------------|-------------------------------|-------------------|-------------------------|
| (a) Cane crushing | 626,400 | 208,921 | 33% |

(b) The company is not engaged in any other activity except manufacturing of white sugar and its by products.

2. COST ACCOUNTING SYSTEM

- Manufacturing of sugar is a continuous process. The company, however, uses financial and cost integrated accounting system which shows overall cost of production. There is however the need to develop process cost accounting system so as to be able to develop cost data at each stage of production process.
- The company is operating a computer based inhouse software, which generates cost statements relating to manufacturing of sugar.

3. PRODUCTION

Qty. in Tonne

| (a) | Installed Capacity | | Production | | % of Installed | |
|----------------------|--------------------|--------|------------|--------|----------------|------|
| | YEARS | | | | | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| - Main Product: | | | | | | |
| - White Sugar Bagged | 62,640 | 62,640 | 21,055 | 18,000 | 34 | 29 |

- By Product:

Qty. in Tonne

| | | | | | | |
|------------------|---------|---------|--------|--------|----|----|
| - Molasses | 31,320 | 31,320 | 9,861 | 8,198 | 31 | 26 |
| - Baggasse | 219,240 | 219,240 | 65,637 | 56,659 | 30 | 26 |
| - V. Filter Cake | 18,792 | 18,792 | 6,268 | 5,302 | 33 | 28 |

Standard Recovery:

- Molasses 5%
- Baggasse 35%
- V. Filter Cake 3%

(b) Non-availability of sugar cane in sufficient quantity was the limiting factor due to which year ended with low production.

(c) There was no addition to the production capacity during the year under review or in the last two years.

4. RAW MATERIAL

(a) Major Raw Materials Consumed

| | 2010 | | | 2009 | | |
|--|------------------|----------------|--------------|------------------|----------------|--------------|
| | Quantity (Tonne) | Rupees in '000 | Rate per Ton | Quantity (Tonne) | Rupees in '000 | Rate per Ton |
| Sugar Cane (See Annexure - III) | 208,921 | 1,013,396 | 4,851 | 176,738 | 478,457 | 2,707 |
| Process Material (See Annexure - V) | - | 5,567 | - | - | 5,286 | - |

(b) Major Raw Materials consumption per unit of production compared with standard requirements.

| | *Standard Tonne | ACTUAL | | |
|------------|-----------------|------------|------------|------------|
| | | 2010 Tonne | 2009 Tonne | 2008 Tonne |
| Sugar Cane | 10.00 | 9.92 | 9.82 | 10.77 |

* Standard: 10.00 tonne sugar cane = 1 tonne sugar

(c) Explanation of Variances

- Sugar cane yield depends upon the quality of sugar cane; and the quality varies with the periods / days of maturity of the crop. Higher maturity of crop means higher quality and higher yield.

(d) Method of Accounting

- Sugar cane is purchased from local growers on the basic price fixed by Government / negotiated price and it is crushed immediately to extract the juice by processing. Other chemicals are purchased from the market after due approval of competent authority.
- The company is maintaining raw material perpetual inventory records.

5. SALARIES, WAGES & BENEFITS

(a) Total salaries, wages and benefits paid for all categories of employees

| | 2010 Rs. in 000 | 2009 Rs. in 000 | 2008 Rs. in 000 | Increase / Decrease | | | |
|--|--------------------|--------------------|--------------------|---------------------|----|---------------------|------|
| | | | | As compared to 2009 | | As compared to 2008 | |
| | | | | Rs. in 000 | % | Rs. in 000 | % |
| i) Direct labour cost on production | 33,280 | 26,409 | 26,344 | 6,871 | 26 | 6,936 | 26 |
| ii) Indirect employees cost on production | 2,318 | 2,186 | 2,087 | 132 | 6 | 231 | 11 |
| iii) Employees cost on administration | 25,688 | 24,067 | 21,863 | 1,621 | 7 | 3,825 | 17 |
| iv) Employees cost on selling & distribution | - | - | - | - | - | - | - |
| v) Total Employees cost (i to iv) | 61,286 | 52,662 | 50,294 | 8,624 | 16 | 10,992 | 22 |
| vi) Bonus to workers already included above | 4,531 | 2,840 | 5,166 | 1,691 | 60 | (635) | (12) |
| vii) Other employees cost | - | - | - | - | - | - | - |

- Salaries and wages increased mainly due to annual increments.

(b) Salaries and perquisites of chief executive and directors

| | No. of Persons | 2010 Rs. in 000 | 2009 Rs. in 000 | 2008 Rs. in 000 | Increase / Decrease | | | |
|-------------------|-------------------|--------------------|--------------------|--------------------|---------------------|----|---------------------|-----|
| | | | | | As compared to 2009 | | As compared to 2008 | |
| | | | | | Rs. in 000 | % | Rs. in 000 | % |
| - Chief Executive | 1 | 3,980 | 3,217 | 2,673 | 763 | 24 | 1,307 | 100 |
| - Directors | 1 | 360 | 238 | 243 | 122 | 51 | 117 | 48 |
| | | 4,340 | 3,455 | 2,916 | 885 | 26 | 1,424 | 49 |

- The chief executive and directors are entitled to free use of company maintained cars. Chief executive is also provided telephone and utility facilities.

(c) Total men-days of direct labour

211 men x 66 = 13,926 (worked)

211 men x 111 = 23,421 (available)

| Worked | Available | %Worked |
|--------|-----------|---------|
| 13,926 | 23,421 | 59 |

(d) Average number of production workers employed

| 2010 | 2009 | Increase/(Decrease) % |
|------|------|--------------------------|
| 211 | 209 | 0.96 |

(e) Direct labour cost per ton

| | 2010 | 2009 | 2008 | Increase / Decrease | | | |
|------------------------------------|--------|--------|--------|---------------------|----|---------------------|------|
| | | | | As compared to 2009 | | As compared to 2008 | |
| | | | | | % | | % |
| Production of white sugar (Tonne) | 21,055 | 18,000 | 31,090 | 3,055 | 17 | (10,035) | (32) |
| Direct Labour (Rs. in '000) | 33,280 | 26,409 | 26,344 | 6,871 | 26 | 6,936 | 26 |
| Direct Labour Cost (Rs. per Tonne) | 1,581 | 1,467 | 847 | 114 | 8 | 734 | 87 |

(f) Brief explanations for variances

- Same explanation at item 5(a) above.

(g) Comments on Incentives Scheme (Staff retirement benefits)

- The company contributes to an approved provident fund scheme.

6. STORES AND SPARE PARTS

(a) The expenditure per unit of output on stores, etc.

- (i) Total amount of expenditure (Rs. in '000)
- (ii) Production of white sugar (Tonne)
- (iii) Amount per tonne of white sugar produced (Rs. per Tonne)

| 2010 | 2009 | 2008 |
|--------|--------|--------|
| 5,567 | 5,286 | 9,001 |
| 21,055 | 18,000 | 31,090 |
| 264 | 294 | 290 |

- There is no significant variance in per tone stores & spares as compared to last year.

(b) System of stores

- The cost is determined on moving average basis having bin cards for each type of material in stores.

(c) Proportion of closing inventory of stores representing items which have not moved for over twenty four months.

- Slow moving items are stated to value Rs. 2.460 million which represents 10.42% of total stores inventory (Year 2009: Rs. 2.460 million or 17.58% of total stores inventory) as per financial accounts.

7. DEPRECIATION

(a) Method of depreciation

- Depreciation is charged to income applying the reducing balance method.

Depreciation on additions of fixed assets is charged from the quarter in which the assets are put to use while no depreciation is charged in the quarter in which the assets are disposed off.

Gains or losses on disposal of assets, if any, are recognized as and when incurred.

(b) Basis of allocation of depreciation on common assets to the different departments.

- Depreciation on common assets is allocated as under:

- (i) Cost of Sales
- (ii) Admin. Expenses

| 2009-2010 | | 2008-2009 | |
|-----------|-----|-----------|-----|
| Rs.in'000 | % | Rs.in'000 | % |
| 19,070 | 94 | 20,558 | 95 |
| 1,208 | 6 | 996 | 5 |
| 20,278 | 100 | 21,554 | 100 |

(c) Basis of charging depreciation to cost of products

- The depreciation is allocated to cost of production on the value of assets employed.

8. OVERHEADS

(a) Total amounts of the overheads

- (i) Factory
- (ii) Administration
- (iii) Selling & distribution
- (iv) Financial

| 2010 | 2009 | 2008 |
|------------|------------|------------|
| Rs.in '000 | Rs.in '000 | Rs.in '000 |
| 5,803 | 5,523 | 5,931 |
| 41,622 | 35,374 | 32,757 |
| 1,009 | 835 | 2,360 |
| 12,826 | 6,822 | 17,451 |
| 61,260 | 48,554 | 58,499 |

| (i) Factory Overheads | | | | Increase / Decrease | | | |
|--------------------------------------|------------|-------------|-------------|---------------------|-------|---------------------|-------|
| | 2010 | 2009 | 2008 | As compared to 2009 | | As compared to 2008 | |
| | Rs.in '000 | Rs. in '000 | Rs. in '000 | Rs. in 000 | % | Rs. in 000 | % |
| Rent, rate & taxes | - | 19 | 14 | (19) | (100) | (14) | (100) |
| Printing & stationery | 248 | 215 | 218 | 33 | 15 | 30 | 14 |
| Postage & telegram | 14 | 12 | 15 | 2 | 17 | (1) | (7) |
| Telephone, fax & telex | 469 | 252 | 365 | 217 | 86 | 104 | 28 |
| Travelling & conveyance | 353 | 259 | 235 | 94 | 36 | 118 | 50 |
| Fees & subscription etc. | 707 | 200 | 120 | 507 | 254 | 587 | 489 |
| Entertainment | 4 | 82 | 75 | (78) | (95) | (71) | (95) |
| Vehicle running expenses | 535 | 1,290 | 1,516 | (755) | (59) | (981) | (65) |
| Insurance | 65 | 60 | 5 | 5 | 8 | 60 | 1,200 |
| Freight & handling charges | 1,515 | 1,311 | 1,109 | 204 | 16 | 406 | 37 |
| Removal of baggase, mud & boilder as | 1,893 | 1,796 | 2,224 | 97 | 5 | (331) | (15) |
| Other expenses | - | 27 | 35 | (27) | (100) | (35) | (100) |
| | 5,803 | 5,523 | 5,931 | 280 | 5 | (128) | (2) |

- There was no significant variance in factory overheads as compared to last two years.

| (ii) Administration Overheads | | | | Increase / Decrease | | | |
|------------------------------------|------------|-------------|-------------|---------------------|-------|---------------------|-------|
| | 2010 | 2009 | 2008 | As compared to 2009 | | As compared to 2008 | |
| | Rs.in '000 | Rs. in '000 | Rs. in '000 | Rs. in 000 | % | Rs. in 000 | % |
| Salaries, wages & benefits | 25,688 | 24,067 | 21,863 | 1,621 | 7 | 3,825 | 17 |
| Rent, rate & taxes | 122 | 150 | 140 | (28) | (19) | (18) | (13) |
| Insurance | 228 | 225 | 107 | 3 | 1 | 121 | 113 |
| Gas & electricity | 1,661 | 61 | 40 | 1,600 | 2,623 | 1,621 | 4,053 |
| Printing & stationery | 320 | 324 | 339 | (4) | (1) | (19) | (6) |
| Postage & telegram | 21 | 20 | 25 | 1 | 5 | (4) | (16) |
| Telephone, fax & telex | 556 | 466 | 566 | 90 | 19 | (10) | (2) |
| Repair & maintenance | 2,377 | 2,128 | 1,414 | 249 | 12 | 963 | 68 |
| Travelling & conveyance | 642 | 520 | 563 | 122 | 23 | 79 | 14 |
| Subscriptions, books & periodicals | 555 | 670 | 567 | (115) | (17) | (12) | (2) |
| Entertainment | 165 | 160 | 134 | 5 | 3 | 31 | 23 |
| Legal & professional expenses | 631 | 570 | 1,052 | 61 | 11 | (421) | (40) |
| Auditors remuneration | 714 | 546 | 413 | 168 | 31 | 301 | 73 |
| Vehicle running expenses | 4,775 | 2,623 | 2,275 | 2,152 | 82 | 2,500 | 110 |
| Charity & donation | 15 | 39 | 29 | (24) | (62) | (14) | (48) |
| Depreciation | 1,208 | 996 | 1,059 | 212 | 21 | 149 | 14 |
| Others | 1,772 | 1,077 | 1,605 | 695 | 65 | 167 | 10 |
| Electricity for staff colony | 172 | 732 | 566 | (560) | (76) | (394) | (70) |
| | 41,622 | 35,374 | 32,757 | 6,248 | 18 | 8,865 | 27 |

- There was increase in admin overheads mainly on account of gas & electricity and vehicle running expenses and others as compared to last year.

| | | | | Increase / Decrease | | | |
|--------------------------------|-------------|-------------|-------------|---------------------|-----|---------------------|------|
| | 2010 | 2009 | 2008 | As compared to 2009 | | As compared to 2008 | |
| | Rs. in '000 | Rs. in '000 | Rs. in '000 | Rs. in 000 | % | Rs. in 000 | % |
| (iii) Selling Overheads | | | | | | | |
| Freight outwards | 22 | 17 | 1,607 | 5 | 29 | (1,585) | (99) |
| Staking / restaking | 278 | 270 | 146 | 8 | 3 | 132 | 90 |
| Loading / unloading | 651 | 487 | 572 | 164 | 34 | 79 | 14 |
| Advertisements | 58 | 61 | 35 | (3) | (5) | 23 | 66 |
| | 1,009 | 835 | 2,360 | 174 | 21 | (1,351) | (57) |

– There was increase in selling overheads mainly on account of loading & unloading expenses as compared to last two years.

| | | | | Increase / Decrease | | | |
|---------------------------------|-------------|-------------|-------------|---------------------|-----|---------------------|------|
| | 2010 | 2009 | 2008 | As compared to 2009 | | As compared to 2008 | |
| | Rs. in '000 | Rs. in '000 | Rs. in '000 | Rs. in 000 | % | Rs. in 000 | % |
| (iv) Financial Expenses | | | | | | | |
| Interest on long term financing | 10,342 | 5,371 | 16,197 | 4,971 | 93 | (5,855) | (36) |
| interest on WPPF | 554 | 234 | - | 320 | 137 | 554 | 100 |
| Bank & other charges | 1,930 | 1,217 | 1,254 | 713 | 59 | 676 | 54 |
| | 12,826 | 6,822 | 17,451 | 6,004 | 88 | (4,625) | (27) |

– There was increase in financial cost due to increase in interest on long term financing and bank charges as compared to last year.

(b) Brief explanations for variance

– Comments on variances have already been given under the respective heads of accounts as shown above.

(c) Basis of allocation of overheads

– The allocation was made on activity based on %age basis.

(d) Cost of Packing

| | | | | Increase / Decrease | | | |
|--|------------|-------------|-------------|---------------------|----|---------------------|------|
| | 2010 | 2009 | 2008 | As compared to 2009 | | As compared to 2008 | |
| | Rs. in'000 | Rs. in '000 | Rs. in '000 | Rs. in 000 | % | Rs. in 000 | % |
| Packing Material (empty polypropylene bags) | 6,668 | 4,539 | 8,475 | 2,129 | 47 | (1,807) | (21) |

– There was increase in packing material cost due to increase in volume of production and price inflation.

9. ROYALTY / TECHNICAL AID PAYMENTS

= NOT APPLICABLE =

10. ABNORMAL NON-RECURRING FEATURES

(a) Features affecting production

= NONE =

(b) Special expenses

= NONE =

11. COST OF PRODUCTION

White Sugar

Production (Tonne)

| 2010 | 2009 |
|--------|--------|
| 21,055 | 18,000 |

Cost of Production

(See Annexure - I)

| 2010 | | 2009 | | Increase / (Decrease) | |
|------------|-----------|-------------|-----------|-----------------------|----|
| Rs.in '000 | Rs.PerTon | Rs. in '000 | Rs.PerTon | Rs.PerTon | % |
| 1,030,060 | 48,922 | 523,642 | 29,091 | 19,831 | 68 |

– Per tonne cost of production increased mainly due to increase in sugar cane prices, cane & transport subsidy

12. SALES

(a) Net Sales Realization - White Sugar

Sales (Tonne)

| 2010 | 2009 |
|--------|--------|
| 21,650 | 18,108 |

Gross sales - White Sugar

Less:

Sales tax & excise duty

Brokerage & commission

Net Sales

| 2010 | | 2009 | | Increase / (Decrease) | |
|------------|-----------|-------------|-----------|-----------------------|------|
| Rs.in '000 | Rs.PerTon | Rs. in '000 | Rs.PerTon | Rs.PerTon | % |
| 1,294,755 | 59,804 | 680,240 | 37,566 | 22,238 | 59 |
| (56,276) | (2,599) | (85,832) | (4,740) | 2,141 | (45) |
| (622) | (29) | (558) | (31) | 2 | (7) |
| (56,898) | (2,628) | (86,390) | (4,771) | 2,143 | (45) |
| 1,237,857 | 57,176 | 593,850 | 32,795 | 24,381 | 74 |

– The per tonne selling price increased as compared to last year.

(b) Export Sales

– There was no export sales during the year under review.

13. PROFITABILITY

White Sugar

Sales (Tonne)

| 2010 | 2009 |
|--------|--------|
| 21,650 | 18,108 |

Net sales

Cost of production

Inv. Adjustment (Finished goods)

Cost of goods sold (Annexure-1)

Gross profit / (loss)

Less:

Selling expenses

Admin. Expenses

Financial charges

Other expenses (WWF, WPPF & Others)

Profit from sugar segment

Add: Other income

Profit / (loss) before tax

| 2010 | | 2009 | | Increase / (Decrease) | |
|------------|-----------|-------------|-----------|-----------------------|-------|
| Rs.in '000 | Rs.PerTon | Rs. in '000 | Rs.PerTon | Rs.PerTon | % |
| 1,237,857 | 57,176 | 593,850 | 32,795 | 24,381 | 74 |
| 1,030,060 | 48,922 | 523,642 | 29,091 | 19,831 | 68 |
| (11,086) | - | (20,734) | - | - | - |
| 1,018,974 | 47,066 | 502,908 | 27,773 | 19,293 | 69 |
| 218,883 | 10,110 | 90,942 | 5,022 | 5,088 | 101 |
| 1,009 | 47 | 835 | 46 | 0 | 1 |
| 41,622 | 1,922 | 35,374 | 1,953 | (31) | (2) |
| 12,826 | 592 | 6,822 | 377 | 216 | 57 |
| 11,301 | 522 | 21,170 | 1,169 | (647) | 100 |
| 66,758 | 3,084 | 64,201 | 3,545 | (462) | 13 |
| 152,125 | 7,027 | 26,741 | 1,477 | 5,550 | (376) |
| 357 | | 140,055 | | | |
| 152,482 | | 166,796 | | | |

– The company has improved its profitability in the current year due to increase in selling price.

14. COST AUDITORS' OBSERVATIONS AND CONCLUSIONS

(a) Matters which appear to him to be clearly wrong in principle or apparently unjustifiable.

- No such matters appear to have been found so far except the company had the accumulated loss of Rs. 637.961 million as at September 30, 2010 as against Rs. 777.157 million of the previous year; and its current liabilities have exceeded to current assets by Rs. 254.036 million as of the same date. The accumulated loss has however declined partly due to profit earned during the year as a result of increase in sales volume and better sales price.

(b) Cases where the company funds have been used in a negligent or inefficient manner.

= N O N E =

(c) Factors which could have been controlled but have not been done resulting in increase in the cost of production.

- Availability of sugar cane remains the limiting factor in production which is beyond the control of management.

(d) (i) The Adequacy or otherwise of Budgetary Control System, if any, in vogue in the company.

- The company prepares annual budget for planning purpose.

(ii) The scope and performance of Internal Audit, if any.

- The company has constituted an internal audit committee.

(e) Suggestions for improvements in performance.

(i) rectification of general imbalance in production facilities

- The mill is running smoothly with the existing facilities.

(ii) fuller utilisation of installed capacity

- Fuller utilisation of installed capacity rests on availability of sufficient quantity of sugar cane.

(iii) Comments on areas offering scope for

(a) Cost reduction

- Cost reduction may be achieved by operating the plant at maximum capacity to achieve savings in overhead cost.

(b) Increased productivity

- Same observation as at para (ii) item 14(e) above.

(c) Key limiting factors causing production bottle necks

- Non-availability of sugar cane in sufficient quantity is limiting factor in the production.

(d) Improved inventory policies

- Present inventory policies are satisfactory.

(e) Energy conservancy

- Electricity power is self generated. Bagasse is the cheapest source of fuel, which is being used to the maximum extent.

(iv) State of technology, whether modern or obsolete.

- Modern technology having defecation, melt and phosphitation process.

(v) Plant, whether new or second hand when installed.

- The plant was new when installed after the incorporation of the company in 1990. It has completed approximately twenty years of its useful life.

15. RECONCILIATIONS WITH FINANCIAL STATEMENTS

After the auditor appointed under section 252 of Companies Ordinance, 1984, submits his report, the cost auditor shall submit a supplementary report on reconciliation with financial accounts, to the directors before the date fixed for holding the annual general meeting of the company.

- Reconciliation statement of cost of sales with audited financial statements for the year ended September 30, 2010 is enclosed herewith.

16. COST STATEMENTS

- Copies of all cost statements on the formats prescribed by Securities and Exchange Commission of Pakistan under clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984, duly authenticated by the Chief Executive and Chief Financial Officer of the company, and verified by us are appended to the report.

17. MISCELLANEOUS

- Figures have been rounded off to nearest thousand and rupee one. Previous year's figures have been re-arranged and regrouped where necessary to facilitate comparison.

Reconciliation of Cost of Sales with Audited Financial Accounts

For the year ended September 30, 2010

| | 2009-2010 Rs. in '000 | 2008-2009 Rs. in '000 |
|---|--------------------------|--------------------------|
| COST OF SALES | | |
| Cost of sales (as per cost accounts) – Annexure-I | 1,018,974 | 502,908 |
| Add: | | |
| – Realizable value of by product - Molasses | 90,766 | 55,607 |
| – Admin. expenses relating to cost of sales | (2,158) | (2,354) |
| | 88,608 | 53,253 |
| Cost of sales (as per financial accounts) | 1,107,582 | 556,161 |

MIRZA SUGAR MILLS LIMITED

10th Floor, Portion 'B', Lakson Square, Building No. 1, Sarwar Shaheed Road, Karachi, (Pakistan).

STATEMENT OF CAPACITY UTILIZATION under Rule 4(1)(a) of Companies (Audit of Cost Accounts), Rule 1998 As at September 30, 2010 as compared with September 30, 2009

CANE CRUSHING CAPACITY

| Season / Year | Licensed and Installed Capacity | | | Actual Capacity Utilization | | | Capacity Utilization |
|----------------|---------------------------------|--------------|---------------|-----------------------------|--------------|---------------|----------------------|
| | No. of Days | Tons Per Day | Crushing Tons | No. of Days | Tons Per Day | Crushing Tons | % |
| Year 2009-2010 | 180 | 3,500 | 626,400 | 66 | 3,165 | 208,921 | 33% |
| Year 2008-2009 | 180 | 3,500 | 626,400 | 59 | 2,996 | 176,738 | 28% |

REASONS FOR SHORTFALL:

- The actual production is lower than installed capacity on account of short availability of sugar cane during the year.

Director

Director

Chief Financial Officer

Karachi: 25 JAN 2011

MIRZA SUGAR MILLS LIMITED

10th Floor, Portion `B', Lakson Square, Building No. 1, Sarwar Shaheed Road, Karachi, (Pakistan).

STATEMENT OF STOCK IN TRADE

under Rule 4(1)(b) of Companies (Audit of Cost Accounts), Rule 1998
As at September 30, 2010 as compared with September 30, 2009

*Qty in Tonne
Rupees in '000*

| | Current Year | | Previous Year | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2009-2010 | | 2008-2009 | |
| | Qty. in Tonne | Rs. in '000 | Qty. in Tonne | Rs. in '000 |
| Work-in-Process | | | | |
| - Sugar in process | 20 | 974 | Nil | Nil |
| Finished Goods | | | | |
| - White Sugar (Tonne) | 1,443 | 76,676 | 2,038 | 65,590 |
| TOTAL | | 77,650 | | 65,590 |

Notes:-

01. In terms of clause 3(2) of Companies (Audit of Cost Audit) Rules, 1998 (SRO:846/(1)/98 dt. July 24, 1998, the Cost Auditor was appointed by the directors with the prior approval of Securities & Exchange Commission of Pakistan within sixty days of the close of financial year of the company.
02. In view of the above mentioned constrains appointing the Cost Auditors after the close of the financial year; the cost auditors were not present on the date of physical stock taking as of the close of the financial year. Under these circumstances, the physical stock taking carried out and as shown in the financial accounts and certified by the statutory auditors as of September 30, 2010 were relied upon for the purpose of the above mentioned statement of stock in trade [under clause (4)(1)(b) of Companies (Audit of Cost Accounts) Rules, 1998].

Director

Director

Chief Financial Officer

Karachi: 25 JAN 2011

Section - 3

Cost Accounting Records

| | | |
|-------------------------|---|-----------------------------|
| 1. | Production Data | <i>Schedule</i> 1 |
| <i>Annexures</i> | | |
| 2. | Cost of Production and Sale of White Bagged Sugar | I |
| 3. | Sugar Cane Produced | II |
| 4. | Cost of Sugar Cane Crushed | III |
| 5. | Cost of Beet Consumed | IV |
| 6. | Cost of Process Material Consumed | V |
| 7. | Cost of Salaries, Wages & Benefits | VI |
| 8. | Cost of Steam / Generated Consumed | VII |
| 9. | Cost of Electric Power Purchased / Generated and Consumed | VIII |
| 10. | Other Factory Overheads | IX |
| 11. | Administrative Expenses | X |
| 12. | Selling Expenses | XI |

MIRZA SUGAR MILLS LIMITED

PRODUCTION DATA FOR THE YEAR ENDED SEPTEMBER 30, 2010

Schedule-I

| S.# | Particulars | 2009-2010 | 2008-2009 |
|-----------|--|------------|------------|
| 1. | (a) Cane Crushed: | | |
| | Date Started | 16-11-2009 | 15-12-2008 |
| | Date Finished | 06-03-2010 | 13-03-2009 |
| | Duration of run days | 111 | 89 |
| | Total No. of days of actual crushing | 66 | 59 |
| | Total No. of hours in duration | 2,629 | 2,120 |
| | Total No. of hours of actual crushing | 1,589 | 1,417 |
| | Total No. of hours lost | 1,039 | 702 |
| | Total cane milled (Tonne) | 208,921 | 176,738 |
| | Converted Maunds | 5,223,025 | 4,418,450 |
| | Total mixed juice obtained (Tonne) | 226,899 | 183,513 |
| | (b) Gur Melted: | – | – |
| 2. | Juice & Added Water: | | |
| | Average mixed juice % cane | 108.605 | 103.833 |
| | Average water added % cane | 40.022 | 35.891 |
| 3. | Sugar Made: | | |
| | Total Sugar bagged of all grade (100) kg. | – | – |
| | Total Sugar bagged of all grade (50) kg. | 421,100 | 360,000 |
| | Sugar bagged (Tonne) | 21,055 | 18,000 |
| | Sugar in Process (Tonne) | 20 | 26 |
| 4. | Molasses Extracted: | | |
| | Total Molasses sent out (Tonne) | 9,861 | 8,198 |
| | Molasses in Process (Tonne) | 6 | 8 |
| 5. | Recovery Percent: | | |
| | Average recovery of Marketing white sugar % cane | 10.075 | 10.180 |
| | Average production of final molasses % cane | 4.719 | 4.638 |
| 6. | By Products: | | |
| | Baggasses % cane - calculated (Tonne) | 31.417 | 32.058 |
| | V.F. Cake % cane (Tonne) | 3.000 | 3.000 |
| 7. | Clarification Process : (Specify) | | |
| | Defecation, Re-Melt and Phosphitation | | |

Director

Director

Chief Financial Officer

MIRZA SUGAR MILLS LIMITED
COST OF PRODUCTION AND SALE OF SUGAR
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Annexure-I

| | Quantitative Data- Bagged Sugar | Current Year | Previous Year |
|--|---------------------------------|--------------|---------------|
| | Opening Stock (M.Tons) | 2,038 | 2,146 |
| | Production (M.Tons) | 21,055 | 18,000 |
| | | 23,093 | 20,146 |
| | Closing Stock (M.Tons) | 1,443 | 2,038 |
| | Sales (M.Tons) | 21,650 | 18,108 |

| S.# | Particulars | Current Year 2009-2010 | | Previous Year 2008-2009 | |
|-----|---|---------------------------|-----------------|----------------------------|-----------------|
| | | Rs. in '000 | Cost Per Ton | Rs. in '000 | Cost Per Ton |
| 1 | Raw Materials: | | | | |
| | (a) Sugar Cane (Annexure-III) | 1,013,396 | 48,131 | 478,457 | 26,581 |
| | (b) Beet (Annexure-IV) | - | - | - | - |
| | (c) Gur | - | - | - | - |
| | (d) Raw Sugar | - | - | - | - |
| | (e) Process Material (Annexure-V) | 5,456 | 259 | 5,180 | 288 |
| 2 | Salaries / wages benefits (Annexure-VI) | 27,040 | 1,284 | 21,490 | 1,194 |
| 3 | Consumable Stores | 3,518 | 167 | 3,342 | 186 |
| 4 | Repair & Maintenance | 15,625 | 742 | 19,700 | 1,094 |
| 5 | Utilities: Steam (Annexure-VII) | 6,201 | 294 | 5,399 | 300 |
| 6 | Electric Power (Annexure-VIII) | 15,235 | 724 | 11,461 | 637 |
| 7 | Water & Gas | - | - | - | - |
| 8 | Insurance | 3,829 | 182 | 3,634 | 202 |
| 9 | Depreciation | 19,070 | 906 | 20,558 | 1,142 |
| 10 | Other Factory Overheads (Annexure-IX) | 5,762 | 274 | 5,489 | 305 |
| 11 | Total Cost | 1,115,132 | 52,963 | 574,710 | 31,928 |
| 12 | Add: Opening Stock of W.I.P | - | - | - | - |
| 13 | Less: Closing Stock of W.I.P | (974) | - | - | - |
| 14 | Total Cost of goods Manufactured | 1,114,158 | 52,917 | 574,710 | 31,928 |
| 15 | Less: Realisable Value of By-Products: | | | | |
| | Molasses | (90,766) | (4,311) | (55,607) | (3,089) |
| | Bagasse | - | - | - | - |
| 16 | Net Cost of goods Manufactured | 1,023,392 | 48,606 | 519,103 | 28,839 |
| 17 | Add: Packing Material & Handling | 6,668 | 317 | 4,539 | 252 |
| 18 | Net Cost of Bagged Sugar | 1,030,060 | 48,922 | 523,642 | 29,091 |
| 19 | Add: Excise Duty/ Sales Tax | - | - | - | - |
| 20 | Total Cost of Bagged Sugar | 1,030,060 | 48,922 | 523,642 | 29,091 |
| 21 | Add: Opening Stock of Sugar | 65,590 | - | 44,856 | - |
| 22 | Less: Closing Stock of Sugar | (76,676) | - | (65,590) | - |
| 23 | Cost of Sales | 1,018,974 | 47,066 | 502,908 | 27,773 |
| 24 | Administrative Expenses(Annexure-X) | 41,622 | 1,922 | 35,374 | 1,953 |
| 25 | Selling & Distribution Expenses (Annexure-XI) | 1,009 | 47 | 835 | 46 |
| 26 | Financial Expenses | 12,826 | 592 | 6,822 | 377 |
| 27 | Other Charges | - | - | - | - |
| | Total Cost to Make & Sale | 1,074,431 | 49,627 | 545,939 | 30,149 |

Director

Director

Chief Financial Officer

MIRZA SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SUGAR CANE PRODUCED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Annexure-II

| S.# | Particulars | 2009-2010 | | 2008-2009 | |
|---------------------------------|--|--------------|-------------|--------------|-------------|
| | | Qty. in Tons | Rs. in '000 | Qty. in Tons | Rs. in '000 |
| 1. | Seeds and Other Inputs | | | | |
| | Seed | | | | |
| | Fertilizers, herbicides etc. | | | | |
| | Insecticides | | | | |
| | Abiana / Water Charges | | | | |
| | Total Cost of Inputs | | | | |
| 2. | Labour | | | | |
| | Land preparation | | | | |
| | Plantation | | | | |
| | Maintenance of cane crop / ratoons | | | | |
| | Operation of tractors | | | | |
| | Harvesting | | | | |
| | Total Labour Cost | | | | |
| 3. | Other Cost | | | | |
| | Fuel for tractors operation | | | | |
| | Maintenance and over haul of tractors | | | | |
| | Insurance | | | | |
| | Interest expenses | | | | |
| | Depreciation of equipments | | | | |
| | Rent of agriculture equipments (if any) | | | | |
| | Total other costs | | | | |
| | Total Cost of own production (1 + 2 + 3) | | | | |
| | Sales value at controlled price | | | | |
| Profit / Loss on own production | | | | | |

NOT APPLICABLE

Notes:

1. This Annexure will be prepared by those enterprises which cultivate sugarcane on their own farms.
2. Similar Annexure will be prepared by those enterprises which cultivate beet on their own farms.

Director

Director

Chief Financial Officer

MIRZA SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SUGAR CANE CRUSHED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Annexure-III

| S.# | Particulars | Current Year | | | Previous Year | | |
|-----|--|----------------|-----------------|------------------|----------------|-----------------|----------------|
| | | 2009-2010 | | | 2008-2009 | | |
| | | Qty M. Tons | Rate M. Tons | Rs. in '000 | Qty M. Tons | Rate M. Tons | Rs. in '000 |
| 1 | Sugar cane purchased at Govt rate | 208,921 | 2,550 | 532,749 | 176,738 | 2,025 | 357,895 |
| | Sugar cane produced from own farm | Nil | | | Nil | | |
| | Less: Loss in transit | Nil | | | Nil | | |
| | Sugar cane received at factory gate | 208,921 | 2,550 | 532,749 | 176,738 | 2,025 | 357,895 |
| 2 | Commission / Cane subsidy | 208,921 | 57 | 11,920 | 176,738 | 25 | 4,428 |
| 3 | Quality premium | 208,921 | 172 | 35,908 | 176,738 | 185 | 32,696 |
| 4 | Loading / unloading charges | 208,921 | 3 | 689 | 176,738 | 4 | 699 |
| 5 | Cane development expenses: | | | | | | |
| (a) | Salaries & wages (Annex-VI) | 208,921 | 30 | 6,240 | 176,738 | 28 | 4,919 |
| (b) | Sugar cane development & procurement | 208,921 | 0 | 83 | 176,738 | 0 | 67 |
| (c) | Supply staff & transportation expenses | - | - | - | - | - | - |
| (d) | Other expenditure | - | - | - | - | - | - |
| 6 | Taxes & levies: | | | | | | |
| (a) | Cane cess / purchase tax | - | - | - | - | - | - |
| (b) | Market committee fee | - | - | - | - | - | - |
| (c) | Road cess | 208,921 | 6 | 1,306 | 176,738 | 6 | 1,105 |
| (c) | Octroi | - | - | - | - | - | - |
| (e) | Other levies | - | - | - | - | - | - |
| 7 | Transportation charges: | | | | | | |
| (a) | Delivery expenses | - | - | - | - | - | - |
| (b) | Transport subsidy | 208,921 | 2,029 | 423,913 | 176,738 | 431 | 76,093 |
| (c) | Others | - | - | - | - | - | - |
| 8 | Expenditure at cane collection centers: | | | | | | |
| (a) | Salaries & wages | - | - | - | - | - | - |
| (b) | Stores | - | - | - | - | - | - |
| (c) | Repair & maintenance | - | - | - | - | - | - |
| (d) | Others | | | | | | |
| | – Sector office rent | 208,921 | 1 | 124 | 176,738 | 1 | 101 |
| | – Sector office expenses | 208,921 | 2 | 464 | 176,738 | 3 | 454 |
| 9 | Total Cost of Cane Purchased | 208,921 | 4,851 | 1,013,396 | 176,738 | 2,707 | 478,457 |

Director

Director

Chief Financial Officer

MIRZA SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF BEET CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Annexure-IV

| S. # | Particulars | 2009-2010 | | | 2008-2009 | | |
|------|---|--------------|--------------|-------------|--------------|--------------|-------------|
| | | Qty. in Tons | Cost Per Ton | Rs. in '000 | Qty. in Tons | Cost Per Ton | Rs. in '000 |
| 1. | Total beet purchased at Govt. fixed rate Less : Loss in transit Beet received at factory gate | | | | | | |
| 2. | Commission paid | | | | | | |
| 3. | Loading / Unloading | | | | | | |
| 4. | Beet development expenses a) Salaries & Wages of Supply & Development Staff b) Sugar Cane Development Research c) Supply Staff & transportation expenses d) Other expenditure | | | | | | |
| 5. | Taxes & Levies (if any): a) Purchase Tax b) Market Committee Fee c) Road Cess d) Freight handling and Octroi e) Other levies | | | | | | |
| 7. | Transportation Charges: a) Delivery expenses / travelling from purchases centre to mill gate b) Transport subsidy c) Others | | | | | | |
| 8. | Other Expenditure at Beet Collection Centers: a) Salaries and Wages b) Stores c) Repairs & Maintenance d) Sector Office Rent e) Sector Office expenses | | | | | | |
| 9. | Total Cost of 'BEET' transferred to production processe (Annexure-I) | | | | | | |

NOT APPLICABLE

Director

Director

Chief Financial Officer

MIRZA SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Annexure-V

| S.# | Particulars | Current Year | | Previous Year | |
|-----|--------------------------------|---------------|---------------|---------------|---------------|
| | | 2009-2010 | | 2008-2009 | |
| | | Rs. in '000 | Cost Per Ton | Rs. in '000 | Cost Per Ton |
| | Sugar Produced (M.Tons) | 21,055 | | 18,000 | |
| 1 | Unslaked lime | 664 | 31.54 | 506 | 28.11 |
| 2 | Chemfloc / Chemfloat | 209 | 9.93 | 185 | 10.28 |
| 3 | Color quest | 1,214 | 57.66 | 682 | 37.89 |
| 4 | Decolorizer | 312 | 14.82 | 82 | 4.56 |
| 5 | Soda ash | 65 | 3.09 | 98 | 5.44 |
| 6 | Caustic soda | 314 | 14.91 | 385 | 21.39 |
| 7 | Phosphoric acid | 670 | 31.82 | 951 | 52.83 |
| 8 | Bleaching powder | 133 | 6.32 | 127 | 7.06 |
| 9 | Sewing thread | 82 | 3.89 | 77 | 4.28 |
| 10 | Common salt | 13 | 0.62 | 4 | 0.22 |
| 11 | Formaline | 9 | 0.43 | 7 | 0.39 |
| 12 | Sulphur | 3 | 0.14 | 2 | 0.11 |
| 13 | Filter acid | 1 | 0.05 | 1 | 0.06 |
| 14 | Anti foam | 1 | 0.05 | 1 | 0.06 |
| 15 | Filter cloth | 2 | 0.09 | 2 | 0.11 |
| 16 | Laboratory chemicals | 262 | 12.44 | 384 | 21.33 |
| 17 | Lubricants and grease | 1,420 | 67.44 | 1,471 | 81.72 |
| 18 | Other (specify) | 193 | 9.17 | 321 | 17.83 |
| | TOTAL | 5,567 | 264.40 | 5,286 | 293.67 |

ALLOCATED TO:

- a) Steam Generation (Annex-VII)
- b) Electric Generation (Annex-VIII)
- c) Raw Material - Cane (Annex-III)
- d) Admin. expenses (Annex-X)
- e) Selling & distribution expenses (Annex-XI)
- f) Balance to Production Process (Annex-I)

TOTAL

| 2009-2010 | | 2008-2009 | |
|--------------|-------------|--------------|-------------|
| Rs. in '000 | % | Rs. in '000 | % |
| 56 | 1% | 53 | 1% |
| 56 | 1% | 53 | 1% |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 5,456 | 98% | 5,180 | 98% |
| 5,567 | 100% | 5,286 | 100% |

Director

Director

Chief Financial Officer

MIRZA SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SALARIES, WAGES & BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Annexure-VI

| S.# | Particulars | Current Year | | Previous Year | |
|----------|---|---------------|--------------|---------------|--------------|
| | | 2009-2010 | | 2008-2009 | |
| | | Rs. in '000 | Cost Per Ton | Rs. in '000 | Cost Per Ton |
| | Total Sugar Produced (M. Tons) | 21,055 | | 18,000 | |
| | C O S T | | | | |
| 1 | Salaries / Wages | | | | |
| (i) | Officers, permanent, daily wages & contract staff | 51,316 | 2,437 | 45,320 | 2,518 |
| (ii) | Bonuses | 4,531 | 215 | 2,840 | 158 |
| 2 | Benefits | | | | |
| (i) | Medical expenses | 678 | 32 | 600 | 33 |
| (ii) | Canteen expenses | 563 | 27 | 867 | 48 |
| (iii) | Welfare, Recreation | 58 | 3 | 65 | 4 |
| (iv) | Transport and travelling | - | - | - | - |
| (v) | Education cess | 11 | 1 | 13 | 1 |
| (vi) | Group insurance / workmen | 614 | 29 | 442 | 25 |
| (vii) | Provident fund (employers' contribution) | 1,186 | 56 | 1,069 | 59 |
| (viii) | Gratuity / pension | - | - | 6 | 0 |
| (ix) | Other benefits: | | | | |
| | – EOBI | 903 | 43 | 804 | 45 |
| | – Social security | 101 | 5 | - | - |
| | – Others | 1,325 | 63 | 636 | 35 |
| | TOTAL | 61,286 | 2,911 | 52,662 | 2,926 |

ALLOCATED TO:

| | 2009-2010 | 2008-2009 |
|---|--------------------|--------------------|
| | Rs. in '000 | Rs. in '000 |
| a) Electricity Generation (Annex-VIII) | 1,950 | 1,870 |
| b) Steam Generation (Annex-VII) | 368 | 316 |
| c) Raw Material - Cane (Annex-III) | 6,240 | 4,919 |
| d) Admin Expenses (Annex-X) | 25,688 | 24,067 |
| e) Selling & distribution expenses (Annex-XI) | - | - |
| f) Balance to production Process (Annex-I) | 27,040 | 21,490 |
| TOTAL | 61,286 | 52,662 |

Director

Director

Chief Financial Officer

MIRZA SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF STEAM GENERATED / CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Annexure-VII

| S.# | Particulars | Unit | Current Year | | Unit | Previous Year | |
|-----|------------------------------------|------|---------------------------------|--|---------------------------------|---------------|--|
| | | | 2009-2010 | | | 2008-2009 | |
| | Type of Steam Boiler used | | Bagasse Fired Water Tube Boiler | | Bagasse Fired Water Tube Boiler | | |
| 1 | No. of days worked | | 111 days | | 89 days | | |
| 2 | Installed Capacity (Steam in Tons) | Tons | 120 tons / hour | | 120 tons / hour | | |
| 3 | Utilised Capacity (Steam in Tons) | Tons | 50 tons / hour | | 52 tons / hour | | |
| 4 | Production: | | Medium Pressure Stear | | Medium Pressure Stear | | |
| | a) High Pressure Stear | Tons | 131,473 | | 111,786 | | |
| | b) Medium Pressue Steam | Tons | 6,574 | | 5,589 | | |
| | c) Low Pressure Steam | Tons | 124,899 | | 106,197 | | |
| | d) Less: Transit losses | | | | | | |
| | e) TOTAL | | | | | | |
| 5 | Percentage of Capacity Utilization | | 41.67% | | 43.33% | | |

| S.# | Description | Current Year | | | Previous Year | | |
|-----|---|----------------|---------------|--------------|----------------|---------------|--------------|
| | | 2009-2010 | | | 2008-2009 | | |
| | | Qty. | Rate/ Unit | Rs. in '000 | Qty. | Rate/ Unit | Rs. in '000 |
| 1 | Water Charges | - | - | - | 106,197 | 0.09 | 10 |
| 2 | Fuels: | | | | | | |
| | (a) Bagasse: | | | | | | |
| | (i) Own | - | - | - | - | - | - |
| | (ii) Purchased | - | - | - | 106,197 | 0.30 | 32 |
| | (b) Pith | - | - | - | - | - | - |
| | (c) Coal | - | - | - | - | - | - |
| | (d) Furnance oil | 124,899 | 2.12 | 265 | 106,197 | 1.55 | 165 |
| | (e) Fire wood | 124,899 | 4.31 | 538 | 106,197 | 3.08 | 327 |
| | (f) Gas | - | - | - | 106,197 | 1.57 | 167 |
| | (g) Other fuels, (if any) | - | - | - | - | - | - |
| 3 | Quantity of waste heat from the plant, if any | - | - | - | - | - | - |
| 4 | Consumable stores (Annex-V) | 124,899 | 0.45 | 56 | 106,197 | 0.50 | 53 |
| 5 | Direct salaries, wages & benefits (Annex-VI) | 124,899 | 2.95 | 368 | 106,197 | 2.98 | 316 |
| 6 | Repair & Maintenance | 124,899 | 68.89 | 8,604 | 106,197 | 70.54 | 7,491 |
| 7 | Other expenses (Annex-IX) | 124,899 | 0.09 | 12 | 106,197 | 0.08 | 8 |
| 8 | Insurance | - | - | - | - | - | - |
| 9 | Depreciation | - | - | - | - | - | - |
| | Total cost of steam raised | 124,899 | 78.80 | 9,842 | 106,197 | 80.69 | 8,569 |
| 10 | Less: Out side sale | - | - | - | - | - | - |
| | Total cost of steam for self consumption | 124,899 | 78.80 | 9,842 | 106,197 | 80.69 | 8,569 |
| | Add: Cost of steam purchased | - | - | - | - | - | - |
| 11 | Total cost of steam consumed | 124,899 | 78.80 | 9,842 | 106,197 | 80.69 | 8,569 |

ALLOCATED TO:

- i) White bagged sugar (Annex-I)
- ii) Electric power house (Annex-VIII)
- ii) Others:
 - a) Staff Colony
 - b) Office building etc.

TOTAL

2009-2010
Rs. in '000

6,201
3,642

-

9,842

2008-2009
Rs. in '000

5,399
3,171

-

8,569

Director

Director

Chief Financial Officer

MIRZA SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF ELECTRIC POWER PURCHASED/GENERATED & CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Annexure-VIII

| S.# | Particulars | Current Year | | Previous Year | |
|-----|--|--------------|--|---------------|--|
| | | 2009-2010 | | 2008-2009 | |
| 1 | Installed Capacity (KWH) / Hours | 4,000 | | 4,000 | |
| 2 | No. of Units generated(KWH) from steam | 4,072,700 | | 3,589,500 | |
| 3 | No. of Units generated(KWH) from Diesel | 30 | | 174 | |
| 4 | No. of Units Purchases (KWH) | 410,155 | | 352,565 | |
| 5 | TOTAL | 4,482,885 | | 3,942,239 | |
| 6 | Consumption in power house including losses | 285,091 | | 251,277 | |
| 7 | Net units consumed | 4,197,794 | | 3,690,962 | |
| 8 | Percentage of consumption and losses to total units available | 7% | | 7% | |
| 9 | Percentage of power generated to installed Capacity from steam during season | 38% | | 42% | |

| S.# | Description | Current Year | | | Previous Year | | |
|-----|-------------|--------------|------|-------------|---------------|------|-------------|
| | | 2009-2010 | | | 2008-2009 | | |
| | | Qty. | Rate | Rs. in '000 | Qty. | Rate | Rs. in '000 |

| | | | | | | | |
|----|--|------------------|-------------|---------------|------------------|-------------|---------------|
| 1 | Steam (Annex-VII) | 3,787,639 | 0.96 | 3,642 | 3,338,397 | 0.95 | 3,171 |
| 2 | Consumable stores (Annex-V) | 3,787,639 | 0.01 | 56 | 3,338,397 | 0.02 | 53 |
| 3 | Salaries and wages (Annex-VI) | 3,787,639 | 0.51 | 1,950 | 3,338,397 | 0.56 | 1,870 |
| 4 | Diesel for generator | 3,787,639 | 0.60 | 2,279 | 3,338,397 | 0.33 | 1,102 |
| 5 | Repairs & maintenance | 3,787,639 | 0.80 | 3,033 | 3,338,397 | 0.54 | 1,787 |
| 6 | Duty on electricity | 3,787,639 | 0.01 | 41 | 3,338,397 | 0.01 | 36 |
| 7 | Other expenses (Annex-IX) | 3,787,639 | 0.01 | 29 | 3,338,397 | 0.01 | 25 |
| 8 | Depreciation | - | - | - | - | - | - |
| | TOTAL | 3,787,639 | 2.91 | 11,029 | 3,338,397 | 2.41 | 8,044 |
| 9 | Less: | | | | | | |
| | a) Credit for exhaust steam used in process etc. | - | - | - | - | - | - |
| | b) Other credits, if any | - | - | - | - | - | - |
| 10 | Cost of power generated | 3,787,639 | 2.91 | 11,029 | 3,338,397 | 2.41 | 8,044 |
| 11 | Less: Cost of power sold | - | - | - | - | - | - |
| 12 | Add: Cost of power purchase | 410,155 | 10.67 | 4,378 | 352,565 | 11.77 | 4,149 |
| | Total Net Cost of Power Consumed | 4,197,794 | 3.67 | 15,407 | 3,690,962 | 3.30 | 12,193 |

ALLOCATED TO:

- i) White bagged sugar (Annex-I)
- ii) Self consumption
- ii) Others:
 - a) Staff Colony (Annex-X)
 - b) Office building etc.
 - c) Others

TOTAL

2009-2010
Rs. in '000

15,235

-

172

-

-

15,407

2008-2009
Rs. in '000

11,461

-

732

-

-

12,193

Director

Director

Chief Financial Officer

MIRZA SUGAR MILLS LIMITED
STATEMENT SHOWING OTHER FACTORY OVERHEADS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Annexure-IX

| S.# | Particulars | Current Year | | Previous Year | |
|-----|--|---------------|--------------|---------------|--------------|
| | | 2009-2010 | | 2008-2009 | |
| | | Rs. in '000 | Cost Per Ton | Rs. in '000 | Cost Per Ton |
| | Total Sugar Produced (M. Tons) | 21,055 | | 18,000 | |
| | C O S T | | | | |
| 1 | Rent, rate & taxes | - | - | 19 | 1 |
| 2 | Printing & stationery | 248 | 12 | 215 | 12 |
| 3 | Postage & telegram | 14 | 1 | 12 | 1 |
| 4 | Telephone, fax & telex | 469 | 22 | 252 | 14 |
| 5 | Travelling & conveyance | 353 | 17 | 259 | 14 |
| 6 | Fees & subscription / legal charge setc. | 707 | 34 | 200 | 11 |
| 7 | Entertainment | 4 | 0 | 82 | 5 |
| 8 | Vehicle running expenses | 535 | 25 | 1,290 | 72 |
| 9 | Insurance | 65 | 3 | 60 | 3 |
| 10 | Freight & handling charges | 1,515 | 72 | 1,311 | 73 |
| 11 | Removal of baggase, mud & boiler ash | 1,893 | 90 | 1,796 | 100 |
| 12 | Other expenses | - | - | 27 | 2 |
| | TOTAL | 5,803 | 276 | 5,523 | 307 |

ALLOCATED TO:

| | 2009-2010 Rs. in '000 | 2008-2009 Rs. in '000 |
|---------------------------------------|--------------------------|--------------------------|
| i) White bagged sugar (Annex-I) | 5,762 | 5,489 |
| ii) Steam Generation (Annex-VII) | 12 | 8 |
| iii) Electric Generation (Annex-VIII) | 29 | 25 |
| iv) Others: | | |
| a) Staff Colony | - | - |
| b) Office building etc. | - | - |
| TOTAL | 5,803 | 5,523 |

Director

Director

Chief Financial Officer

MIRZA SUGAR MILLS LIMITED
STATEMENT SHOWING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Annexure-X

| S.# | Particulars | Current Year | | Previous Year | |
|-----|---|---------------|--------------|---------------|--------------|
| | | 2009-2010 | | 2008-2009 | |
| | | Rs. in '000 | Cost Per Ton | Rs. in '000 | Cost Per Ton |
| | Total Sugar Sold (M. Tons) | 21,650 | | 18,108 | |
| | C O S T | | | | |
| 1 | Salaries, wages & benefits (Annex-VI) | 25,688 | 1,187 | 24,067 | 1,329 |
| 2 | Rent, rate & taxes | 122 | 6 | 150 | 8 |
| 3 | Insurance | 228 | 11 | 225 | 12 |
| 4 | Gas & electricity | 1,661 | 77 | 61 | 3 |
| 5 | Printing & stationery | 320 | 15 | 324 | 18 |
| 6 | Postage & telegram | 21 | 1 | 20 | 1 |
| 7 | Telephone, fax & telex | 556 | 26 | 466 | 26 |
| 8 | Repair & maintenance | 2,377 | 110 | 2,128 | 118 |
| 9 | Travelling & conveyance | 642 | 30 | 520 | 29 |
| 10 | Fees, subscriptions, newspaper & periodicals etc. | 555 | 26 | 670 | 37 |
| 11 | Entertainment | 165 | 8 | 160 | 9 |
| 12 | Legal & professional expenses | 631 | 29 | 570 | 31 |
| 13 | Auditors remuneration | 714 | 33 | 546 | 30 |
| 14 | Vehicle running expenses | 4,775 | 221 | 2,623 | 145 |
| 15 | Charity & donation | 15 | 1 | 39 | 2 |
| 16 | Depreciation | 1,208 | 56 | 996 | 55 |
| 17 | Others | 1,772 | 82 | 1,077 | 59 |
| 18 | Electricity for staff colony (Annex-VIII) | 172 | 8 | 732 | 40 |
| | TOTAL | 41,622 | 1,922 | 35,374 | 1,953 |

Director

Director

Chief Financial Officer

MIRZA SUGAR MILLS LIMITED
STATEMENT SHOWING SELLING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Annexure-XI

| S.# | Particulars | Current Year | | Previous Year | |
|-----|---------------------------------------|---------------|--------------|---------------|--------------|
| | | 2009-2010 | | 2008-2009 | |
| | | Rs. in '000 | Cost Per Ton | Rs. in '000 | Cost Per Ton |
| 1 | Total Sugar Sold (M. Tons) | 21,650 | | 18,108 | |
| 2 | C O S T | | | | |
| - | Salaries, wages & benefits (Annex-VI) | - | - | - | - |
| - | Travelling & conveyance | - | - | - | - |
| - | Commission | - | - | - | - |
| - | Freight outwards / Octroi | 22 | 1 | 17 | 1 |
| - | Stacking / restacking | 278 | 13 | 270 | 15 |
| - | Loading / unloading | 651 | 30 | 487 | 27 |
| - | Export expenses | - | - | - | - |
| - | Vehicle running expenses | - | - | - | - |
| - | Advertising for sales promotion | 58 | 3 | 61 | 3 |
| - | Other expenses | - | - | - | - |
| | TOTAL | 1,009 | 47 | 835 | 46 |

Director

Director

Chief Financial Officer