

# SHANTAJ SUGAR MILLS LIMITED

## COST AUDITORS' REPORT

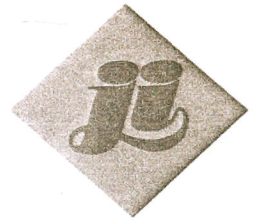
For the year ended September 30, 2013

**JAVAID IQBAL & CO**

Cost and Management Accountants

384-N, Samanabad, Lahore

Tel: (92-42) 37531110, 37587137, Fax: 37520121 E-mail: [javidjalal@brain.net.pk](mailto:javidjalal@brain.net.pk)



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

We, Javoid 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, 2013 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.



*Javoid Iqbal & Co*

Dated: January 12, 2014

Lahore

Javoid Iqbal & Co;

Cost and Management Accountants

## SHAHTAJ SUGAR MILLS LIMITED

### COST AUDIT FOR THE YEAR ENDED SEPTEMBER 30, 2013

#### 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	
2013	1,440,000 M.tons for 160 days
2012	1,440,000 M.tons for 160 days
2011	1,440,000 M.tons for 160 days
Utilized/Actual cane crushed	
2013	946,416 M.tons
2012	953,573 M.tons
2011	925,506 M.tons
Days worked	
2013	113
2012	114
2011	114

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)		2013 (M.tons)	2012 (M.tons)	2011 (M.tons)
Installed Capacity		122,400 for 160 days	122,400 for 160 days	122,400 for 160 days
Actual production		90,555	92,441	76,196
	From raw sugar	Nil	Nil	Nil
<b>Total</b>		90,555	92,441	76,196
<b>b) Percentage with installed capacity</b>				
Sugar produced		73.98	75.52	62.25
Sugarcane crushing		65.72	66.22	64.27

The shortfall in production viz a viz installed capacity is due to shortage of raw material supply, actual sugar production and cane crushing decreased during the year by 2.04% and 0.76% respectively as compared to the year 2012.

### MACHINE HOURS UTILIZATION

	2013	2012	2011
<b>Available hours</b>	2,689	2,716	2,712
<b>Utilized hours</b>	2,441.75	2,506.83	2,526.59
<b>Percentage</b>	90.81	92.30	93.16



#### 4- RAW MATERIAL

	2013		2012		2011	
	Quantity M.tons	Value Rs.	Quantity M.tons	Value Rs.	Quantity M.tons	Value Rs.
a) Consumption of major raw Material						
Sugar cane	946,416	4,042,553,399	953,573	3,644,016,668	925,506	3,938,546,513
Raw Sugar		-	-	-	-	-
Transportation		94,195,799		129,532,934		146,294,799
Quality/variety premium		9,054,756		8,764,819		10,633,256

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. 4,271.43 per M.ton increased by Rs. 450 per M.ton as compared to the last year's Rs. 3,821.44 per M.ton.
- Due to cost effective sugar procurement policy payment for transport subsidy decreased as compared to last year, which resulted in decrease in total cost of transportation cost by Rs. 36.31 per M.ton i.e. from Rs 135.84 per M.ton in the year 2012 to Rs. 99.53 per M.ton in the current year.

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

	ACTUAL (Kg)			STANDARD (Kg)		
	2013	2012	2011	2013	2012	2011
Sugarcane (per kg of sugar)	10.46	10.32	12.15	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	2013 Rupees	2012 Rupees	2011 Rupees
i Direct labour cost of production	129,519,013	111,900,269	104,268,737
ii Indirect labour cost of production	11,715,572	9,881,698	9,103,439
iii Employees' cost of administration	116,777,670	105,888,718	94,573,627
iv Employees' cost of selling and distribution	2,934,441	2,603,613	2,127,191
v Total employees' cost	<b>260,946,696</b>	<b>230,274,298</b>	<b>210,072,994</b>
Bonus to workers and employees included in [(i) to (iv) above]	68,690,829	67,070,658	61,362,149
(b) Salaries and perquisites of directors and chief executive	23,501,000	22,635,000	16,895,000

(c) Total maximum man-days of direct labour available were 160 days for crushing but actually 113 days were worked during the year.

#### (d) Direct labour cost

	2013	2012	2011
Direct labour cost	Rs. 129,519,013	111,900,269	104,268,737
Production (sugar)	M. ton 90,555	92,441	76,196
Average (M.ton)	1,430.28	1,210.50	1,368.43

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

(f) N/A

## 6- STORES AND SPARES

	2013 Rs/kg	2012 Rs/kg	2011 Rs/kg
a) Stores and spares per unit of output of sugar	<u>0.72</u>	<u>0.70</u>	<u>0.84</u>

Nominal increase in stores and spares per unit of output of sugar is due to decrease 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, 2013 is Nil approximately (2012: 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)

	2013 Rs.	2012 Rs.	2011 Rs.
Rent, rates and taxes	880,659	779,700	674,851
Printing and stationery	636,217	545,901	514,192
Travelling and conveyance	456,869	256,447	226,096
Subscription, books and periodicals	96,935	93,974	88,675
Entertainment	26,847	41,141	41,711
Vehicle running	3,596,661	3,362,167	2,410,563
Security	474,498	225,635	165,894
Fire fighting	-	285,300	106,245
Other expenses			
- Freight and cartage	209,923	40,529	48,278
- Bagasse removal	3,713,714	3,138,843	1,937,226
- Clinker removal	-	-	260,543
- Factory supplies	330,500	218,172	179,421
- Cycle stand	117,033	87,706	87,604
- Stores and spares (obsolete)	767,441	-	-
- Consultants' and advisors' fee	-	11,440	-
	<b>11,307,297</b>	<b>9,086,955</b>	<b>6,741,299</b>
Cost per M.ton of sugar produced:	<b>124.87</b>	<b>98.30</b>	<b>88.47</b>

### Variance:

As compared to last year, there is an increase in factory overheads on an overall basis mainly due to increase in vehicle running, bagasse removal and stores and spares rendered obsolete during the year. Furthermore, the overhead cost per M.ton of output of sugar produced has increased due to increase in total factory overheads and decrease in production during the year as compared to the last year.

**b- Administrative overheads****(Annexure 10)**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Salaries, wages and benefits	116,777,670	105,888,718	94,573,627
Rent, rates and taxes	4,144,624	2,428,321	2,574,046
Insurance	1,241,308	1,055,118	1,015,373
Water, gas and electricity	3,485,649	3,247,435	3,390,363
Printing and stationery	2,130,450	2,149,379	2,137,088
Postage and Telephone	1,427,881	1,102,169	1,034,724
Repair and maintenance	2,942,841	8,128,221	2,503,665
Travelling and conveyance	1,450,948	1,721,930	1,415,846
Subscription, books and periodicals	1,111,935	1,213,247	888,834
Entertainment	406,968	412,376	351,214
Legal and professional charges	2,984,210	2,393,580	2,399,721
Auditors' remuneration	1,795,000	1,649,890	1,199,500
Cost Audit Fee	76,000	69,000	61,000
Vehicle running and maintenance	4,877,036	4,604,994	4,284,129
Charity and donation	1,196,000	615,500	803,000
Depreciation	4,783,243	5,218,899	4,609,796
Others	710,633	6,327,373	2,251,751
<b>Total</b>	<b>151,542,396</b>	<b>148,226,151</b>	<b>125,493,677</b>
Cost per M.Ton of sugar sold:	<b>1,686.05</b>	<b>1,490.59</b>	<b>1,955.00</b>

**Variance:**

As compared to last year, the increase in administrative expenses primarily relates to increase in salaries, rent rates and taxes, legal and professional, and charity and donation. However, there has been an increase in administration cost per M.ton as compared to the previous year due to decrease in quantity sold during the year. (Annexure-10)



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

	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Salaries, wages and benefits	2,934,441	2,603,613	2,127,191
Travelling and conveyance	768	1,238	-
Commission	11,033,250	12,079,440	6,129,600
Stacking/restacking	1,653,235	1,801,752	1,427,165
Loading/unloading	1,844,756	2,065,260	1,334,939
Advertising	31,000	92,800	85,800
Sugar export	3,944	-	-
Insurance	2,518,773	3,806,592	2,417,843
<b>Total</b>	<b>20,020,167</b>	<b>22,450,695</b>	<b>13,522,538</b>
Cost per M.Ton of sugar sold:	<b>222.74</b>	<b>225.77</b>	<b>210.66</b>

**Variance:**

As compared to last year, the decrease in the above expenses is primarily due to overall decrease in commission, stacking/restacking and loading/unloading as a result of decrease in sales during the year. Accordingly, cost per M.ton as compared to last year has nominally decreased inspite of decrease in sales as compared to last year.

<b>Financial charges (finance cost)</b>	<b>55,181,000</b>	<b>54,980,000</b>	<b>82,932,104</b>
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**Variance**

As compared to last year, increase in above financial charges has resulted primarily due to increase in running finance facility (letter of credit and bank guarantee) Rs. (thousand) 44,429 (2012: Rs. (thousand) 37,726) with mark-up rates between 3 months KIBOR + 0.75% to 1.25% (2012: 3 months KIBOR + 0.75% TO 1.23%).

**9- ROYALTY/TECHNICAL AID PAYMENTS**

Not applicable.

**10- ABNORMAL NON-RECURRING FEATURES**

Not applicable.

## 11- COST OF PRODUCTION

	2013	2012	2012
Total cost of production (Rs.)	4,137,839,084	3,738,760,393	3,972,612,110
Total sugar produced (kgs)	90,555,000	92,441,000	76,196,000
Per unit cost of production	45.69	40.44	52.14

As compared to last year, the unit cost of sugar produced has increased due to decrease in quantity produced and increase in cost of production.

## 12- SALE

	QUANTITY	VALUE Rs.	AVERAGE Rs/per kg
2013	89,880,000 Kgs	4,249,385,900	47.28
2012	99,441,000 Kgs	4,707,044,480	47.34
2011	64,191,000 Kgs	4,003,175,382	62.36

### Variance

Average sale price (net of taxes) during the year has remained constant viz a viz last year.

## 13- PROFITABILITY

	2013	2012	2011
Operating profit (per kg of sugar)	0.16	3.99	7.83

As compared to last year, company's profitability has significantly decreased due to overall increase in expenses.

#### 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- **Annexure A**.

**SHAHTAJ SUGAR MILLS LIMITED**

**Annex-A**

**RECONCILIATION OF COST TO  
MAKE AND SELL SUGAR**

DESCRIPTION	2013	2012
Manufacturing expenses	4,514,307,940	4,127,536,824
Packing material	36,089,871	36,953,594
Add opening stock - in process	1,446,377	1,718,260
Add opening stock - fine	202,505,850	607,671,677
Less opening stock - in process	(1,713,766)	(1,446,377)
Less opening stock - fine	(259,630,892)	(202,505,850)
Cost of imported sugar - Refined	-	-
	<u>4,493,005,380</u>	<u>4,569,928,128</u>
Brokerage	11,033,250	12,079,440
Distribution cost	8,986,917	10,371,255
Administrative expenses	150,142,854	146,758,121
Financial cost	55,180,488	54,979,821
Other charges -		
Gratuity, retirement benefits and	3,396,670	3,752,674
Loss on initial recognition of financial assets at fair value	157,413	-
Special excise duty	19,008	137,590
Workers profit participation fund	-	18,381,799
Workers welfare fund	-	7,501,392
	<u>3,573,091</u>	<u>29,773,455</u>
	<u>4,721,921,980</u>	<u>4,823,890,220</u>
<b>L E S S _</b>		
Other income	15,960,720	34,064,643
Realizable value of By-Products:		
Molasses	378,951,784	375,136,469
Bagasse	27,044,761	42,985,451
Mud	4,895,252	6,411,959
	<u>410,891,797</u>	<u>424,533,879</u>
	<u>426,852,517</u>	<u>458,598,522</u>
	<u><u>4,295,069,463</u></u>	<u><u>4,365,291,698</u></u>



## 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 BAHAUDDIN
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
<b>1 (a)</b>	<b>CANE CRUSHED</b>		
	Date started	30-11-2012	24-11-2011
	Date finished	22-03-2013	16-03-2012
	Duration of run days	113	114
	Total number of hours in duration	2,689	2,716
	Total number of hours actual crushing	2,441.75	2,506.83
	Total number of hours lost	247.25	209.17
	Total cane milled (M.ton)	946,415.873	953,572.650
	Total cane milled (Maunds)	23,660,400	23,839,316.25
	Total mixed juice obtained (M.ton)	1,026,249.687	1,041,593.889
<b>1 (b)</b>	<b>GUR MELTED</b>	Nil	Nil
<b>1 (c)</b>	<b>RAW SUGAR PROCESSED (M.ton)</b>	Nil	Nil
<b>2-</b>	<b>JUICE AND ADDED WATER</b>		
	Average mixed juice obtained (% of cane)	108.43	109.23
	Average added water (% of cane)	36.99	38.17
<b>3-</b>	<b>SUGAR MADE</b>		
	Total sugar bagged of all grade (100 kg)	Nil	Nil
	Total sugar bagged of all grade (50 kg)	1,811,100	1,848,820
	Sugar bagged (M.ton)	90,555	92,441
	Sugar in process (M.ton)	37.349	35.662
<b>4-</b>	<b>MOLASSES EXTRACTED</b>		
	Total molasses sent out (M.ton)	45,373.604	47,483.747
	Molasses in process (M.ton)	2.651	2.338
<b>5-</b>	<b>RECOVERY PERCENTAGE</b>		
	Average recovery of marketable sugar (% of cane)	9.57	9.69
	Average production of final molasses (% of cane)	4.79	4.98
<b>6-</b>	<b>BY PRODUCTS</b>		
	Bagasse (% of cane) M.ton	28.56	28.94
	V.F Cake (% of cane) M.ton	3.00	3.00
<b>7-</b>	<b>CLARIFICATION PROCESS</b>	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, 2013**

	<b>Production unit</b>	<b>Installed capacity</b>	<b>Utilized capacity</b>
Sugarcane crushing	M. Tons	1,440,000 (Based on 160 days)	946,416 (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**

	<b>DESCRIPTION</b>	<b>QTY/M.ton</b>	<b>Value Rs.(000)</b>
(i)	<b>Raw material</b>		
	Sugarcane	-	-
(ii)	<b>Work in process</b>		
	Sugar	37.349	1,693
	Molasses	2.651	21
			<u>1,714</u>
(iii)	<b>Finished goods</b>		
	Sugar	5,680	259,631
	Molasses	-	-
			<u>202,506</u>
(iv)	<b>Other stocks</b>		
	Fair price shop	Various items	551
			<u>551</u>

**Chief Executive**

**Chief Financial Officer**

# SHAHTAJ SUGAR MILLS LIMITED

Annexure - 1

## STATEMENT SHOWING COST OF PRODUCTION AND SALE OF WHITE BAGGED SUGAR FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Quantitative Data - Bagged Sugar</u>		2013	2012
Opening Stock	(M.Tons)	5,005.00	12,005.000
Production	(M.Tons)	90,555.00	92,441.000
Available for sale	(M.Tons)	95,560.00	104,446.000
Closing Stock	(M.Tons)	5,680.00	5,005.000
Sales	(M.Tons)	<b>89,880.000</b>	<b>99,441.000</b>

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	Raw Materials				
a	Sugar Cane (Annex 3)	4,218,141,954	46,580.99	3,852,261,666	41,672.65
b	Beet (Annex.4)	-	-	-	-
c	Gur	-	-	-	-
d	Raw Sugar	-	-	-	-
e	Process Material (Annex.5)	42,979,602	474.62	38,472,189	416.18
2	Salaries/Wages and benefits (Annex.6)	95,342,388	1,052.87	80,583,865	871.73
3	Consumable Stores	58,341,184	644.26	57,926,153	626.63
4	Repairs and maintenance	3,811,073	42.09	6,513,754	70.46
	UTILITIES				
5	Steam (Annex.7)	10,194,495	112.58	8,780,360	94.98
6	Electric Power (Annex 8)	45,456,028	501.97	44,220,574	478.37
7	Water and Gas	-	-	-	-
8	Insurance	3,308,572	36.54	3,004,856	32.51
9	Depreciation	24,025,806	265.32	25,218,422	272.81
10	Other Factory Overheads (Annex.9)	11,307,297	124.87	9,086,955	98.30
11	Total Cost.	<b>4,512,908,399</b>	<b>49,836.10</b>	<b>4,126,068,794</b>	<b>44,634.62</b>
12 *	Add: Opening Stock of W.I.P	1,446,377	-	1,718,260	-
13 *	Less: Closing Stock of W.I.P	1,713,766	-	1,446,377	-
14	Total Cost of goods Manufacturing	4,512,641,010	<b>49,833.15</b>	4,126,340,677	<b>44,637.56</b>
15	Less: Realizable value of By-Products:				
	Molasses.	378,951,784	4,184.77	375,136,469	4,058.12
	Bagasse.	27,044,761	298.66	42,985,451	465.00
	Others (Mud)	4,895,252	54.06	6,411,959	69.36
16	Net Cost of goods Manufacturing	<b>4,101,749,213</b>	<b>45,295.67</b>	<b>3,701,806,798</b>	<b>40,045.08</b>
17	Add: Packing Material and Handling	36,089,871	398.54	36,953,594	399.75
18	Net cost of Bagged Sugar	<b>4,137,839,084</b>	<b>45,694.21</b>	<b>3,738,760,392</b>	<b>40,444.83</b>
19	Add: Excise Duty / sales tax.	-	-	-	-
20	Total Cost of Bagged Sugar	<b>4,137,839,084</b>	<b>45,694.21</b>	<b>3,738,760,392</b>	<b>40,444.83</b>
21 *	Add: Opening Stock of Sugar	202,505,850	-	607,671,677	-
22 *	Less: Closing Stock of Sugar	259,630,892	-	202,505,850	-
23	Cost of Sales.	<b>4,080,714,042</b>	<b>45,401.80</b>	<b>4,143,926,219</b>	<b>41,672.21</b>
24	Administrative Expenses (Annex 10)	151,542,396	1,686.05	148,226,151	1,490.59
25	Selling and Distribution Expenses (Annex 11)	20,020,167	222.74	22,450,695	225.77
26	Financial Expenses	55,180,488	613.94	54,979,821	552.89
27	Other Charges	3,573,091	39.75	29,773,455	299.41
28	Other income	(15,960,721)	(177.58)	(34,064,643)	(342.56)
	<b>TOTAL COST TO MAKE AND SELL</b>	<b>4,295,069,463</b>	<b>47,786.71</b>	<b>4,365,291,698</b>	<b>43,898.31</b>

### Variance

The increase in cost to make and sell per ton of sugar as compared to year 2012 is due to decrease in production, decrease in recovery percentage, decrease in quantity sold and overall increase in cost of production (inputs) as shown above.

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



## Annexure - 1(A)

**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 cost per ton to manufacture during the year amounting to Rs. 49,833.15 (2012 Rs. 44,637.56) has increased by Rs. 5,195.59 per M.Ton primarily due to increase in cost of raw material, decrease in sucrose recovery percentage. Cost of sales has increased by Rs. 3,774.59 per M.Ton as compared to last year i.e. 2013 Rs. 45,401.80 per M.Ton (2012: Rs. 41,627.21 per M. Ton). Cost to make and sell has increased by Rs. 3,888.40 per M.Ton i.e. 2013 Rs. 47,786.71 per M.Ton. Accordingly, 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	
<b>Raw Materials:</b>				
(a) Sugar Cane (Annex 3)	46,580.99	41,672.65	(4,908.34)	N-1
(b) Beet (Annex 4)	-	-	-	
(c.) Gur	-	-	-	
(d) Raw Sugar	-	-	-	
(e) Process Material (Annex 5)	474.62	416.18	(58.44)	N-2
Salaries/Wages & benefits (Annex 6)	1,052.87	871.73	(181.13)	N-3
Consumable Stores	644.26	626.63	(17.63)	N-4
Repair and Maintenance	42.09	70.46	28.38	N-5
<b>Utilities:</b>				
Steam (Annex 7)	112.58	94.98	(17.59)	N-6
Electric Power (Annex 8)	501.97	478.37	(23.61)	N-7
Water Gas	-	-	-	N/A
Insurance	36.54	32.51	(4.03)	N-8
Depreciation	265.32	272.81	7.49	N-9
Other Factory Overheads (Annex 9)	124.87	98.30	(26.57)	N-10
Realizable value of By-Products:			-	
Molasses	4,184.77	4,058.12	126.65	
Bagasse	298.66	465.00	166.35	
Packing Material & Handling	398.54	399.75	1.21	
Administrative Expenses (Annex 10)	1,686.05	1,490.59	(195.46)	N-11
Selling & Distribution Expenses (Annex 11)	222.74	225.77	3.03	
Financial Expenses (finance cost)	613.94	552.89	(61.05)	N-12
Other Charges	39.75	299.41	259.65	

- N-1 Increase in cost per M.Ton is due to significant increase in cost of raw material purchased during the year.
- N-2 Increase in process material cost is due to significant increase in cost of Lime Quick and Colour Quest - 55 as compared to last year.
- N-3 Cost per M.Ton of sugar of salaries, wages and benefits has increased due to (a) increase in minimum wage by the govt. (b) annual increment and (c) decrease in quantity produced as compared
- N-4 Nominal increase in cost per M.Ton of sugar for consumable stores as compared to the previous year is mainly due to decrease in production during the year.
- N-5 Decrease in repair and maintenance per M.Ton of sugar is due to reduction of repair work during the year as compared to last year.
- N-6 Steam cost per M.Ton of sugar has increased mainly due to increase in minimum wage as well as increase in consumable stores as compared to last year.
- N-7 Cost per unit of electricity consumed has mainly increased due to decrease in production during the year as compared to last year.
- N-8 Nominal increase in insurance cost per M.Ton of sugar is due to inflationary impact as compared to last year.
- N-9 Decrease in depreciation cost per M.Ton of sugar is due to reduction in WDV and the resultant decrease in depreciation charge for the year as compared to last year.
- N-10 Increase in the factory overheads per M.Ton of sugar relates primarily due to inflationary impact on prices and decrease in quantity produced.
- N-11 Increase in administrative expenses per M.Ton of sugar basically relates to increase in salaries and wages and decrease in quantity of sugar produced as compared to last year.
- N-12 On an overall basis, financial charges (finance cost) have increased during the year as compared to last year because of increase in mark up paid on running finance availed during the year. Financial expenses per M.Ton of sugar have increased due to decrease in quantity sold as compared to last year.



SHAHTAJ SUGAR MILLS LIMITED

Annexure - 2

STATEMENT SHOWING COST OF SUGARCANE PRODUCED  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Sr.No.	Particulars	Current Year		Previous Year	
		Quantity	Amount Rs.	Quantity	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)
1	<b><u>Seeds and Other Inputs:</u></b> Seed and other inputs Fertilizers, herbicides etc. Insecticides. Abianan/Water Charges. Total Cost of Inputs.				
2	<b><u>Labour Cost:</u></b> Land preparation Plantation. Maintenance of cane crop/rations Operation of Tractors. Harvesting Total Labour Cost.				
3	<b><u>Other Cost:</u></b> 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.				

NOON SUGAR MILLS LIMITED

Annexure - 3

STATEMENT SHOWING COST OF SUGARCANE CRUSHED FOR THE YEAR ENDED SEPTEMBER 30, 2013

Sr. No.	Particulars	Current Year			Previous Year		
		Quantity M. Tons	Rate Rs/M.Ton	Amount Rs.	Quantity M. Tons	Rate Rs/M.Ton	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Total sugarcane purchased at Government fixed rate	946,640,978			953,713,156		
	Sugarcane produced from own farms (Annex.2)	-			-		
	Less: Loss in transit.	225,105			140,506		
	Sugarcane received at factory gate.	946,415,873	4,271.43	4,042,553,399	953,572,650	3,821.44	3,644,016,668
2	Commission			2,420,350			2,167,156
3	Quality premium / price subsidy			9,054,756			8,764,819
4	Loading / unloading charges			4,600,724			4,788,792
5	Cane development expenses:						
	a) Salaries and Wages of Supply and Development Staff.(Annexure 6)			25,967,079			24,539,653
	b) Sugarcane Development			115,815			66,104
	c) Supply staff transportation expenses.			1,981,988			1,857,083
	d) Other expenditure.			-			-
6	Taxes and Levies:						
	a) Cane cess / purchase tax			-			-
	b) Market committee fee	946,415,873	5.00	4,733,205	953,572,650	5.00	4,768,566
	c) Road cess.	946,415,873	25.00	23,666,025	953,572,650	25.00	23,842,830
	d) Octroi - Toll Tax			-			-
	e) Other Levies			-			-
7	Transportation Charges:						
	a) Delivery expenses. - TPT at purchasing centre			47,523,231			30,924,011
	b) Transport subsidy			42,947,421			94,835,823
	c) Others - M. V. Keep up expenses.			3,725,147			3,773,100
8	Other Expenditures at Cane Collection Centers:						
	a) Salaries and Wages (Annex-6)			8,209,546			6,776,751
	b) Stores			263,018			760,804
	c) Repairs and Maintenance.			380,250			379,506
	d) Others.			-			-
<b>TOTAL COST OF "SUGARCANE" TRANSFERRED TO PRODUCTION PROCESS</b>				<b>4,218,141,954</b>			<b>3,852,261,666</b>

**Basis of allocation:**

Cost of sugarcane crushed is fully charged to production process.

**Variance:**

Increase in cost per M.Ton is due to shortage in the supply of raw material. Moreover, sugarcane procurement cost per ton also increased during the year as compared to last year as Government of Punjab increased the support price of sugarcane from Rs.150/- per 40 Kg. to Rs.170/- per 40 Kg.

**SHAHTAJ SUGAR MILLS LIMITED**

Annexure - 4

**STATEMENT SHOWING COST OF BEET CRUSHED FOR THE YEAR ENDED SEPTEMBER 30,2013**

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

NOT APPLICABLE

## SHAHTAJ SUGAR MILLS LIMITED

Annexure 5

### STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED FOR THE YEAR ENDED SEPTEMBER 30, 2013

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)
	Total Sugar Produced (M.Tons)		<b>90,555.00</b>		<b>92,441.00</b>
1	Bleaching Powder.	169,866	1.88	110,172	1.19
2	Common Salt	60,802	0.67	91,855	0.99
3	Lime Quick	4,334,113	47.86	2,764,099	29.90
4	Chemfloat A - 100	604,028	6.67	575,250	6.22
5	Acid Phosphoric Food Grade 85%	5,676,961	62.69	5,228,277	56.56
6	Chemrites (Anti - Scalants)	5,127,184	56.62	5,197,802	56.23
7	Chemflocs	1,096,133	12.10	1,248,413	13.50
8	Colour Quest - 55	13,752,619	151.87	11,581,060	125.28
9	Anti Foaming	-		-	
10	Laboratory Chemicals / Apparatus	554,247	6.12	512,096	5.54
11	Cleaning Chemicals & Equipments	2,324,536	25.67	2,250,807	24.35
12	Miscellaneous Process Chemicals	-		-	
13	Lubricant and Grease	9,279,113	102.47	8,912,358	96.41
14	Other (Specify).	-		-	
	<b>Total</b>	<b>42,979,602</b>	<b>474.62</b>	<b>38,472,189</b>	<b>416.18</b>
	Less allocated to				
	(a) Electricity generation	-		-	
	(b) Steam Generation (Annex-7)	-		-	
	(c) Raw Material	-		-	
	(d) Admin Expenses.	-		-	
	(e) Selling and Distribution Expenditure	-		-	
	(f) Any Other (Specify)	-		-	
	<b>Balance transferred to production process</b>	<b>42,979,602</b>	<b>-</b>	<b>38,472,189</b>	<b>416</b>

**Basis of allocation:**

Total cost of process material is transferred to Annexure-I

**Variance**

Increase in overall cost as compared to last year is due to significant increase in cost of Lime Quick and Colour Quest - 55 which has resultantly increased per M.Ton cost of process material consumed as compared to last year.

# SHAHTAJ SUGAR MILLS LIMITED

Annexure 6

## STATEMENT SHOWING COST OF SALARIES, WAGES AND BENEFITS FOR THE YEAR ENDED SEPTEMBER 30, 2013

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)
	Total Sugar Produced (M.Tons)		<b>90,555.00</b>		<b>92,441.00</b>
	<b>COST:</b>				
1	<b>Salaries / Wages:</b>				
	I Officers and Permanent Staff	111,239,765	1,228.42	92,105,689	996.37
	ii Seasonal Staff	9,942,271	109.79	7,564,575	81.83
	iii Daily rated and Contract Labour	36,378,794	401.73	31,240,498	337.95
	iv Bonuses.	68,690,829	758.55	67,070,658	725.55
2	<b>Benefits</b>				
	I Medical Expenses	4,746,963	52.42	4,034,828	43.65
	ii Canteen Expenses.	867,505	9.58	782,659	8.47
	iii Welfare, Recreation	293,638	3.24	273,816	2.96
	iv Transport and Travelling	-	-	-	-
	v Education Cess Expenses.	-	-	-	-
	vi Group Insurance/Workmen	3,241,355	35.79	3,253,392	35.19
	vii Comp. Insurance	-	-	-	-
	viii Prov.Fund (Employer's contribution).	3,536,872	39.06	3,265,892	35.33
	ix Gratuity / Pension	82,438	0.91	51,975	0.56
	x Other Benefits (if any)				
	- Leave Encashment	1,602,109	17.69	1,892,438	20.47
	- Comp. Leave Encashment	1,649,014	18.21	1,518,737	16.43
	- Overtime	1,439,147	15.89	900,209	9.74
	- Social Security Contribution	2,625,748	29.00	2,745,074	29.70
	- EOBI Contribution	3,537,168	39.06	2,823,921	30.55
	- Education Cess	67,475	0.75	79,200	0.86
	- Uniform Expenses	1,553,968	17.16	1,393,679	15.08
	- Washing Exp. Of Uniforms	420,000	4.64	415,807	4.50
	- SSM Model School Exp.	4,221,805	46.62	4,415,774	47.77
	- Scholarship to Employees" Children	115,480	1.28	64,700	0.70
	- Zachgi Allowance	-	-	-	-
	- Employees Daughter Marriage Exp.	57,400	0.63	95,000	1.03
	- Employees Hajj Exp.	1,457,600	16.10	1,218,725	13.18
	- Fair Price Shop Exp.	3,165,492	34.96	3,033,787	32.82
	- Apprenticeship Training Exp.	13,860	0.15	33,265	0.36
	<b>Total</b>	<b>260,946,696</b>	<b>2,881.64</b>	<b>230,274,298</b>	<b>2,491.04</b>
	Less allocated to :				
	(a) Electricity generation (Annex-8)	841,986	9.30	589,940	6.38
	(b) Steam Generation (Annex-7)	10,873,586	120.08	9,291,758	100.52
	(c) Raw Material (Annex-3)	34,176,625	377.41	31,316,404	338.77
	(d) Admin Expenses. (Annex-10)	116,777,670	1,289.58	105,888,718	1,145.47
	(e) Selling and Distribution (Annex-11)	2,934,441	32.41	2,603,613	28.17
	(f) Any Other Specify	-	-	-	-
		<b>165,604,308</b>	<b>1,828.77</b>	<b>149,690,433</b>	<b>1,619.31</b>
	<b>Balance transferred to production process</b>	<b>95,342,388</b>	<b>1,052.87</b>	<b>80,583,865</b>	<b>871.73</b>

**Basis of allocation:**

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

**Variance:**

Cost per M.Ton of sugar of salaries, wages and benefits has increased due to (a) increase in minimum wage rates by Government of Punjab and (b) normal annual increments.

**SHAHTAJ SUGAR MILLS LIMITED**

Annexure - 7

**STATEMENT SHOWING COST OF STEAM/GENERATED CONSUMED  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Sr.No.	Particulars	UNIT	CURRENT YEAR	Previous Year	Variance
(1)	(2)	(3)	(4)	(5)	(6)
	Type of steam boilers used		Water tube	Water tube	
	Number of boiler installed	Nos.	6	6	-
1	No. of days worked	Days	113	114	(1)
2 - a	Installed Capacity	M. Tons/Day	5,988	5,988	-
2 - b	Installed Capacity for season	M. Tons	676,644	682,632	(5,988)
3	Utilized capacity	M. Tons	457,455	470,221	(12,766)
4	Production				
	(a) High pressure steam	M. Tons	-	-	-
	(b) Medium pressure steam	M. Tons	457,455	470,221	(12,766)
	(c) Low pressure steam	M. Tons	-	-	-
	(d) Less: transit losses	M. Tons	13,540	14,106	(566)
	(e) Total	M. Tons	443,915	456,115	(12,200)
5	Percentage of capacity utilization (3/2*100)	%	67.600	68.88	(1.28)

Sr.No.	Particulars	Note	Current Year			Previous Year		
			Quantity	Rate Per Unit Rs.	Amount Rs.	Quantity	Rate Per Unit Rs.	Amount Rs.
(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)
1	Water (M.Ton)		471,308	-	-	486,215	-	-
2	Fuels							
	(a) Bagasse (M.Ton)							
	(i) Own		262396			275,965		
	(ii) Purchased							
	(b) Pith							
	(c) Coal purchased							
	(d) Furnace Oil (LTR)		51,260	18.0327	924,358	15,530	22.00	341,619
	(e) Fire Wood (M. ton))		65.88	7573.83	498,964	66.25	6,874.97	455,467
	(f) Gas							
	(g) Other fuels if any (to be specified) Rice Husk							
3	Quantity of waste heat from the plant, if any							
4	Consumable stores.				4,516,786			3,626,684
5	Direct salaries, Wages and benefits				10,873,586			9,291,758
6	Repairs and Maintenance				243,805			524,538
7	Other direct expenses (e.g. Boiler inspection fee etc.				48,000			48,000
8	Insurance				472,744			441,927
9	Depreciation				1,653,052			1,836,721
	Total Cost of Steam Raised				19,231,295			16,566,714
10	Less: Outside sale							-
11	Total Cost of Steam for Self Consumption				19,231,295			16,566,714
12	Add: Cost of Steam purchased				-			-
	Total Cost of Steam Consumed				19,231,295			16,566,714
	<b>ALLOCATION</b>							
	Total of item 12 allocated to							
	(i) White bagged sugar (Annex-1)		235319		10,194,495	241,741		8,780,360
	(ii) Electric Power house (Annex-8)		208596		9,036,800	214,374		7,786,354
	(iii) Others							
	(a) Staff colony							
	(b) Office building etc.							
			443,915		19,231,295	456,115		16,566,714

**Variance:**

As compared to last year, increase in total cost of steam consumed is primarily due to increase in minimum wage as well as increase in consumable Stores.



## SHAHTAJ SUGAR MILLS LIMITED

Annexure - 8

### STATEMENT OF COST OF ELECTRIC POWER PURCHASED/GENERATED AND CONSUMED FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Current Year	Previous year	Variance
1-a Installed Capacity (KWH)	11,000	11,000	-
1-b Working days	113	114	(1)
1-c Installed Capacity for season (KWH)	29,832,000	30,096,000	(264,000)
2 No. of units generated (KWH)	16,896,310	17,082,200	(185,890)
3 No. of units purchased (KWH)	756,400	855,750	(99,350)
4 Total (2+3)	17,652,710	17,937,950	(285,240)
5 Consumption in Power House including other losses	3,738,742	3,775,699	(36,957)
6 Net units consumed (4-5)	13,913,968	14,162,251	(248,283)
7 Percentage of Consumption and losses to total units	21.18%	21.05%	0.13
8 Percentage of power generated to installed capacity $2/1 \times 100$	56.64%	56.76%	(0.12)

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)			9,036,800			7,786,354
2	Consumable Stores.			1,774,513			3,070,748
	Diesel - For Diesel generator SSM Mandi			20,255,081			19,595,918
3	Salaries and Wages (Annex-6)			841,986			589,940
4	Other direct expenses			-			-
5	Repairs and Maintenance.			288,623			513,063
6	Duty on electricity KWH	16,896,310		-	17,082,200		-
7	Depreciation			2,867,277			3,185,865
	Total			<b>35,064,280</b>			<b>34,741,888</b>
8	* Less (a) Credit for exhaust steam used in process etc.			-			-
	(b) Other credits, if any			-			-
9	Cost of power generated			35,064,280			34,741,888
10	Less: Cost of Power sold.						
11	Add: Cost of Power purchased KWH	756,400		11,791,289	855,750		10,946,716
12	Total net cost of power consumed	17,652,710		<b>46,855,569</b>	17,937,950		<b>45,688,604</b>
13	Cost per unit average.			2.65			2.55
	Total at item 12 allocated to						
	(i) White bagged sugar (Annexure - 1) KWH	13,498,368		45,456,028	13,707,201		44,220,574
	(ii) Self - consumption						
	(iii) Others.						
	(a) Staff colony - Admin. KWH	415,600		1,399,541	455,050		1,468,029
	(b) Office building						
	(c) Other (specify)						
<b>TOTAL</b>		<b>13,913,968</b>		<b>46,855,569</b>	<b>14,162,251</b>	<b>3.23</b>	<b>45,688,603</b>

**Variance:**

Nominal increase in total cost of electric power purchased/generated/consumed is primarily due to increase in cost of electricity purchased from WAPDA and per unit cost of sugar produced has increased due to increase in production as compared to last year.

**SHAHTAJ SUGAR MILLS LIMITED**  
**STATEMENT SHOWING OTHER FACTORY OVERHEADS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Annexure 9

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)
	Total Sugar Produced (M.Tons)		90,555		92,441
	<b><u>COST</u></b>				
1	Rent, Rate and Taxes.	880,659	9.73	779,700	8.43
2	Printing and Stationery	636,217	7.03	545,901	5.91
3	Postage and Telegram	-	-	-	-
4	Telephone Fax and Telex.	-	-	-	-
5	Travelling and Conveyance	456,869	5.05	256,447	2.77
6	Subscriptions, Books and Periodicals.	96,935	1.07	93,974	1.02
7	Entertainment	26,847	0.30	41,141	0.45
8	Vehicle Running Expenses.	3,596,661	39.72	3,362,167	36.37
9	Security.	474,498	5.24	225,635	2.44
10	Fire Fighting Other Expenses.	-	-	285,300	3.09
11	Other Expenses.				
	- Freight and Cartage	209,923	2.32	40,529	0.44
	- Bagasse Removal	3,713,714	41.01	3,138,843	33.96
	- Press Mud Removal	-	-	-	-
	- Clinker Removal	-	-	-	-
	- Factory Supplies	330,500	3.65	218,172	2.36
	- Cycle Stand Exp.	117,033	1.29	87,706	0.95
	- Obsolete Stores and Spares	767,441	8.47	-	-
	- Consultants & Advisors Remuneration	-	-	11,440	0.12
12	<b>TOTAL</b>	<b>11,307,297</b>	<b>124.87</b>	<b>9,086,955</b>	<b>98.30</b>
	Allocated to:				
	(a) White bagged sugar	11,307,297	124.87	9,086,955	98.30
	(b) Electric Power House	-	-	-	-
	(c) Steam Generation	-	-	-	-
	(d) Others:	-	-	-	-
	i. Staff Colony	-	-	-	-
	ii. Office building etc.	-	-	-	-
	<b>Total as per item 12 above</b>	<b>11,307,297</b>	<b>124.87</b>	<b>9,086,955</b>	<b>98.30</b>

**Basis of allocation:**

Fully charged to white bagged sugar.

**Variance:**

Increase in cost per ton of sugar produced is due to increase in various heads of expenditures as stated above,

# SHAHTAJ SUGAR MILLS LIMITED

Annexure 10

## STATEMENT SHOWING ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2013

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)		<b>89,880.00</b>		<b>99,441.00</b>
2	<b><u>COST</u></b>				
	Salaries, Wages and Benefits (Annex 6)	116,777,670	1,299.26	105,888,718	1,064.84
	Rent, Rate and Taxes.	4,144,624	46.11	2,428,321	24.42
	Insurance	1,241,308	13.81	1,055,118	10.61
	Water, Gas and Electricity	3,485,649	38.78	3,247,435	32.66
	Printing and Stationery.	2,130,450	23.70	2,149,379	21.61
	Postage, telegram and courier	1,427,881	15.89	1,102,169	11.08
	Repair and Maintenance	2,942,841	32.74	8,128,221	81.74
	Travelling and Conveyance	1,450,948	16.14	1,721,930	17.32
	Subscriptions, Books and Periodicals	411,935	4.58	1,213,247	12.20
	Entertainment	116,451	1.30	412,376	4.15
	Legal and Professional	2,984,210	33.20	2,393,580	24.07
	Auditor's remuneration	1,795,000	19.97	1,649,890	16.59
	Cost Audit fee	76,000	0.85	69,000	0.69
	Vehicle Running	4,877,036	54.26	4,604,994	46.31
	Charity and Donation	1,196,000	13.31	615,500	6.19
	Depreciation	4,783,243	53.22	5,218,899	52.48
	Others.				
	- Cash Loss	16,780	0.19	4,193,316	42.17
	- Mess Expenses	698,821	7.78	959,420	9.65
	- Office Staff Refreshment	440,159	4.90	862,565	8.67
	- Mosque Exp.	30,161	0.34	52,183	0.52
	- Paise Adjustment	229	0.00	(111)	(0.00)
	- Director Fee	515,000	5.73	260,000	2.61
	<b>TOTAL</b>	<b>151,542,396</b>	<b>1,686.05</b>	<b>148,226,150</b>	<b>1,490.59</b>

**Basis of allocation**

Fully charged to white bagged sugar.

**Variance:**

Administrative expenses have increased in absolute terms due to:

1. increase in salaries, wages and benefits resulting from routine annual increments etc;
2. increase in water, gas and electricity charges;
3. increase in legal and professional charges;
4. increase in vehicle running expenses; and

As explained above, per ton cost of sugar produced increased due to decrease in quantity produced as

# SHAHTAJ SUGAR MILLS LIMITED

Annexure - 10/A

## STATEMENT SHOWING ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>WATER, GAS AND ELECTRICITY</u>	Y E A R	
	2013	2012
Water	23,610	45,547
Gas	63,340	90,580
Electricity	1,999,158	1,643,279
Electric power purchased/generated (Annexure-8)	1,399,541	1,468,029
	<u><b>3,485,649</b></u>	<u><b>3,247,435</b></u>

**SHAHTAJ SUGAR MILLS LIMITED**  
**STATEMENT SHOWING SELLING EXPENSES**  
**DURING THE YEAR ENDED SEPTEMBER 30, 2013**

Annexure 11

Sr.No.	Particulars	Current Year		Previous Year	
		Amount Rs.	Cost per ton of sugar Rs.	Amount Rs.	Cost per ton of sugar Rs.
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Sugar Sold (M.Tons)		<b>89,880.00</b>		<b>99,441.00</b>
2	<b><u>COST</u></b>				
	Salaries, Wages and Benefits (Annex 6)	2,934,441	32.65	2,603,613	26.18
	Travelling and Conveyance	768	0.01	1,238	0.01
	Commission.	11,033,250	122.76	12,079,440	121.47
	Stacking / Restacking	1,653,235	18.39	1,801,752	18.12
	Loading / Unloading.	1,844,756	20.52	2,065,260	20.77
	Advertising for Sales Promotion	31,000	0.34	92,800	0.93
	Sugar export expenses	3,944	0.04	-	-
	Other Expenses. - Insurance	2,518,773	28.02	3,806,592	38.28
	<b>TOTAL</b>	<b>20,020,167</b>	<b>222.74</b>	<b>22,450,695</b>	<b>225.77</b>

**Basis of allocation:**

Fully charged to white bagged sugar.

**Variance:**

Selling expenses have decreased during the year due to decrease in quantity sold as compared to last year.