

SHANTAJ SUGAR MILLS LIMITED

COST AUDITORS' REPORT

For the year ended September 30, 2012

JAVOID IQBAL & CO

Cost and Management Accountants

384-N, Samanabad, Lahore

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COST AUDITORS' REPORT TO THE DIRECTORS

We, Javaid Iqbal & Co; Cost and Management Accountants having been appointed to conduct an audit of cost accounts of Shahtaj Sugar Mills Limited, have examined the books of account and the statements prescribed under clause (c) of sub-section (1) of section 230 of the Companies Ordinance, 1984 and the other relevant record for the year ended on September 30, 2012 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 purpose of this audit.
- 2) In our opinion: -
 - a) Proper cost accounting records as required by clause (e) of subsection (1) of section 230 of the Companies Ordinance, 1984 (XLVII of 1984), and as required by the Companies (Audit of Cost Accounts) Rules, 1998 have been kept by the company;
 - b) Proper returns, statements and schedules for the purpose of audit of cost accounts have been obtained from offices not visited by us.
 - c) The said books and records give the information required by the rules in the manner so required; and
- 3) In our opinion and, subject to best of our information:-
 - a) The annexed statement of capacity utilization and stock-in-trade are in agreement with the books of account of the company and exhibit true and fair view of the company's affairs; and
 - b) Cost accounting records have been properly kept so as to give a true and fair view of the cost of production, processing, manufacturing and marketing of the under mentioned product of the company, namely:-
 - i) Sugar

The matters contained in the Annexures form part of this report.

Dated: January 12, 2013	Javaid Iqbal & Co;
Lahore	Cost and Management Accountants

SHAHTAJ SUGAR MILLS LIMITED

COST AUDIT FOR THE YEAR ENDED SEPTEMBER 30, 2012

MATTERS FOR THE ATTENTION OF BOARD OF DIRECTORS

[As required by Rule 4(3) of Companies (Audit of Cost Accounts) Rules, 1998]

1- CANE CRUSHING CAPACITY

Licensed and installed capacity	
2012	1,440,000 M.tons for 160 days
2011	1,440,000 M.tons for 160 days
2010	1,280,000 M.tons for 160 days
Utilized/ Actual cane crushed	
2012	953,573 M.tons
2011	925,506 M.tons
2010	685,129 M.tons
Days worked	
2012	114
2011	114
2010	108

The company is not engaged in any other activity except the manufacturing of sugar.

2- COST ACCOUNTING SYSTEM

Sugar manufacturing is carried out by a simple processing system starting from cane-crushing to extraction of juice and conversion into white sugar in one-go. The company operates a fully integrated cost accounting system under which cost accounting records are integrated in financial accounting ledgers to extract cost of sugar.

It is practically difficult to determine standards in the sugar industry because sucrose recovery is dependent on the quality of sugarcane which cannot be classified due to changing weather conditions and differing yields per acre of sugar cane grown in different areas/regions. Cost accounting system adopted by the company is operating satisfactorily and is in accordance with the generally accepted cost accounting principles and practices.

3- PRODUCTION

a) Production (Sugar)		2012 (M.tons)	2011 (M.tons)	2010 (M.tons)
Installed Capacity		122,400 for 160 days	122,400 for 160 days	108,800 for 160 days
Actual production	From sugar cane	92,441	76,196	55,680
	From raw sugar	Nil	Nil	Nil
Total		92,441	76,196	55,680
b) Percentage with installed capacity				
Sugar produced		75.52	62.25	51.18
Sugarcane crushing		66.22	64.27	53.53

The shortfall in production viz a viz installed capacity is due to shortage of raw material supply, actual sugar production and cane crushing increased during the year by 21.32% and 3.03% respectively as compared to the year 2011.

MACHINE HOURS UTILIZATION

	2012	2011	2010
Available hours	2,716	2,712	2,579
Utilized hours	2,506.83	2,526.59	2,037.58
Percentage	92.30	93.16	79.01

4- RAW MATERIAL

	2012		2011		2010	
	Quantity M.tons	Value Rs.	Quantity M.tons	Value Rs.	Quantity M.tons	Value Rs.
a) Consumption of major raw Material						
Sugar cane	953,573	3,644,016,668	925,506	3,938,546,513	685,129	3,178,289,488
Raw Sugar			-	-	-	-
Transportation		129,532,934		146,294,799		87,550,165
Quality/variety premium		8,764,819		10,633,256		21,650,143

There is no other raw material besides sugarcane and raw sugar. During the year only sugarcane was consumed.

Variance:

- Average sugarcane purchased at a price of Rs. 3,821.44 per M.ton decreased by Rs. 434.12 per M.ton as compared to the last year's Rs. 4,255.56 per M.ton.
- Due to good harvest and increase in sugarcane production, payment for transport subsidy decreased as compared to last year, which resulted in decrease in total cost of transportation cost by Rs. 22.23 per M.ton i.e. from Rs 158.07 per M.ton in the year 2011 to Rs. 135.84 per M.ton in the current year.

b) Consumption of sugarcane/raw sugar per unit of production

	ACTUAL (Kg)			STANDARD (Kg)		
	2012	2011	2010	2012	2011	2010
Sugarcane (per kg of sugar)	10.32	12.15	12.30	N/A	N/A	N/A
Raw sugar (per kg of sugar)	N/A	N/A	N/A	N/A	N/A	N/A

- c) Consumption of sugarcane depends on the quality of sugarcane hence it is very difficult to determine standard consumption. The above variation in consumption is due to quality of sugarcane.

d) Comments on the method of recording of raw material

The method of recording of raw material was the same as last year i.e. Growers are issued a Permit/Pass Book in which each lot of purchase is entered and a Cane Procurement Receipt (CPR) is issued which is fed in the computer data in cane purchase account. All expenses relating to cane purchases i.e. transportation, loading/unloading, market committee fee, road cess, salaries and wages are allocated to raw material cost.

5- WAGES AND SALARIES

Annexure - 6

a- Categories of salaries and wages	2012 Rupees	2011 Rupees	2010 Rupees
i Direct labour cost of production	111,900,269	104,268,737	88,853,108
ii Indirect labour cost of production	9,881,698	9,103,439	7,592,260
iii Employees' cost of administration	105,888,718	94,573,627	77,650,923
iv Employees' cost of selling and distribution	2,603,613	2,127,191	1,752,259
v Total employees' cost	230,274,298	210,072,994	175,848,550
Bonus to workers and employees included in [(i) to (iv) above]	67,070,658	61,362,149	42,405,292
(b) Salaries and perquisites of directors and chief executive	22,635,000	16,895,000	14,741,000

(c) Total maximum man-days of direct labour available were 160 days for crushing but actually 114 days were worked during the year.

(d) Direct labour cost

		2012	2011	2010
Direct labour cost	Rs.	111,900,269	104,268,737	88,853,108
Production (sugar)	M. ton	92,441	76,196	55,680
Average (M.ton)	%	1,210.50	1,368.43	1,595.78

(e) Decrease in direct labour cost per M.ton during the year is due to increase in quantity produced as compared to last year.

(f) N/A

6- STORES AND SPARES

	2012 Rs/kg	2011 Rs/kg	2010 Rs/kg
a) Stores and spares per unit of output of sugar	<u>0.70</u>	<u>0.84</u>	<u>0.73</u>

Decrease in stores and spares per unit of output of sugar is due to increase in quantity produced as compared to last year.

- b) The Company operates fully computerized stores ledgers that effectively record receipts, issues and balances, both in terms of quantities and values, on perpetual inventory system. Stores and spares are valued at lower of moving average cost or net realizable value except for transit items which are valued at cost accumulated to the balance sheet date.
- c) The percentage of slow moving inventory as on September 30, 2012 is Nil approximately (2011: Nil) of the total inventory value.

7- DEPRECIATION

- a) Depreciation on operating fixed assets is charged to income by applying the reducing balance method.
- b) Depreciation is charged to each production department on the basis of actual plant and machinery installed/used in that department.
- c) Depreciation is charged to each production department on the basis of pooling of cost of each cost center, for the determination of cost of product.
- d) Depreciation is charged to cost of production on the basis of the fixed assets used in the production of different products. Currently only one product i.e. "sugar" is being produced hence the total amount of depreciation is charged to the cost of sugar produced.

8- OVERHEADS

a- Factory overheads

(Annexure 9)

Major items of Factory Overhead (rent rates and taxes, printing and stationery, vehicle running and baggase removal etc.) are directly charged to cost of production (Annexure 1). Detail of other factory overheads are given at Annexure 9 and are summarized as follows:

	2012	2011	2010
	Rs.	Rs.	Rs.
Rent, rates and taxes	779,700	674,851	675,435
Printing and stationery	545,901	514,192	394,936
Travelling and conveyance	256,447	226,096	139,257
Subscription, books and periodicals	93,974	88,675	117,365
Entertainment	41,141	41,711	49,789
Vehicle running expenses	3,362,167	2,410,563	2,330,527
Security	225,635	165,894	80,989
Fire fighting	285,300	106,245	159,538
Other expenses			
- Freight and cartage	40,529	48,278	23,615
- Bagasse removal	3,138,843	1,937,226	1,272,589
- Clinker removal		260,543	119,928
- Factory supplies	218,172	179,421	232,785
- Cycle stand	87,706	87,604	69,624
- Consultants' and advisors' fee	11,440	0	819,894
	<u>9,086,955</u>	<u>6,741,299</u>	<u>6,486,271</u>
Cost per M.ton of sugar produced:	98.30	88.47	116.49

Variance:

As compared to last year, there is an increase in factory overheads on an overall basis mainly due to increase in vehicle running and bagasse removal expense during the year. Furthermore, the overhead cost per M.ton of output of sugar produced has nominally increased due to increase in overall expenses irrespective of increase in production during the year.

b- Administrative overheads

(Annexure 10)

	2012 Rs.	2011 Rs.	2010 Rs.
Salaries, wages and benefits	105,888,718	94,573,627	77,650,923
Rent, rates and taxes	2,428,321	2,574,046	2,712,620
Insurance	1,055,118	1,015,373	936,814
Water, gas and electricity	3,247,435	3,390,363	2,640,648
Printing and stationery	2,149,379	2,137,088	2,082,675
Postage and Telephone	1,102,169	1,034,724	1,040,353
Repair and maintenance	8,128,221	2,503,665	2,380,242
Travelling and conveyance	1,721,930	1,415,846	1,261,859
Subscription, books and periodicals	1,213,247	888,834	606,755
Entertainment	412,376	351,214	268,976
Legal and professional charges	2,393,580	2,399,721	1,996,997
Auditors' remuneration	1,649,890	1,199,500	1,087,249
Cost Audit Fee	69,000	61,000	59,000
Vehicle running and maintenance	4,604,994	4,284,129	4,399,226
Charity and donation	615,500	803,000	2,296,050
Depreciation	5,218,899	4,609,796	4,773,753
Others	6,327,373	2,251,751	1,666,959
Total	148,226,151	125,493,677	108,004,585
Cost per M.Ton of sugar sold:	1,490.59	1,955.00	1,931.76

Variance:

As compared to last year, the increase in administrative expenses primarily relates to increase in salaries, wages and benefits and other operational cost resulting from increase in:

- repair and maintenance;
- others;
- travelling and conveyance; and
- subscription, books and periodicals.

However, there has been significant decrease in administration cost per M.ton as compared to the previous year due to increase in quantity sold during the year. (Annexure-10)

c- Selling and distribution overheads**(Annexure11)**

	2012 Rs.	2011 Rs.	2010 Rs.
Salaries, wages and benefits	2,603,613	2,127,191	1,752,259
Travelling and conveyance	1,238	-	-
Commission	12,079,440	6,129,600	5,653,200
Stacking/restacking	1,801,752	1,427,165	890,818
Loading/unloading	2,065,260	1,334,939	1,103,834
Advertising	92,800	85,800	85,800
Insurance	3,806,592	2,417,843	2,540,681
Total	22,450,695	13,522,538	12,026,592
Cost per M.Ton of sugar sold:	225.77	210.66	215.11

Variance:

As compared to last year, the increase in the above expenses is primarily due to overall increase in salaries, commission, stacking/restacking and loading/unloading as a result of increase in sales during the year. Cost per M.ton as compared to last year has nominally increased due to increase in overall sales as compared to last year.

Financial charges (finance cost)	54,980,000	82,932,104	61,056,085
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Variance

As compared to last year, decrease in above financial charges has resulted primarily due to decrease in the mark-up rates i.e. these fluctuated between 12.66% to 13.64% as compared to last year's 13.96% to 15.16% in spite of increase in short-term borrowing facility from Rs.(thousand) 2,270,000 to Rs.(thousand) 2,570,000 during the year.

9- ROYALTY/TECHNICAL AID PAYMENTS

Not applicable.

10- ABNORMAL NON-RECURRING FEATURES

Not applicable.

11- COST OF PRODUCTION

	2012	2011	2010
Total cost of production (Rs.)	3,738,760,393	3,972,612,110	3,251,549,734
Total sugar produced (kgs)	92,441,000	76,196,000	55,680,000
Per unit cost of production	40.44	52.14	58.40

As compared to last year, the unit cost of sugar produced has decreased due to increase in quantity produced.

12- SALE

	QUANTITY	VALUE Rs.	AVERAGE Rs/per kg
2012	99,441,000 Kgs	4,707,044,480	47.34
2011	64,191,000 Kgs	4,003,175,382	62.36
2010	55,910,000 Kgs	3,358,172,728	60.06

Variance

Average sale price (net of taxes) has decreased during the year as compared to last year due to low sugar rates in the market due to increased production and surplus stock in the market.

13- PROFITABILITY

	2012	2011	2010
Operating profit/(loss) (per kg of sugar)	3.99	7.83	(0.042)

As compared to last year, company's profitability has decreased due to overall increase in expenses and decrease in sale price per Kg of sugar sold.

14- COST AUDITOR'S OBSERVATIONS AND CONCLUSIONS

- a) **Matters that appear to be incorrect in principle or are apparently unjustifiable**

Nil

- b) **Cases where the company's funds have been used in a negligent or inefficient manner**

Nil

- c) **Factors, which could have been controlled but have not been done resulting in increase in the cost of production**

Nil

- d) i) **The adequacy or otherwise of budgetary control system if any, in vogue in the company**

Budgetary control system on a long term basis is not operative in the sugar industry because of a short span of its production activity. However, cash budgets for short periods i.e. fortnightly, monthly, quarterly etc. are prepared for working capital requirements (i.e. procurement of sugarcane etc.).

- ii) **The scope and performance of internal audit, if any**

An independent and effective internal audit function is carried out by the company's professional staff which is monitored by the head office.

- e) i) **Rectification of general imbalance in production facilities**

Nil

- ii) **Fuller utilization of installed capacity**

The installed capacity is not being fully utilized due to limited supply of sugarcane during the crushing season.

iii) Comments on areas offering scope for:

a & b) Cost reduction and increased productivity

Nil

c) Key limiting factors causing production bottlenecks

Limited supply of sugarcane during the crushing season.

d) Improved inventory policies,

Nil

e) Energy conservancy

Nil

iv) State of technology, whether modern or obsolete

The plant is based on modern and efficient technology.

v) Plant whether new or secondhand when installed

The plant when installed was new and has been subject to BMR from time to time.

f) Other observations

i) Cost Accounting System

Company has one cost center i.e. Production Department and two service centres, Steam Generation and Electricity Generation.

15 Reconciliation with Audited Financial Statements

All the amounts and quantities mentioned in this Cost Audit Report and annexures have been compared with the financial statements audited by the auditor appointed under section 252 of the Company Ordinance 1984 and the results shown by the financial and cost accounts are in agreement with each other. Supplementary Report to the directors on the reconciliation of regrouping of financial statements with cost accounts is enclosed in Annexure A.

SHAHTAJ SUGAR MILLS LIMITED

RECONCILIATION OF COST TO MAKE AND SELL SUGAR

DESCRIPTION	2012	2011
	(Rupees)	
Manufacturing expenses	4,127,536,824	4,408,160,580
Packing material	36,953,594	27,861,573
Add opening stock - in process	1,718,260	2,158,032
Add opening stock - fine	607,671,677	-
Less opening stock - in process	(1,446,377)	(1,718,260)
Less opening stock - fine	(202,505,850)	(607,671,677)
Cost of imported sugar - Refined	-	-
	4,569,928,128	3,828,790,248
Brokerage	12,079,440	6,129,600
Distribution cost	10,371,255	7,392,938
Administrative expenses	146,758,121	124,011,711
Financial cost	54,979,821	82,932,104
Other charges -		
Gratuity, retirement benefits and	3,752,674	3,195,890
Loss on initial recognition of financial assets at fair value	-	1,149,316
Special excise duty	137,590	13,195,558
Workers profit participation fund	18,381,799	22,541,281
Workers welfare fund	7,501,392	8,806,232
	29,773,455	48,888,277
	4,823,890,220	4,098,144,878
LESS_		
Other income	34,064,643	52,320,293
Realizable value of By-Products:		
Molasses	375,136,469	403,484,204
Bagasse	42,985,451	51,830,879
Mud	6,411,959	7,052,766
	424,533,879	462,367,849
	458,598,522	514,688,142
	4,365,291,698	3,583,456,736

GENERAL INFORMATION

A- COMPANY INFORMATION

1- NAME OF THE COMPANY	SHAHTAJ SUGAR MILLS LIMITED
2- DATE OF INCORPORATION	MARCH 27, 1965
3- LOCATION OF HEAD OFFICE	72/ C-1 M M ALAM ROAD, GULBERG III, LAHORE - 54660.
4- LOCATION OF REGISTERED OFFICE	19- DOCKYARD ROAD, WEST WHARF, KARACHI-74000
5- LOCATION OF FACTORY	MANDI BHAUDDIN
6- PRODUCTS OTHER THAN SUGAR BEING MANUFACTURED	BY PRODUCTS - MOLASSES - PRESS MUD - BAGASSE
7- INSTALLED CANE CRUSHING CAPACITY	1,440,000 M. TONS (BASED ON 160 DAYS)

B- PRODUCTION DATA (As per R.T. 4)

S. NO		CURRENT YEAR	PREVIOUS YEAR
1 (a)	CANE CRUSHED		
	Date started	24-11-2011	29-11-2010
	Date finished	16-03-2012	22-03-2011
	Duration of run days	114	114
	Total number of hours in duration	2,716	2,712
	Total number of hours actual crushing	2,506.83	2,526.59
	Total number of hours lost	209.17	185.41
	Total cane milled (M.ton)	953,572.650	925,506.211
	Total cane milled (Maunds)	23,839,316.25	23,137,655.275
	Total mixed juice obtained (M.ton)	1,041,593.889	963,570.353
1 (b)	GUR MELTED	Nil	Nil
1 (c)	RAW SUGAR PROCESSED (M.ton)	Nil	Nil
2-	JUICE AND ADDED WATER		
	Average mixed juice obtained (% of cane)	109.23	104.11
	Average added water (% of cane)	38.17	33.15
3-	SUGAR MADE		
	Total sugar bagged of all grade (100 kg)	Nil	Nil
	Total sugar bagged of all grade (50 kg)	1,848,820	1,523,920
	Sugar bagged (M.ton)	92,441	76,196
	Sugar in process (M.ton)	35.662	32.901
4-	MOLASSES EXTRACTED		
	Total molasses sent out (M.ton)	47,483.747	45,718.875
	Molasses in process (M.ton)	2.338	2.099
5-	RECOVERY PERCENTAGE		
	Average recovery of marketable sugar (% of cane)	9.69	8.23
	Average production of final molasses (% of cane)	4.98	4.94
6-	BY PRODUCTS		
	Bagasse (% of cane) M.ton	28.94	29.04
	V.F Cake (% of cane) M.ton	3.00	3.00
7-	CLARIFICATION PROCESS	D R P (Defecation Remelt Phosphitation)	D R P (Defecation Remelt Phosphitation)



SHAHTAJ SUGAR MILLS LIMITED
STATEMENT OF CAPACITY UTILISATION UNDER RULE 4(1) (a)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Production unit	Installed capacity	Utilized capacity
Sugarcane crushing	M. Tons	1,440,000 (Based on 160 days)	953,573 (114 days)

Chief Executive

Chief Financial Officer



SHAHTAJ SUGAR MILLS LIMITED
STATEMENT OF STOCK IN TRADE UNDER RULE 4 (1) (b)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	DESCRIPTION	QTY/M.ton	Value Rs.(000)
(i)	Raw material		
	Sugarcane	-	-
(ii)	Work in process		
	Sugar	35.662	1,428
	Molasses	2.338	18
			<u>1,446</u>
(iii)	Finished goods		
	Sugar	5,005	202,506
	Molasses	-	-
			<u>202,506</u>
(iv)	Other stocks		
	Fair price shop	Various items	447
			<u>447</u>

Chief Executive

Chief Financial Officer

SHAHTAJ SUGAR MILLS LIMITED

STATEMENT SHOWING COST OF PRODUCTION AND SALE OF
WHITE BAGGED SUGAR FOR THE YEAR ENDED SEPTEMBER 30, 2012

Quantitative Data - Bagged Sugar		2012	2011
Opening stock	M. Tons	12,005.000	-
Production	M. Tons	92,441.000	76,196.000
Available for sale	M. Tons	104,446.000	76,196.000
Closing stock	M. Tons	5,005.000	12,005.000
Sales	M. Tons	99,441.000	64,191.000

S. No	Particulars	Current Year		Previous Year	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
(1)	(2)	(3)	(4)	(5)	(6)
1	Raw materials:				
(a)	Sugar cane (Annex 3)	3,852,261,666	41,672.65	4,164,219,154	54,651.41
(b)	Beet (Annex 4)	-	-	-	-
(c.)	Gur	-	-	-	-
(d)	Raw sugar	-	-	-	-
(e)	Process material (Annex 5)	38,472,189	416.18	29,918,565	392.65
2	Salaries/wages and benefits (Annex 6)	80,583,865	871.73	74,963,289	983.82
3	Consumable stores	57,926,153	626.63	57,634,727	756.40
4	Repair and maintenance	6,513,754	70.46	3,021,835	39.66
5	<u>Utilities:</u>				
	Steam (Annex 7)	8,780,360	94.98	8,367,528	109.82
6	Electric power (Annex 8)	44,220,574	478.37	32,033,128	420.40
7	Water and gas	-	-	-	-
8	Insurance	3,004,856	32.51	2,902,884	38.10
9	Depreciation	25,218,422	272.81	26,876,205	352.72
10	Other factory overheads (Annex 9)	9,086,955	98.30	6,741,299	88.47
11	Total cost	4,126,068,795	44,634.62	4,406,678,614	57,833.46
12	Add: opening stock of W.I.P	1,718,260	-	2,158,032	-
13	Less: closing stock of W.I.P	1,446,377	-	1,718,260	-
14	Total cost of goods manufacturing	4,126,340,678	44,637.56	4,407,118,386	57,839.24
15	Less: realizable value of by-products:				
	Molasses	375,136,469	4,058.12	403,484,204	5,295.35
	Bagasse	42,985,451	465.00	51,830,879	680.23
	Others (Mud)	6,411,959	69.36	7,052,766	92.56
16	Net cost of goods manufacturing:	3,701,806,799	40,045.08	3,944,750,537	51,771.10
17	Add: Packing Material and Handling	36,953,594	399.75	27,861,573	365.66
18	Net cost of bagged sugar	3,738,760,393	40,444.83	3,972,612,110	52,136.75
19	Add: excise duty/ sales tax	-	-	-	-
20	Total cost of bagged sugar	3,738,760,393	40,444.83	3,972,612,110	52,136.75
21	Add: opening stock of sugar	607,671,677	-	-	-
22	Less: closing stock of sugar	202,505,850	-	607,671,677	-
23	Cost of sales	4,143,926,220	41,672.21	3,364,940,433	52,420.75
24	Administrative expenses (Annex 10)	148,226,151	1,490.59	125,493,677	1,955.00
25	Selling and distribution expenses (Annex 11)	22,450,695	225.77	13,522,538	210.66
26	Financial expenses	54,979,821	552.89	82,932,104	1,291.96
27	Other charges	29,773,455	299.41	48,888,277	761.61
28	Other income	(34,064,643)	(342.56)	(52,320,293)	(815.07)
	Total cost to make and sell	4,365,291,698	43,898.31	3,583,456,736	55,824.91

Variance:

The decrease in cost to make and sell per ton of sugar as compared to year 2011 is due to increase in production, increase in recovery percentage and decrease in cost of sugar cane.

Specific analysis of cost variance on individual basis is enclosed herewith as (Annexure - 1A).

SHAHTAJ SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF PRODUCTION AND SALE OF
WHITE BAGGED SUGAR FOR THE YEAR ENDED SEPTEMBER 30, 2012

ANALYSIS OF MAJOR ITEM WISE VARIANCES

The total cost per ton to manufacture during the year amounting to Rs. 44,637.56 (2011: Rs. 57,839.24) has decreased by Rs.13,201.68 per ton primarily due to decrease in cost of raw material, increase in sucrose recovery percentage. Cost of sales has decreased by Rs. 10,748.54 per M. Ton as compared to last year i.e. 2012 Rs.41,672.21 per M. Ton (2011: Rs.52,420.75 per M. Ton). Cost to make and sell has decreased by Rs.11,926.60 per M. Ton i.e. 2012 Rs. 43,898.31(2011: Rs.55,824.91 due to increase in production during the year. Component wise variances are explained with reference to their respective notes as follows:

Particulars	Current Year	Previous Year	Variance	Reference
	Cost per ton of sugar	Cost per ton of sugar	Cost (Increase)/ Decrease	
Raw materials:				
(a) Sugar cane (Annex 3)	41,672.65	54,651.41	12,978.76	N-1
(b) Beet (Annex 4)	-	-	-	
(c.) Gur	-	-	-	
(d) Raw sugar	-	-	-	
(e) Process material (Annex 5)	416.18	392.65	(23.53)	N-2
Salaries/wages and benefits (Annex 6)	871.73	983.82	112.09	N-3
Consumable stores	626.63	756.40	129.77	N-4
Repairs and maintenance	70.46	39.66	(30.81)	N-5
Utilities:	-	-	-	
Steam (Annex 7)	94.98	109.82	14.84	N-6
Electric power (Annex 8)	478.37	420.40	(57.97)	N-7
Water and gas	N/A	N/A	-	N/A
Insurance	32.51	38.10	5.59	N-8
Depreciation	272.81	352.72	79.91	N-9
Other factory overheads (Annex 9)	98.30	88.47	(9.83)	N-10
Realizable value of by-products:				
Molasses	4,058.12	5,295.35	(1,237.23)	N-11
Bagasse	465.00	680.23	(215.23)	
Others (Mud)	69.36	92.56	(23.20)	
Packing material and handling	399.75	365.66	(34.09)	N-12
Administrative expenses (Annex 10)	1,490.59	1,955.00	464.41	N-13
Selling and distribution expenses (Annex 11)	225.77	210.66	(15.11)	N-14
Financial expenses	552.89	1,291.96	739.07	N-15
Other charges	322.55	761.61	439.06	N-16

- N-1 Decrease in cost per ton is due to increase in production and decrease in cost of sugar cane purchased during the year.
- N-2 Increase in cost of process material consumed is due to an increase in process material cost specially as compared to the previous year.
- N-3 Salaries, wages and benefits cost per ton of sugar has decreased due to increase in quantity produced as compared to last year.
- N-4 Decrease in cost per ton of sugar for consumable stores as compared to the previous year is mainly due to increase in production during the year.
- N-5 The increase in repair and maintenance per ton of sugar is due to more usage of plant due to increase in production during the year.
- N-6 Steam cost per ton of sugar has decreased due to overall increase in production.
- N-7 Cost per unit of electricity consumed has increased due to increase in electricity consumption and increase in rates as compared to the previous year.
- N-8 Decrease in insurance cost per ton of sugar is due to increase in production as compared to last year.
- N-9 Decrease in depreciation cost per ton of sugar is due to increase in production during the year.
- N-10 Increase in factory overheads per ton of sugar relates primarily due to increase in overall expenses as compared to the previous year.
- N-11 Decrease in the realizable value of molasse/bagasse/mud is due to decrease in demand during the year as compared to last year.
- N-12 Increase in cost per ton of sugar for packing material and handling cost relates primarily to increase in quantity produced during the year.
- N-13 Decrease in administrative expenses per ton of sugar basically relates to increase in quantity sold as compared to the previous year.
- N-14 Increase in per ton of selling and distribution expenses basically relates to increase in quantity sold as compared to the previous year.
- N-15 Financial expenses per ton of sugar has decreased due to decrease in mark up rates and increase in quantity sold as compared to the previous year.
- N-16 Decrease in cost per ton of sugar in case of other charges is primarily due to decrease in sales tax Rs. 13.058 million and WPPF as compared to last year.

Annexure- 2

SHAHTAJ SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SUGARCANE PRODUCED
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No.	Particulars	Current Year		Previous Year	
		Quantity	Amount Rs.	Quantity	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)
1	<u>Seeds and other inputs:</u> Seeds and other inputs: Fertilizers, herbicides etc. Insecticides Abiana/ water charges Total cost of inputs				
2	<u>Labour cost:</u> Land preparation Plantation Maintenance of cane crop/rations Operation of tractors Harvesting Total labour cost	NOT APPLICABLE			
3	<u>Other cost:</u> 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				

The company does not own any farms for cultivation of sugarcane/sugarbeat.

Annexure-3

SHAHTAJ SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SUGARCANE CRUSHED FOR THE YEAR ENDED SEPTEMBER 30, 2012

S.No.	Particulars	Current Year			Previous Year		
		Quantity M. Ton	Rate Rs./M. Ton	Amount Rs.	Quantity M. Ton	Rate Rs./M. Ton	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Total sugarcane purchased at Government fixed rate	953,713.156		-	925,506.211		-
	Sugarcane produced from own farm (Annex 2)			-			-
	Less: loss in transit	140.506		-			-
	Sugarcane received at factory gate.	953,572.650	3,821.44	3,644,016,668	925,506.211	4,255.56	3,938,546,513
2	Commission			2,167,156			2,418,225
3	Quality premium/price subsidy			8,764,819			10,633,256
4	Loading /unloading charges			4,788,792			4,580,110
5	Cane development expenses:						
	(a) Salaries and wages of supply and development staff (Annexure 6)			24,539,653			22,760,243
	(b) Sugarcane development			66,104			1,225,778
	(c.) Supply staff transportation expenses			1,857,083			1,673,974
	(d) Other expenditure						
6	Taxes and Levies:						
	(a) Cane cess/purchase tax.			-			-
	(b) Market committee fee	953,572.650	5.00	4,768,566	925,506.211	5.00	4,629,901
	(c.) Road cess	953,572.650	25.00	23,842,830	925,506.211	25.00	23,136,237
	(d) Octroi - Toll Tax						
	(e) Other levies						
7	Transportation charges:						
	(a) Delivery expenses - TPT at purchasing centre			30,924,011			26,018,895
	(b) Transport subsidy			94,835,823			116,630,883
	(c.) Others - M.V.Keep Up			3,773,100			3,645,021
8	Other expenditures at cane collection centers;						
	(a) Salaries and wages (Annexure 6)			6,776,751			6,545,205
	(b) Stores			760,804			1,361,843
	(c.) Repairs and maintenance			379,506			413,070
	(d) Others			-			-
	Total cost of "SUGARCANE" Transferred to production process			3,852,261,666			4,164,219,154

Basis of allocation:

Cost of sugarcane crushed is fully charged to production process.

Variance

Decrease in cost per ton is due to increase in raw material crushed and decrease in its procurement price during the year.

SHAHTAJ SUGAR MILLS LIMITED

STATEMENT SHOWING COST OF BEET CRUSHED FOR THE YEAR ENDED SEPTEMBER 30, 2012

Sr.No.	Particulars	Current Year			Previous Year		
		Quantity M.Tons	Rate Rs/M. Tons	Amount Rs.	Quantity M.Tons	Rate Rs/M. Tons	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Total beet purchased at Government fixed rate Less: Loss in transit. Beet received at factory gate.						
2	Commission paid						
3	Loading unloading						
4	Beet development expenses:						
	a Salaries and Wages of Supply and Development Staff.						
	b Sugar Development Research.						
	c Supply staff and transportation expenses.						
	d Other expenditure.						
6	Taxes and Levies: (if any)						
	a Purchase tax						
	b Market committee fee						
	c Road cess.						
	d Octroi						
	e Other Levies						
7	Transportation Charges:						
	a Delivery expenses /traveling from purchases centre to mill gate						
	b Transport subsidy						
	c Others.						
8	Other Expenditures at Beet Collection Centers:						
	a Salaries and Wages						
	b Stores						
	c Repairs and Maintenance.						
	d Others.						
TOTAL COST OF "BEET" TRANSFERRED TO PRODUCTION PROCESS							

NOT APPLICABLE

SHAHTAJ SUGAR MILLS LIMITED

STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED

FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No.	Particulars	Current Season		Previous Season	
		Amount RS.	Cost per ton of sugar	Amount RS.	Cost per ton of sugar
(1)	(2)	(3)	(4)	(5)	(6)
	Total Sugar Produced (M-Tons)		92,441.000		76,196.000
1	Bleaching Powder	110,172	1.19	122,938	1.61
2	Common Salt	91,855	0.99	58,960	0.77
3	Lime Quick	2,764,099	29.90	2,463,006	32.32
4	Chemfloat A-100	575,250	6.22	373,601	4.90
5	Acid Phosphoric Food Grade 85%	5,228,277	56.56	3,902,667	51.22
6	Chemrites (Anti-Scalants)	5,197,802	56.23	4,696,231	61.63
7	Chemflocs	1,248,413	13.50	1,132,795	14.87
8	Colour Quest - 55	11,581,060	125.28	6,651,635	87.30
9	Anti Foaming	-	-	5,625	0.07
10	Laboratory/ Chemicals/ Apparatus	512,096	5.54	593,959	7.80
11	Cleaning Chemicals & Equipments	2,250,807	24.35	1,916,769	25.16
12	Miscellaneous Process Chemicals	-	-	3,085	0.04
13	Lubricants & Grease	8,912,358	96.41	7,997,294	104.96
14	Other (Specify)	-	-	-	-
	Total.	38,472,189	416.18	29,918,565	392.65
	Less allocated to				
	(a) Electricity generation	-	-	-	-
	(b) Steam Generation	-	-	-	-
	(c) Raw Material	-	-	-	-
	(d) Admin Expenses	-	-	-	-
	(e) Selling and Distribution Expenditure	-	-	-	-
	(f) Any Other Specify	-	-	-	-
	Balance transferred to production process	38,472,189	416.18	29,918,565	392.65

Basis of allocation:

Cost of process material is fully charged to production process.

Variance:

Increase in overall process material cost as compared to last year is due to increase in production.

SHAHTAJ SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SALARIES, WAGES AND BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No.	Particulars	Amount RS.	Cost per ton of sugar	Amount RS.	Cost per ton of sugar
(1)	(2)	(3)	(4)	(5)	(6)
	Total Sugar Produced (M-Tons):		92,441.000		76,196.000
	Cost:				
1	Salaries/Wages:				
(i)	Officers and Permanent Staff.	92,105,689	996.37	83,145,556	1,091.21
(ii)	Seasonal Staff	7,564,575	81.83	8,421,213	110.52
(iii)	Daily rated and Contract Labour	31,240,498	337.95	25,833,644	339.04
(iv)	Bonuses	67,070,658	725.55	61,362,149	805.32
2	Benefits:				
(i)	Medical Expenses	4,034,828	43.65	3,969,774	52.10
(ii)	Canteen Expenses	782,659	8.47	753,899	9.89
(iii)	Welfare, Recreation	273,816	2.96	277,871	3.65
(iv)	Transport and Travelling	-	-	-	-
(v)	Education Cess/Expenses	-	-	-	-
(vi)	Group Insurance/Workmen	3,253,392	35.19	3,288,490	43.16
(vii)	Comp. Insurance	-	-	-	-
(viii)	Prov.Fund (Employer's contribution)	3,265,892	35.33	2,924,787	38.39
(xi)	Gratuity/Pension	51,975	0.56	32,974	0.43
(x)	Other Benefits (if any).				
	- Leave Encashment	1,892,438	20.47	2,017,106	26.47
	- Comp. Leave Encashment	1,518,737	16.43	1,764,696	23.16
	- Overtime	900,209	9.74	562,422	7.38
	- Social Security Contribution	2,745,074	29.70	2,581,085	33.87
	- EOBI Contribution	2,823,921	30.55	2,791,360	36.63
	- Education Cess	79,200	0.86	-	-
	- Uniform Expenses	1,393,679	15.08	1,360,480	17.86
	- Washing Exp. of Uniforms	415,807	4.50	384,000	5.04
	- SSM Model School Exp.	4,415,774	47.77	4,183,627	54.91
	- Scholarship to Employees' Children	64,700	0.70	42,940	0.56
	- Zachgi Allowance	-	-	-	-
	- Employees Daughter Marriage Exp.	95,000	1.03	55,000	0.72
	- Employees Hajj Exp.	1,218,725	13.18	955,585	12.54
	- Fair Price Shop Exp.	3,033,787	32.82	3,360,696	44.11
	- Apprenticeship Training Exp.	33,265	0.36	3,640	0.05
	Total:	230,274,298	2,491.04	210,072,994	2,757.01
	Less allocated to				
	(a) Electricity Generation - (Annexure - 8)	589,940	6.38	689,492	9.05
	(b) Steam Generation - (Annexure - 7)	9,291,758	100.52	8,413,947	110.43
	(c.) Raw Material - (Annexure - 3)	31,316,404	338.77	29,305,448	384.61
	(d) Admin Expenses - (Annexure - 10)	105,888,718	1,145.47	94,573,627	1,241.19
	(e) Distribution Expenses - (Annexure - 11)	2,603,613	28.17	2,127,191	27.92
	(f) Any Other Specify	-	-	-	-
		149,690,433	1,619.31	135,109,705	1,773.19
	Balance transferred to production process	80,583,865	871.73	74,963,289	983.82

Basis of allocation:

The cost has been allocated on the basis of actual labour cost incurred in each cost centers.

Variance:

Increase in salaries and wages during the year as compared to last year is primarily due to increase in production in addition to of annual increments and other inflationary impacts. However, due to increase in production, per ton cost of salaries and wages decreased during the year as compared to last year.

SHAHTAJ SUGAR MILLS LIMITED

STATEMENT SHOWING COST OF STEAM/GENERATED CONSUMED
FOR THE YEAR SEPTEMBER 30, 2012

Sr. No	Particulars	Unit	Current Year	Previous Year	Variance
(1)	(2)	(3)	(4)	(5)	(6)
	Types of steam boilers used.		Water Tube	Water Tube	
	Number of boiler installed	No.s	6	6	-
1	No. of days worked.	Days	114	114	-
2 - a	Installed Capacity	M.Tons/day	5,988	5,988	-
2 - b	Installed Capacity for season	M.Tons	682,632	682,632	-
3	Utilized Capacity	M.Tons	470,221	425,210	45,011
4	Production:				
	(a) High pressure steam			-	-
	(b) Medium pressure steam	M.Tons	470,221	425,210	45,011
	(c.) Low pressure steam		-	-	-
	(d) Less: transit losses	M.Tons	14,106	12,756	1,350
	(e) Total.	M.Tons	456,115	412,454	43,661
5	Percentage of capacity utilization (3/2 * 100)	%	68.88	62.28	6.60

Sr. No.	Particulars	Note	Current Year			Previous Year			
			Quantity	Rat per Unit Rs.	Amount Rs.	Quantity	Rat per Unit Rs.	Amount Rs.	
(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	
1	Water	M.T	1	486,215		438,455			
2	Fuels								
	(a) Bagasse:								
	(i) Own	M.T	2	275,964		268,750			
	(ii) Purchased								
	(b) Pith								
	(c.) Coal purchases								
	(d) Furnace Oil	Liters		15,530	341,619	11,320	21.19	239,874	
	(e) Fire Wood	M.T		66.25	455,467	83.01	6,492.95	538,980	
	(f) Gas								
	(g) Other fuels, if any (to be specified)								
3	Quantity of waste heat from the plant, if any.								
4	Consumable stores.				3,626,684			4,569,636	
5	Direct salaries, wages and benefits				9,291,758			8,413,947	
6	Repairs and Maintenance				524,538			14,172	
7	Other direct expenses (e.g. boiler inspection fee (etc.))				48,000			48,000	
8	Insurance				441,927			264,840	
9	Depreciation				1,836,721			1,698,312	
	Total Cost of Steam Raised				16,566,714			15,787,761	
10	Less: Outside sale				-			-	
	Total Cost of Steam for Self Consumption				16,566,714			15,787,761	
11	Add: Cost of steam purchased								
12	Total Cost of Steam Consumed				16,566,714			15,787,761	
	ALLOCATION								
	Total of item 12 allocated to								
	(i) White bagged sugar (M.T)			241,741	8,780,360	218,601		8,367,528	
	(ii) Electric powerhouse (M.T)			214,374	7,786,354	193,853		7,420,233	
	(iii) Others								
	(a) Staff colony								
	(b) Office building etc.								
	Total			456,115	36.32	16,566,714	412,454	38.28	15,787,761

Basis of allocation:

Cost of steam is charged to each cost centre on the basis of actual units consumed in 2012.

Variance:

Increase in overall production cost is due to more steam generated/produced and increase in salaries and wages and other consumable stores however cost per unit has decreased due to increase in production.

Notes:

- 1- water is used from company's own tube wells.
- 2- Steam is converted into M. ton through conversion meters.

SHAHTAJ SUGAR MILLS LIMITED

STATEMENT OF COST OF ELECTRIC POWER PURCHASED / GENERATED AND CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Current Year	Previous Year	Variance
1-a Installed Capacity (KWH)	11,000	11,000	-
1-b Working days	114	114	-
1-c Installed Capacity for season (KWH)	30,096,000	30,096,000	-
2 No. of units generated (KWH)	17,082,200	15,603,980	1,478,220.00
3 No. of units purchased (KWH)	855,750	997,460	(141,710.00)
4 Total (2+3)	17,937,950	16,601,440	1,336,510.00
5 Consumption in Power House including other losses	3,775,699	3,735,604	40,095.00
6 Net units consumed (4-5)	14,162,251	12,865,836	1,296,415.00
7 Percentage of Consumption and losses to total units	21.05%	22.50%	(1.45)
8 Percentage of power generated to installed capacity	56.76%	51.85%	4.91

Sr. No.	Particulars	Current Year			Previous Year		
		Quantity KWH	Rate Rs./KWH	Amount Rs.	Quantity KWH	Rate Rs./KWH	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Steam (Annex 7)			7,786,354			7,420,233
2	Consumable Stores			3,070,748			1,919,095
	Diesel - For Diesel generator SSM mandi			19,595,918			8,055,299
3	Salaries and Wages			589,940			689,492
4	Other direct expenses						-
5	Repairs and maintenance			513,063			530,484
6	Duty on electricity	kwh	17,082,200	-	15,603,980		852,103
7	Depreciation			3,185,865			2,783,596
	Total:			34,741,888			22,250,302
8	Less: (a) Credit for exhaust steam used in process etc. (b) Other Credits, if any			-			-
9	Cost of power generated			34,741,888			22,250,302
10	Less: Cost of power sold						
11	Add: Cost of power purchased	kwh	855,750	10,946,716	997,460		11,264,792
12	Total net cost of power consumed		17,937,950	45,688,604	16,601,440		33,515,094
13	Cost of unit average			2.55			2.02
	Total at item 12 allocated to						
	(i) White bagged sugar (Annex - 1)	kwh	13,707,201	44,220,574	12,296,936		32,033,128
	(ii) Self-consumption						
	(iii) Others.						
	(a) Staff colony--Admn	kwh	455,050	1,468,029	568,900		1,481,966
	(b) Office building						
	(c) Other (specify)						
	Total		14,162,251	3.23	45,688,604	12,865,836	2.60

Basis of allocation:

Cost of electricity is charged to each cost centre on the basis of actual units consumed.

Variance:

Increase in power consumption cost is primarily due to increase in units produced and increase in rates of electricity during the year as compared to last year.

SHAHTAJ SUGAR MILLS LIMITED

STATEMENT SHOWING OTHER FACTORY OVERHEADS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Sr. No.	Description	Amount in Rupees			
		Current Year		Previous Year	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
(1)	(2)	(3)	(4)	(5)	(6)
	Total Sugar Produced (M-Tons):		92,441.000		76,196.000
	Cost:				
1	Rent, Rates and Taxes	779,700	8.43	674,851	8.86
2	Printing and Stationery	545,901	5.91	514,192	6.75
3	Postage and Telegram	-	-	-	-
4	Telephone Fax and Telex	-	-	-	-
5	Travelling and Conveyance	256,447	2.77	226,096	2.97
6	Subscription, Books and Periodicals	93,974	1.02	88,675	1.16
7	Entertainment	41,141	0.45	41,711	0.55
8	Vehicle Running Expenses	3,362,167	36.37	2,410,563	31.64
9	Security (182,755+42,880)	225,635	2.44	165,894	2.18
10	Fire Fighting	285,300	3.09	106,245	1.39
11	Other Expenses		-		-
	- Freight and Cartage	40,529	0.44	48,278	0.63
	- Bagasse Removal	3,138,843	33.96	1,937,226	25.42
	- Press Mud Removal	-	-	-	-
	- Clinker Removal	-	-	260,543	3.42
	- Factory Supplies	218,172	2.36	179,421	2.35
	- Cycle Stand	87,706	0.95	87,604	1.15
	- Consultants & Advisors Remuneration	11,440	0.12	-	-
			-		
12	Total	9,086,955	98.30	6,741,299	88.47
	Allocated to		-		
	(i) White bagged sugar	9,086,955	98.30	6,741,299	88.47
	(ii) Electric Power House		-		-
	(iii) Steam Generation		-		-
	(iv) Others:		-		-
	(a) Staff Colony		-		-
	(b) Office building etc.		-		-
	Total as per item 12 above.	9,086,955	98.30	6,741,299	88.47

Basis of allocation:

Fully charged to white bagged sugar.

Variance:

Factory overhead is semi variable. Increase in per ton cost of sugar produced is due to increase in sugar produced and primarily due to increase in bagasse removal and vehicle running as compared to last year.

SHAHTAJ SUGAR MILLS LIMITED
STATEMENT SHOWING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Sr. No.	Particulars	Current Year		Previous Year	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Sugar Sold (M-Tons)		99,441.000		64,191.000
2	Cost				
	Salaries, Wages and Benefits (Annex 6)	105,888,718	1064.84	94,573,627	1473.32
	Rent, Rates and Taxes	2,428,321	24.42	2,574,046	40.10
	Insurance	1,055,118	10.61	1,015,373	15.82
	Water, Gas and Electricity 10/A	3,247,435	32.66	3,390,363	52.82
	Printing and Stationery	2,149,379	21.61	2,137,088	33.29
	Postage and Telephone	1,102,169	11.08	1,034,724	16.12
	Repair and Maintenance	8,128,221	81.74	2,503,665	39.00
	Travelling and Conveyance	1,721,930	17.32	1,415,846	22.06
	Subscription, Books and Periodicals	1,213,247	12.20	888,834	13.85
	Entertainment	412,376	4.15	351,214	5.47
	Legal and Professional Expenditure	2,393,580	24.07	2,399,721	37.38
	Auditor's Remuneration	1,649,890	16.59	1,199,500	18.69
	Cost Audit fee	69,000	0.69	61,000	0.95
	Vehicle Running Expenses	4,604,994	46.31	4,284,129	66.74
	Charity and Donation	615,500	6.19	803,000	12.51
	Depreciation	5,218,899	52.48	4,609,796	71.81
	Others				
	- Cash Loss	4,193,316	42.17	-	0.00
	- Mess expenses.	959,420	9.65	1,044,134	16.27
	- Office Staff Refreshment	862,565	8.67	781,404	12.17
	- Mosque Exp.	52,183	0.52	166,168	2.59
	- Paise Adjustment	(111)	0.00	45	0.00
	- Directors' Fee	260,000	2.61	260,000	4.05
	Total	148,226,151	1,490.59	125,493,677	1,955.00

Basis of allocation:

Fully charged to white bagged sugar.

Administrative expenses have increased in absolute terms due to increase in:

- a) repair and maintenance;
- c) travelling and conveyance; and
- d) subscription, books and periodicals.

However per ton cost reduced due to increase in sugar production as compared with previous year.

SHAHTAJ SUGAR MILLS LIMITED
STATEMENT SHOWING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

WATER, GAS AND ELECTRICITY

	Year	
	2012	2011
Water	45,547	40,868
Gas	90,580	66,580
Electricity	1,643,279	1,800,949
Electric power purchased/generated(annexure-8)	1,468,029	1,481,966
	<u>3,247,435</u>	<u>3,390,363</u>

Annexure- 11

SHAHTAJ SUGAR MILLS LIMITED

STATEMENT SHOWING SELLING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Sr. No.	Particulars	Current Year		Previous Year	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Sugar Sold (M-Tons)		99,441.000		64,191.000
2	Cost:				
	Salaries, Wages and Benefits (Annex 6)	2,603,613	26.18	2,127,191	33.14
	Travelling and Conveyance	1,238	0.01	-	-
	Commission	12,079,440	121.47	6,129,600	95.49
	Stacking/Restacking	1,801,752	18.12	1,427,165	22.23
	Loading/Unloading	2,065,260	20.77	1,334,939	20.80
	Advertising for Sales Promotion	92,800	0.93	85,800	1.34
	Other Expenses - Insurance	3,806,592	38.28	2,417,843	37.67
	Total	22,450,695	225.77	13,522,538	210.66

Basis of allocation:

Fully charged to white bagged sugar.

Variance:

The increase in selling cost per ton of sugar as compared to year 2011 is primarily due to increase in commission and insurance during the year.