

SHANTAJ SUGAR MILLS LIMITED

COST AUDITORS' REPORT

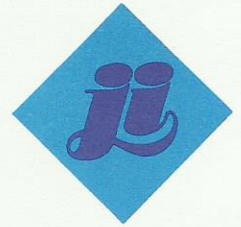
For the year ended September 30, 2015

JAVAID IQBAL & CO

Cost and Management Accountants

384 - N Samanabad, Lahore

Tel: (92-42) 36687186, 36617186 E-mail: javaidjalal@brain.net.pk

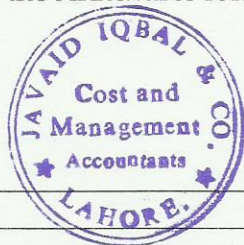


COST AUDITORS' REPORT TO THE DIRECTORS

We, Javid 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, 2015 and report that: -

- 1) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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.



Javid Iqbal & Co

Dated: January 15, 2016	Javid Iqbal & Co;
Lahore	Cost and Management Accountants

SHAHTAJ SUGAR MILLS LIMITED

COST AUDIT FOR THE YEAR ENDED SEPTEMBER 30, 2015

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	
2015	1,440,000 M. tons for 160 days
2014	1,440,000 M. tons for 160 days
2013	1,440,000 M. tons for 160 days
Utilized/ Actual cane crushed	
2015	800,969 M. tons
2014	817,752 M. tons
2013	946,416 M. tons
Days worked	
2015	107
2014	100
2013	113

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)	2015 (M.tons)	2014 (M.tons)	2013 (M.tons)
Installed Capacity	122,400 for 160 days	122,400 for 160 days	122,400 for 160 days
Actual production	74,654	80,434	90,555
From raw sugar	Nil	Nil	Nil
Total	74,654	80,434	90,555
b) Percentage with installed capacity			
Sugar produced	60.99	65.71	73.98
Sugarcane crushing	55.62	56.79	65.72

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 7.19% and 2.05% respectively as compared to the year 2014.

MACHINE HOURS UTILIZATION

	2015	2014	2013
Available hours	2,548	2,387	2,689
Utilized hours	2,271.67	2269.50	2,441.75
Percentage	89.16	95.08	90.81



4- RAW MATERIAL

	2015		2014		2013	
	Quantity M.tons	Value Rs.	Quantity M.tons	Value Rs.	Quantity M.tons	Value Rs.
a) Consumption of major raw Material						
Sugar cane	800,969	3,618,735,134	817,752	3,545,872,761	946,416	4,042,553,399
Raw Sugar			-	-	-	-
Transportation		47,114,234		75,927,813		94,195,799
Quality/variety premium		6,762,266		9,647,818		9,054,756

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

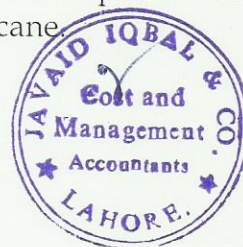
Variance:

- Average sugarcane purchased at a price of Rs. 4,517.95 per M. ton increased by Rs. 181.83 per M. ton as compared to the last year's Rs. 4,336.12 per M. ton.
- Due to cost effective sugar cane procurement, payment for transport subsidy decreased as compared to last year, which resulted in decrease in total cost of transportation cost by Rs. 34.03 per M. ton i.e. from Rs 92.85 per M. ton in the year 2014 to Rs. 58.82 per M. ton in the current year.

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

	ACTUAL (Kg)			STANDARD (Kg)		
	2015	2014	2013	2015	2014	2013
Sugarcane (per kg of sugar)	10.73	10.17	10.46	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	2015 Rupees	2014 Rupees	2013 Rupees
i Direct labour cost of production	147,586,858	135,932,287	129,519,013
ii Indirect labour cost of production	13,861,979	12,279,144	11,715,572
iii Employees' cost of administration	141,027,025	127,296,342	116,777,670
iv Employees' cost of selling and distribution	2,861,674	2,556,828	2,934,441
v Total employees' cost	<u>305,337,536</u>	<u>278,064,601</u>	<u>260,946,696</u>
Bonus to workers and employees included in [(i) to (iv) above]	69,131,531	70,671,936	68,690,829
(b) Salaries and perquisites of directors and chief executive	29,450,000	22,961,000	23,501,000

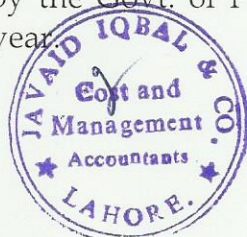
(c) Total maximum man-days of direct labour available were 160 days for crushing but actually 107 days were worked during the year as compared to 100 days for last year.

(d) Direct labour cost

	2015	2014	2013
Direct labour cost	Rs. 147,586,858	135,932,287	129,519,013
Production (sugar)	M. ton 74,654	80,434	90,555
Average (M.ton)	1976.94	1,689.99	1,430.28

(e) Increase in direct labour cost per M.ton during the year is due to (a) increase in minimum wage by the Govt. of Punjab and (b) decrease in quantity produced as compared to last year.

(f) N/A

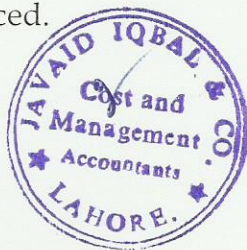


6- STORES AND SPARES

- | | 2015
Rs/kg | 2014
Rs/kg | 2013
Rs/kg |
|--|---------------|---------------|---------------|
| a) Stores and spares per unit of output of sugar | <u>0.69</u> | <u>0.73</u> | <u>0.72</u> |
- 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, 2015 was Nil (2014: 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- Other factory overheads

(Annexure 9)

	2015	2014	2013
	Rs.	Rs.	Rs.
Rent, rates and taxes	1,043,670	908,425	880,659
Printing and stationery	554,030	540,103	636,217
Travelling and conveyance	188,073	279,464	456,869
Subscription, books and periodicals	29,869	23,715	96,935
Entertainment	17,685	22,303	26,847
Vehicle running	2,260,890	3,099,616	3,596,661
Stores and spares	644,125	397,299	284,904
Fire fighting	12,5724	182,263	189,594
Other expenses			
- Freight and cartage	184,327	131,139	209,923
- Bagasse removal	4,839,554	5,624,272	3,713,714
- Clinker removal	-	-	-
- Factory supplies	277,169	284,317	330,500
- Cycle stand	154,822	116,297	117,033
- Stores and spares (obsolete)	-	-	767,441
	<u>10,319,938</u>	<u>11,609,213</u>	<u>11,307,297</u>

Cost per M.ton of sugar produced: 138.24 144.33 124.87

Variance:

As compared to last year, there a decrease in factory overheads on an overall basis as well as per M.ton of sugar produced mainly due to decrease in vehicle running expenses and bagasse removed resulting from installation of high pressure boiler.



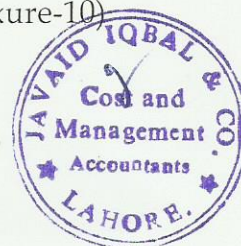
b- Administrative expenses

(Annexure 10)

	2015 Rs.	2014 Rs.	2013 Rs.
Salaries, wages and benefits	141,027,025	127,296,342	116,777,670
Rent, rates and taxes	2,855,090	2,771,466	4,144,624
Insurance	1,087,630	1,219,538	1,241,308
Water, gas and electricity	4,762,579	4,156,153	3,485,649
Printing and stationery	2,321,424	2,358,758	2,130,450
Postage and Telephone	1,449,652	1,449,469	1,427,881
Repair and maintenance	4,320,453	3,656,760	2,942,841
Travelling and conveyance	1,055,905	1,766,899	1,450,948
Subscription, books and periodicals	1,120,301	1,139,718	411,935
Entertainment	496,828	772,086	116,451
Legal and professional charges	2,893,893	3,114,535	2,984,210
Auditors' remuneration	1,930,000	1,850,000	1,795,000
Cost audit fee	93,050	88,050	76,000
Vehicle running and maintenance	4,770,002	5,306,383	4,877,036
Charity and donation	603,000	2,668,000	1,196,000
Depreciation	4,158,364	4,530,760	4,783,243
Others	3,096,814	3,386,792	1,701,150
Total	178,042,010	167,531,709	151,542,396
Cost per M.Ton of sugar sold:	2,647.58	2,030.71	1,686.05

Variance:

As compared to last year, the overall increase in administrative overheads primarily relates to significant increase in salaries, wages and benefits and utilities and repair and maintenance. While per M.ton of sugar sold increased as compared to the previous year due to decrease in quantity sold during the year. (Annexure-10)



c- Selling and distribution expenses

(Annexure11)

	2015 Rs.	2014 Rs.	2013 Rs.
Salaries, wages and benefits	2,861,674	2,556,828	2,934,441
Travelling and conveyance	563	-	768
Commission	7,428,300	9,878,100	11,033,250
Stacking/restacking	1,611,301	1,844,484	1,653,235
Loading/unloading	1,463,665	1,740,343	1,844,756
Advertising	20,800	25,800	31,000
Sugar export		-	3,944
Insurance	2,814,269	2,286,175	2,518,773
Total	16,200,572	18,331,730	20,020,167
Cost per M.Ton of sugar sold:	240.91	222.21	222.74

Variance:

As compared to last year, the decrease in the above expenses is primarily due to decrease in commission paid during the year but cost per M. ton as compared to last year has increased due to decrease in quantity of sugar sold as compared to last year.

Financial charges (finance cost)	98,671,437	90,988,649	55,180,488
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Variance

As compared to last year, increase in financial charges is primarily due to increase in mark-up paid on short term borrowings as compared to last year with markup chargeable @ 1 month/3 months KIBOR +0.75% to 1 month/3 month KIBOR+1.15% per annum.

9- ROYALTY/TECHNICAL AID PAYMENTS

Not applicable.

10- ABNORMAL NON-RECURRING FEATURES

Not applicable.



11- COST OF PRODUCTION

	2015	2014	2013
Total cost of production (Rs.)	3,756,896,176	3,619,377,900	4,137,839,084
Total sugar produced (kgs)	74,654,000	80,434,000	90,555,000
Per unit cost of production	50.32	45.00	45.69

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

12- SALE

	QUANTITY	VALUE Rs.	AVERAGE Rs/per kg
2015	67,247,000 Kgs.	3,501,682,676	52.07
2014	82,499,000 Kgs	3,971,070,572	48.13
2013	89,880,000 Kgs	4,249,385,900	47.28

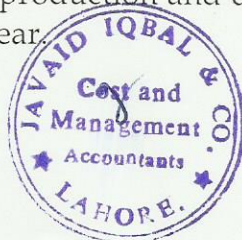
Variance

Average sale price (net of taxes) during the year has increased by 3.94 viz a viz last year.

13- PROFITABILITY

	2015	2014	2013
Operating (loss) / profit (per kg of sugar)	(0.80)	1.55	0.11

As compared to last year, company has incurred a loss per kg of sugar sold due to overall increase in cost of production and decrease in quantity of sugar sold during the year as compared to last year.



14- COST AUDITORS' 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**

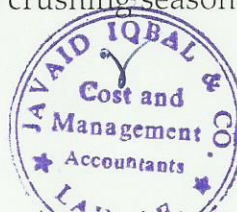
The Board of Directors has setup an effective internal audit function with suitably qualified and experienced staff conversant with the policies and procedures of the company.

- 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 increase in 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

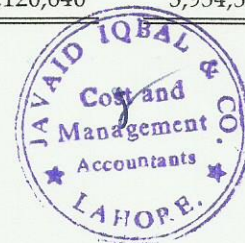
All the amounts and quantities mentioned in this Cost Audit Report and annexures have been compared with the financial statements audited by the auditor appointed under section 252 of the Company Ordinance 1984 and the results shown by the financial and cost accounts are in agreement with each other.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



SHAHTAJ SUGAR MILLS LIMITED

RECONCILIATION OF COST TO
MAKE AND SELL SUGAR

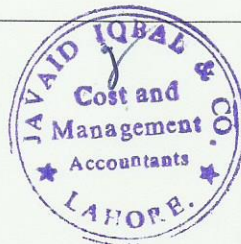
DESCRIPTION	2015	2014
Manufacturing expenses	4,089,223,925	4,034,481,235
Packing material	36,535,016	38,327,087
Add: opening stock - in process	2,270,758	1,713,766
Add: opening stock - fine	183,125,353	259,630,892
Less: closing stock - in process	(2,580,573)	(2,270,758)
Less: closing stock - fine	(567,573,330)	(183,125,353)
Cost of imported sugar - Refined	-	-
	<u>3,741,001,149</u>	<u>4,148,756,869</u>
Brokerage	7,428,300	9,878,100
Distribution cost	8,772,272	8,453,630
Administrative expenses	175,527,140	165,303,028
Financial cost	98,671,437	90,988,649
Other charges -		
Gratuity, retirement benefits and	4,128,029	3,301,958
Loss on initial recognition of financial assets at fair value	57,146	-
Workers profit participation fund	-	1,970,828
Workers welfare fund	-	748,915
	<u>4,185,175</u>	<u>6,021,701</u>
	<u>4,035,585,473</u>	<u>4,429,401,977</u>
LESS_		
Other income	15,426,753	44,383,471
Realizable value of By-Products:		
Molasses	272,771,311	343,926,336
Bagasse	88,379,505	101,976,830
Mud	4,887,264	4,741,584
	<u>366,038,080</u>	<u>450,644,750</u>
	<u>381,464,833</u>	<u>495,028,221</u>
	<u>3,654,120,640</u>	<u>3,934,373,756</u>



GENERAL INFORMATION

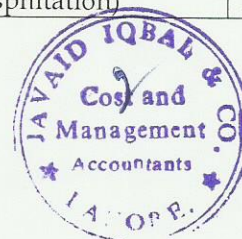
A- COMPANY INFORMATION

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 - BAGASSE - PRESS MUD
7- INSTALLED CANE CRUSHING CAPACITY	1,440,000 M. TONS (BASED ON 160 DAYS)



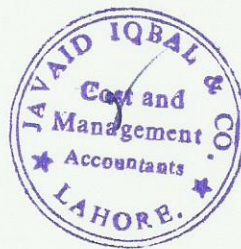
B- PRODUCTION DATA (As per R.T. 4)

S. NO		CURRENT YEAR	PREVIOUS YEAR
1 (a)	CANE CRUSHED		
	Date started	29-11-2014	27-11-2013
	Date finished	15-03-2015	06-03-2014
	Duration of run days	107	100
	Total number of hours in duration	2,548	2,387
	Total number of hours actual crushing	2,271.67	2,269.50
	Total number of hours lost	276.33	117.50
	Total cane milled (M.ton)	800,968.724	817,752.271
	Total cane milled (Maunds)	20,024,218.10	20,443,806.77
	Total mixed juice obtained (M.ton)	867,600.504	899,242.709
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)	108.32	109.97
	Average added water (% of cane)	37.57	38.72
3-	SUGAR MADE		
	Total sugar bagged of all grade (100 kg)	Nil	Nil
	Total sugar bagged of all grade (50 kg)	1,493,080	1,608,680
	Sugar bagged (M.ton)	74,654	80,434
	Sugar in process (M.ton)	51.444	50.621
4-	MOLASSES EXTRACTED		
	Total molasses sent out (M.ton)	38,622.392	39,839.953
	Molasses in process (M.ton)	3.556	3.379
5-	RECOVERY PERCENTAGE		
	Average recovery of marketable sugar (% of cane)	9.32	9.84
	Average production of final molasses (% of cane)	4.82	4.87
6-	BY PRODUCTS		
	Bagasse (% of cane) M.ton	29.25	28.75
	V.F Cake (% of cane) M.ton	3.00	3.00
7-	CLARIFICATION PROCESS	DRP (Defecation Remelt Phosphitation)	DRP (Defecation Remelt Phosphitation)



SHAHTAJ SUGAR MILLS LIMITED
STATEMENT OF CAPACITY UTILIZATION UNDER RULE 4(1) (a)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Production unit	Installed capacity	Utilized capacity
Sugarcane crushing	M. Tons	1,440,000 (Based on 160 days)	800,969 (107 days)

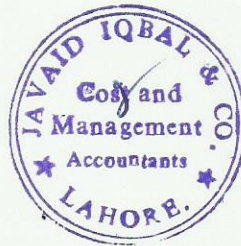


Munir Nawaz
Chief Executive

Pageer Ahmad
Chief Financial Officer

SHAHTAJ SUGAR MILLS LIMITED
 STATEMENT OF STOCK IN TRADE UNDER RULE 4 (1) (b)
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	DESCRIPTION	QTY/M.ton	Rupees
(i)	Raw material		
	Sugarcane	-	-
(ii)	Work in process		
	Sugar	51.444	2,555,486
	Molasses	3.556	25,087
			<u>2,580,573</u>
(iii)	Finished goods		
	Sugar	11,022	552,873,330
	Molasses	-	-
	Bagasse	4,200	14,700,000
			<u>567,573,330</u>
(iv)	Other stocks		
	Fair price shop	Various items	287,605
	Insecticide		21,798
			<u>309,403</u>



Munir Nawaz
 Chief Executive

Imdad Ahmad
 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, 2015

<u>Quantitative Data - Bagged Sugar</u>		2015	2014
Opening Stock	(M.Tons)	3,615.00	5,680.00
Production	(M.Tons)	74,654.00	80,434.00
Available for sale	(M.Tons)	78,269.00	86,114.00
Closing Stock	(M.Tons)	11,022.00	3,615.00
Sales	(M.Tons)	<u>67,247.000</u>	<u>82,499.000</u>

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)	3,751,569,321	50,252.76	3,699,700,178	45,996.72
b	Beet (Annex.4)	-	-	-	-
c	Gur	-	-	-	-
d	Raw Sugar	-	-	-	-
e	Process Material (Annex.5)	39,788,092	532.97	38,408,583	477.52
2	Salaries / Wages and benefits (Annex.6)	111,172,391	1,489.17	101,576,583	1,262.86
3	Consumable Stores	42,482,164	569.05	50,063,104	622.41
4	Repairs and maintenance	6,962,440	93.26	9,332,092	116.02
	UTILITIES				
5	Steam (Annex.7)	37,714,634	505.19	33,137,861	411.99
6	Electric Power (Annex 8)	60,574,471	811.40	60,999,637	758.38
7	Water and Gas	-	-	-	-
8	Insurance	3,401,283	45.56	3,288,461	40.88
9	Depreciation	22,724,321	304.40	24,136,843	300.08
10	Other Factory Overheads (Annex.9)	10,319,938	138.24	11,609,213	144.33
11	Total Cost.	4,086,709,055	54,742.00	4,032,252,555	50,131.20
12 *	Add: Opening Stock of W.I.P	2,270,758	-	1,713,766	-
13 *	Less: Closing Stock of W.I.P	2,580,573	-	2,270,758	-
14	Total Cost of goods Manufacturing	4,086,399,240	54,737.85	4,031,695,563	50,124.27
15	Less: Realizable value of By-Products:				
	Molasses.	272,771,311	3,653.81	343,926,336	4,275.88
	Bagasse.	88,379,505	1,183.85	101,976,830	1,267.83
	Others (Mud)	4,887,264	65.47	4,741,584	58.95
16	Net Cost of goods Manufacturing	3,720,361,160	49,834.72	3,581,050,813	44,521.61
17	Add: Packing Material and Handling	36,535,016	489.39	38,327,087	476.50
18	Net cost of Bagged Sugar	3,756,896,176	50,324.11	3,619,377,900	44,998.11
19	Add: Excise Duty / sales tax.				
20	Total Cost of Bagged Sugar	3,756,896,176	50,324.11	3,619,377,900	44,998.11
21 *	Add: Opening Stock of Sugar	183,125,353	-	259,630,892	-
22 *	Less: Closing Stock of Sugar	567,573,330	-	183,125,353	-
23	Cost of Sales.	3,372,448,199	50,150.17	3,695,883,439	44,799.13
24	Administrative Expenses (Annex 10)	178,042,010	2,647.58	167,531,709	2,030.71
25	Selling and Distribution Expenses (Annex 11)	16,200,572	240.91	18,331,730	222.21
26	Financial Expenses	98,671,437	1,467.30	90,988,649	1,102.91
27	Other Charges	4,185,175	62.24	6,021,701	72.99
28	Other income	(15,426,753)	(229.40)	(44,383,471)	(537.99)
	TOTAL COST TO MAKE AND SELL	3,654,120,640	54,338.79	3,934,373,757	47,689.96

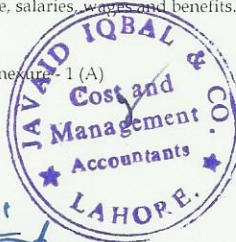
Variance

The increase in cost to make and sell per ton of sugar as compared to year 2014 is primarily due to decrease in quantity produced, decrease in recovery percentage and increase in cost of sugarcane, salaries, wages and benefits.

Specific analysis of cost variance on individual basis is given Annexure-1 (A)

Munir Nawaz

Munir Nawaz



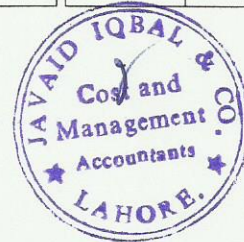
SHAHTAJ SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF PRODUCTION AND SALE OF
WHITE BAGGED SUGAR FOR THE YEAR ENDED SEPTEMBER 30, 2015

ANALYSIS OF MAJOR ITEM WISE VARIANCES

The cost per ton to manufacture (Annex-1 - Sr. No. 14) during the year amounting to Rs. 54,737.85 (2014: 50,124.27) has increased by R. 4,613.58 per M.Ton primarily due to increase in cost of raw material, salaries, wages and benefits, steam consumed. Cost of sales (Annex-1 - Sr. No. 23) show increase by Rs. 5,351.04 during the year as compared to last year i.e. Rs. 50,150.17 per M.Ton (2014: 44,799.13) due to decrease in production. The cost to make and sell has increased by Rs. 6,648.83 per M.ton as compared to the last year i.e. Rs. 54,338.79 for the year (2014: Rs. 47,689.96 per M.Ton) is due to increase in administrative expenses and finance cost during the year. Component wise variances are explained with reference to their respective notes as follows:

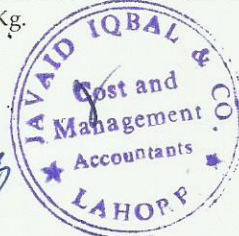
Particulars	Current Year	Previous Year	Variance	Reference
	Cost per ton of sugar	Cost per ton of sugar	Cost (Increase)/ Decrease	
Raw Materials:				
(a) Sugar Cane (Annex 3)	50,252.76	45,996.72	(4,256.04)	N-1
(b) Beet (Annex 4)	-	-	-	
(c) Gur	-	-	-	
(d) Raw Sugar	-	-	-	
(e) Process Material (Annex 5)	532.97	477.52	(55.45)	N-2
Salaries/Wages & benefits (Annex 6)	1,489.17	1,262.86	(226.31)	N-3
Consumable Stores	569.05	622.41	53.36	N-4
Repair and Maintenance	93.26	116.02	22.76	N-5
Utilities:				
Steam (Annex 7)	505.19	411.99	(93.20)	N-6
Electric Power (Annex 8)	811.40	758.38	(53.02)	N-7
Water Gas	-	-	-	N/A
Insurance	45.56	40.88	(4.68)	N-8
Depreciation	304.40	300.08	(4.32)	N-9
Other Factory Overheads (Annex 9)	138.24	144.33	6.09	N-10
Realizable value of By-Products:				
Molasses	3,653.81	4,275.88	622.07	N-11
Bagasse	1,183.85	1,267.83	83.98	N-11
Packing Material & Handling	489.39	476.50	(12.89)	N-12
Administrative Expenses (Annex 10)	2,647.58	2,030.71	(616.87)	N-13
Selling & Distribution Expenses (Annex 11)	240.91	222.21	(18.70)	
Financial Expenses	1,467.30	1,102.91	(364.39)	N-14
Other Charges	62.24	72.99	10.75	

Munir Nawaz
Page: 11



- N-1 Increase in cost per M.Ton of raw material (sugar cane) during the year as compared to last year is primarily due to significant increase in raw material cost and road cess.
- N-2 Cost of material consumed per M. Ton has increased during the year as compared to last year due to decrease in quantity produced viz a viz last year.
- N-3 Cost per M.Ton of sugar of salaries, wages and benefits has increased during the year as compared to last year due to (a) decrease in quantity produced (b) annual increments (c) increase in minimum wages.
- N-4 Decrease 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 decrease in repair work because of decrease in quantity produced.
- N-6 Steam cost per M. ton of sugar has increased during the year as compared to last year mainly due to decrease in quantity produced.
- N-7 Cost per unit of electricity consumed has increased due to decrease in sugar produced and increase in steam cost charged to electricity during the year as compared to the previous year.
- N-8 Insurance cost per M. ton of sugar has increased due to decrease in production as compared to last year.
- N-9 Increase in depreciation cost per M. ton of sugar is due to overall decrease in production compared to last year.
- N-10 Nominal decrease in the factory overheads per M.Ton of sugar relates primarily due to decrease in vehicle running and bagasse removal expenses as compared to the previous year.
- N-11 Decrease in the realizable value of molasses/bagasse is due to decrease in their demand during the year as compared to last year.
- N-12 Nominal increase in packing material and handelling cost is due to the inflationary impact of prices during the year as compared to last year.
- N-13 Increase in administrative expenses per M. ton of sugar basically relates to decrease in quantity produced as compared to the previous year and increase in salaries, wages and benefits, utilities and repair and maintenance viz a viz last year.
- N-14 As compared to last year, the significant increase in financial charges is primarily due to increase in short term borrowings obtained for procurement of raw material due to increase in minimum support price from Rs. 170/- per 40 Kg to Rs. 180/- per 40 Kg.

Munir Nawaz



Page 4 of 4

SHAHTAJ SUGAR MILLS LIMITED

Annexure - 2

STATEMENT SHOWING COST OF SUGARCANE PRODUCED
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Sr.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> Seed and other inputs Fertilizers, herbicides etc. Insecticides. Abianan/Water Charges. Total Cost of Inputs.	NOT APPLICABLE			
2	<u>Labour Cost:</u> Land preparation Plantation. Maintenance of cane crop/rations Operation of Tractors. Harvesting Total Labour Cost.				
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.				

Munir Nawaz



Page: 1/1

SHAHTAJ SUGAR MILLS LIMITED

Annexure - 3

STATEMENT SHOWING COST OF SUGARCANE CRUSHED FOR THE YEAR ENDED SEPTEMBER 30, 2015

Sr. No.	Particulars	Current Year		Previous Year		Amount Rs.
		Quantity M.Tons	Rate Rs/M.Ton	Quantity M.Tons	Rate Rs/M.Ton	
(1)	(2)	(3)	(4)	(5)	(6)	(8)
1	Total sugarcane purchased at Government fixed rate Sugarcane produced from own farms (Annex.2) Less: Loss in transit.	801,062.028			817,952.377	
2	Sugarcane received at factory gate.	93,304			200,106	
3	Commission		4,517.95	3,618,735,134		3,545,872,761
4	Quality premium / price subsidy			1,736,727		2,312,587
5	Loading / unloading charges			6,762,266		9,647,818
	Cane development expenses:			3,044,013		3,725,678
	a) Salaries and Wages of Supply and Development Staff. (Annexure 6)			29,829,458		27,928,806
	b) Sugarcane Development			1,202,065		534,250
	c) Supply staff transportation expenses.			2,183,416		2,124,954
	d) Other expenditure.					
6	Taxes and Levies:					
	a) Cane cess / purchase tax		5.00	4,005,310		4,089,602
	b) Market committee fee	800,968,724		30,039,825	817,752,271	20,448,810
	c) Road cess.		37.50			
	d) Octroi - Toll Tax					
	e) Other Levies					
7	Transportation Charges:					
	a) Delivery expenses. - TPT at purchasing centre					
	b) Transport subsidy	800,968,724		20,066,157		30,254,215
	c) Others - M. V. Keep up expenses.			23,726,674		41,589,482
8	Other Expenditures at Cane Collection Centers: (Annex-6)			3,321,403		4,084,116
	a) Salaries and Wages			6,585,009		6,426,898
	b) Stores			219,179		466,262
	c) Repairs and Maintenance.			112,685		193,939
	d) Others.					
	TOTAL COST OF "SUGARCANE" TRANSFERRED TO PRODUCTION PROCESS			3,751,569,321		3,699,700,178



Pragya A. J.

Munir Nawaz

Basis of allocation:
Cost of sugarcane crushed is fully charged to production process.
Variance:
Increase in cost per M.Ton is due to short supply of raw material and significant increase in road cess.

SHAHTAJ SUGAR MILLS LIMITED

Annexure - 4

STATEMENT SHOWING COST OF BEET CRUSHED FOR THE YEAR ENDED SEPTEMBER 30, 2015

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. Commission paid Loading unloading 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. Taxes and Levies: (if any) a Purchase tax b Market committee fee c Road cess. d Octroi e Other Levies Transportation Charges: a Delivery expenses / traveling from purchases centre to mill gate b Transport subsidy c Others. Other Expenditures at Beet Collection Centers: a Salaries and Wages b Stores c Repairs and Maintenance. d Others.						
	NOT APPLICABLE						
	TOTAL COST OF "BEET" TRANSFERRED TO PRODUCTION PROCESS (ANNEX.1)						

Page: 4/4



Muhs Nawaz

SHAHTAJ SUGAR MILLS LIMITED

Annexure 5

STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED FOR THE YEAR ENDED SEPTEMBER 30, 2015

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)		74,654.00		80,434.00
1	Bleaching Powder.	144,679	1.94	101,601	1.26
2	Common Salt	-	-	-	-
3	Lime Quick	4,300,824	57.61	4,547,984	56.54
4	Chemfloat A - 100	641,114	8.59	591,860	7.36
5	Acid Phosphoric Food Grade 85%	5,982,932	80.14	4,524,310	56.25
6	Chemrites (Anti - Scalants)	5,288,213	70.84	5,272,599	65.55
7	Pure Flocc (Arquad)	726,250	9.73	-	-
8	Chemflocs	1,010,573	13.54	885,073	11.00
9	Colour Quest - 55	10,834,418	145.13	10,702,248	133.06
10	Anti Foaming	-	-	-	-
11	Laboratory Chemicals / Apparatus	837,886	11.22	598,580	7.44
12	Cleaning Chemicals & Equipments	1,153,856	15.46	1,812,786	22.54
13	Miscellaneous Process Chemicals	149,887	2.01	-	-
14	Lubricant and Grease	8,717,460	116.77	9,371,542	116.51
15	Other (Specify).	-	-	-	-
	Total	39,788,092	532.97	38,408,583	477.52
	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)	-	-	-	-
	Balance transferred to production process	39,788,092	532.97	38,408,583	477.52

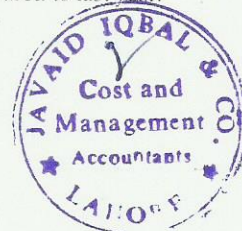
Basis of allocation:

Total cost of process material is allocated to relevant cost centers on actual basis.

Variance

Nominal increase in overall cost as compared to last year is due to increase in Acid Phosphoric while cost per M.Ton has increased due to decrease in production during the year as compared to last year.

Muhammad Nawaz



SHAHTAJ SUGAR MILLS LIMITED

Annexure 6

STATEMENT SHOWING COST OF SALARIES, WAGES AND BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

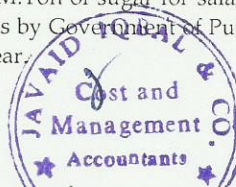
Sr.No.	Particulars	Current Year		Previous Year	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
(1)	(2)	(3)	(4)	(5)	(6)
	Total Sugar Produced (M.Tons)		74,654.00		80,434.00
	COST:				
1	Salaries / Wages:				
	I Officers and Permanent Staff	135,567,860	1,815.95	119,304,479	1,483.26
	ii Seasonal Staff	11,254,580	150.76	8,972,365	111.55
	iii Daily rated and Contract Labour	47,616,672	637.83	42,605,783	529.70
	iv Bonuses.	69,131,531	926.03	70,671,936	878.63
2	Benefits				
	I Medical Expenses	4,804,962	64.36	5,205,016	64.71
	ii Canteen Expenses.	1,009,550	13.52	873,732	10.86
	iii Welfare, Recreation	1,450,294	19.43	613,793	7.63
	iv Transport and Travelling	-	-	-	-
	v Education Cess Expenses.	-	-	-	-
	vi Group Insurance/Workmen	3,796,426	50.85	3,473,142	43.18
	vii Comp. Insurance	-	-	-	-
	viii Prov.Fund (Employer's contribution).	4,042,928	54.16	3,669,705	45.62
	ix Gratuity / Pension	161,305	2.16	59,856	0.74
	x Other Benefits (if any)				
	- Leave Encashment	1,366,757	18.31	2,633,695	32.74
	- Comp. Leave Encashment	1,311,124	17.56	1,373,094	17.07
	- Overtime	935,040	12.52	1,122,059	13.95
	- Social Security Contribution	5,527,013	74.04	4,829,293	60.04
	- EOBI Contribution	3,302,435	44.24	3,126,510	38.87
	- Education Cess	65,625	0.88	65,350	0.81
	- Uniform Expenses	1,387,020	18.58	1,450,233	18.03
	- Washing Exp. Of Uniforms	533,695	7.15	516,000	6.42
	- SSM Model School Exp.	4,738,059	63.47	3,985,234	49.55
	- Scholarship to Employees" Children	91,360	1.22	69,850	0.87
	- Zachgi Allowance	-	-	-	-
	- Employees Daughter Marriage Exp.	61,600	0.83	33,600	0.42
	- Employees Hajj Exp.	3,216,560	43.09	-	-
	- Fair Price Shop Exp.	3,944,360	52.84	3,363,546	41.82
	- Apprenticeship Training Exp.	20,780	0.28	46,330	0.58
	Total	305,337,536	4,090.04	278,064,601	3,457.05
	Less allocated to :				
	(a) Electricity generation (Annex-8)	1,123,682	15.05	869,672	10.81
	(b) Steam Generation (Annex-7)	12,738,297	170.63	11,409,472	141.85
	(c) Raw Material (Annex-3)	36,414,467	487.78	34,355,704	427.13
	(d) Admin Expenses. (Annex-10)	141,027,025	1,889.08	127,296,342	1,582.62
	(e) Selling and Distribution (Annex-11)	2,861,674	38.33	2,556,828	31.79
	(f) Any Other Specify	-	-	-	-
		194,165,145	2,600.87	176,488,018	2,194.20
	Balance transferred to production process	111,172,391	1,489.17	101,576,583	1,262.86

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 for salaries, wages and benefits has increased due to (a) increase in minimum wage rates by Government of Punjab (b) normal annual increments and (c) decrease in production viz a viz last year.



Munir Nawaz

Rajeev H. S.

SHAHTAJ SUGAR MILLS LIMITED

Annexure - 7

STATEMENT SHOWING COST OF STEAM/GENERATED CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2015

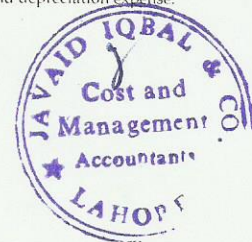
Sr.No.	Particulars	UNIT	CURRENT YEAR 2012	Previous Year 2011	Variance
(1)	(2)	(3)	(4)	(5)	(6)
	Type of steam boilers used		Water tube	Water tube	
	Number of boiler installed	Nos.	5	5	-
1	No. of days worked	Days	107	100	7
2 - a	Installed Capacity	M. Tons/Day	8,196	8,196	-
2 - b	Installed Capacity for season	M. Tons	876,972	819,600	57,372
3	Utilized capacity	M. Tons	414,403	422,171	(7,768)
4	Production				
	(a) High pressure steam	M. Tons	235,500	245,764	(10,264)
	(b) Medium pressure steam	M. Tons	178,903	176,407	2,496
	(c) Low pressure steam	M. Tons	-	-	-
	(d) Less: transit losses	M. Tons	12,432	12,620	(188)
	(e) Total	M. Tons	401,971	409,551	(7,580)
5	Percentage of capacity utilization (3/2*100)	%	47.25%	51.50%	(0.04)

Sr.No.	Particulars	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)	424,348			432,536		
2	Fuels						
	(a) Bagasse (M.ton)						
	(i) Own	234,283			235,103		
	(ii) Purchased						
	(b) Pith						
	(c) Coal purchased						
	(d) Furnace Oil (LTR)	6,600		446,759	-		-
	(e) Fire Wood (M. ton)	101.68		991,378	125.59		1,398,651
	(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.			6,787,679			6,020,106
5	Direct salaries, Wages and benefits (Annex-6)			12,738,297			11,409,472
6	Repairs and Maintenance			2,091,394			1,786,048
7	Other direct expenses (e.g. Boiler inspection fee etc.)			46,000			48,000
8	Insurance			2,628,316			402,570
9	Depreciation			45,430,055			41,459,596
	Total Cost of Steam Raised			71,159,878			62,524,443
10	Less: Outside sale						
11	Total Cost of Steam for Self Consumption			71,159,878			62,524,443
12	Add: Cost of Steam purchased						
	Total Cost of Steam Consumed			71,159,878			62,524,443
ALLOCATION							
	Total of item 12 allocated to						
	(i) White bagged sugar (Annex-1)	219,633		37,714,634	223,750		33,137,861
	(ii) Electric Power house (Annex-8)	194,770		33,445,244	198,421		29,386,582
	(iii) Others						
	(a) Staff colony						
	(b) Office building etc.						
		414,403		71,159,878	422,171		62,524,443

Variance;

As compared to last year, increase in total cost of steam consumed is primarily due to increase in insurance and depreciation expense.

Muhammad Waqar



SHAHTAJ SUGAR MILLS LIMITED

Annexure - 8

STATEMENT OF COST OF ELECTRIC POWER PURCHASED/GENERATED AND CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Current Year	Previous year	Variance
1-a Installed Capacity (KWH)	11,000	11,000	-
1-b Working days	107	100	7
1-c Installed Capacity for season (KWH)	28,248,000	26,400,000	1,848,000
2 No. of units generated (KWH)	18,075,445	18,111,815	(36,370)
3 No. of units purchased (KWH)	1,152,800	973,911	178,889
4 Total (2+3)	19,228,245	19,085,726	142,519
5 Consumption in Power House including other losses	3,744,920	3,533,387	211,533
6 Net units consumed (4-5)	15,483,325	15,552,339	(69,014)
7 Percentage of Consumption and losses to total units	19.48%	18.51%	0.01
8 Percentage of power generated to installed capacity 2/1*100	63.99%	68.61%	(0.05)

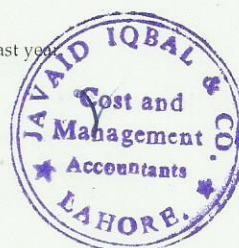
Sr.No.	Particulars	Current Year			Previous Year		
		Quantity KWH	Rate Rs/KWH	Amount Rs.	Quantity KWH	Rate Rs/KWH	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Steam (Annex-7)			33,445,244			29,386,582
2	Consumable Stores.			1,527,306			2,144,943
	Diesel - For Diesel generator SSM Mandi			8,219,512			13,804,797
3	Salaries and Wages (Annex-6)			1,123,682			869,672
4	Other direct expenses						
5	Repairs and Maintenance.			683,003			813,015
6	Duty on electricity KWH	18,075,445		-	18,111,815		-
7	Depreciation			2,312,782			2,580,553
	Total			47,311,529			49,599,562
8	* Less (a) Credit for exhaust steam used in process etc.			-			-
	(b) Other credits, if any			-			-
9	Cost of power generated			47,311,529			49,599,562
10	Less: Cost of Power sold.						
11	Add: Cost of Power purchased KWH	1,152,800		15,777,812	973,911		13,628,755
12	Total net cost of power consumed	19,228,245		63,089,341	19,085,726		63,228,317
13	Cost per unit average.						
	Total at item 12 allocated to						
	(i) White bagged sugar (Annexure - 1) KWH	14,866,128		60,574,471	15,004,148		60,999,637
	(ii) Self - consumption						
	(iii) Others.						
	(a) Staff colony - Admin. KWH	617,197		2,514,870	548,191		2,228,680
	(b) Office building						
	(c) Other (specify)						
	TOTAL	15,483,325		63,089,341	15,552,339		63,228,317

Note:

Variance:

Insignificant/ immaterial decrease in KWH consumed and cost of electricity viz. a viz. last year.

M. J. Khan
M. Waqar



SHAHTAJ SUGAR MILLS LIMITED
STATEMENT SHOWING OTHER FACTORY OVERHEADS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Annexure 9

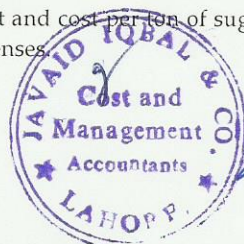
Sr.No.	Particulars	Current Year		Previous Year	
		Amount Rs.	Cost per ton of sugar	Amount Rs.	Cost per ton of sugar
(1)	(2)	(3)	(4)	(5)	(6)
	Total Sugar Produced (M.Tons)		74,654.00		80,434.00
	<u>COST</u>				
1	Rent, Rates and Taxes.	1,043,670	13.98	908,425	11.29
2	Printing and Stationery	554,030	7.42	540,103	6.71
3	Postage and Telegram	-	-	-	-
4	Telephone Fax and Telex.	-	-	-	-
5	Travelling and Conveyance	188,073	2.52	279,464	3.47
6	Subscriptions, Books and Periodicals.	29,869	0.40	23,715	0.29
7	Entertainment	17,685	0.24	22,303	0.28
8	Vehicle Running Expenses.	2,260,890	30.28	3,099,616	38.54
9	Security	644,125	8.63	397,299	4.94
10	Fire Fighting Other Expenses.	125,724	1.68	182,263	2.27
11	Other Expenses.				
	- Freight and Cartage	184,327	2.47	131,139	1.63
	- Bagasse Removal	4,839,554	64.83	5,624,272	69.92
	- Press Mud Removal	-	-	-	-
	- Clinker Removal	-	-	-	-
	- Factory Supplies	277,169	3.71	284,317	3.53
	- Cycle Stand Exp.	154,822	2.07	116,297	1.45
	- Obsolete Stores and Spares	-	-	-	-
	- Consultants & Advisors Remuneration	-	-	-	-
12	TOTAL	10,319,938	138.24	11,609,213	144.33
	Allocated to:				
	(a) White bagged sugar	10,319,938	138.24	11,609,213	144.33
	(b) Electric Power House				
	(c) Steam Generation				
	(d) Others:				
	i. Staff Colony				
	ii. Office building etc.				
	Total as per item 12 above	10,319,938	138.24	11,609,213	144.33

Basis of allocation:

Fully charged to white bagged sugar.

Variance:

Decrease in total cost and cost per ton of sugar produced is primarily due to decrease in bagasse removal and vehicle running expenses.



Munir Nawaz

Munir Nawaz

SHAHTAJ SUGAR MILLS LIMITED

Annexure 10

STATEMENT SHOWING ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2015

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)		67,247.00		82,499.00
2	<u>COST</u>				
	Salaries, Wages and Benefits (Annex 6)	141,027,025	2,097.15	127,296,342	1,543.00
	Rent, Rates and Taxes.	2,855,090	42.46	2,771,466	33.59
	Insurance	1,087,630	16.17	1,219,538	14.78
	Water, Gas and Electricity (Annex - 10/A)	4,762,579	70.82	4,156,153	50.38
	Printing and Stationery.	2,321,424	34.52	2,358,758	28.59
	Postage and Telegram	1,449,652	21.56	1,449,469	17.57
	Repair and Maintenance	4,320,453	64.25	3,656,760	44.32
	Travelling and Conveyance	1,055,905	15.70	1,766,899	21.42
	Subscriptions, Books and Periodicals	1,120,301	16.66	1,139,718	13.81
	Entertainment	496,828	7.39	772,086	9.36
	Legal and Professional Expenditure	2,893,893	43.03	3,114,535	37.75
	Auditor's remuneration	1,930,000	28.70	1,850,000	22.42
	Cost Audit fee	93,050	1.38	88,050	1.07
	Vehicle Running Expenses.	4,770,002	70.93	5,306,383	64.32
	Charity and Donation	603,000	8.97	2,668,000	32.34
	Depreciation	4,158,364	61.84	4,530,760	54.92
	Others.		-		-
	- Cash Loss	-	-	-	-
	- Mess Expenses	1,157,761	17.22	1,314,951	15.94
	- Office Staff Refreshment	1,164,778	17.32	1,066,506	12.93
	- Mosque Exp.	99,185	1.47	80,442	0.98
	- Paise Adjustment	90	0.00	(107)	(0.00)
	- Director Fee	675,000	10.04	925,000	11.21
	TOTAL	178,042,010	2,647.58	167,531,709	2,030.71

Basis of allocation

Fully charged to whit bagged sugar.

Variance:

Administrative expenses have increased in absolute terms due to:

1. Increase in salaries, wages and benefits resulting from increase in (a) minimum wages by Government of Punjab and (b) routine annual increments etc;
2. Increase in water, gas and electricity charges; and
3. Increase in repair and maintenance;

Due to above explained reasons, per ton cost of sugar produced increased viz a viz last year.

Muzeeb Nawaz



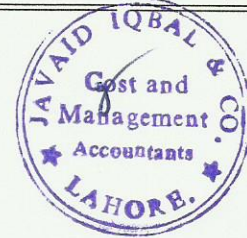
SHAHTAJ SUGAR MILLS LIMITED

Annexure - 10/A

STATEMENT SHOWING ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>WATER, GAS AND ELECTRICITY</u>	Y E A R	
	2015	2014
Water	23,291	26,008
Gas	50,830	67,390
Electricity	2,173,588	1,834,075
Electric power purchased/generated (Annexure-8)	2,514,870	2,228,680
	<u>4,762,579</u>	<u>4,156,153</u>

Muhammad Ali
Muhammad Nawaz



SHAHTAJ SUGAR MILLS LIMITED
STATEMENT SHOWING SELLING EXPENSES
DURING THE YEAR ENDED SEPTEMBER 30, 2015

Annexure 11

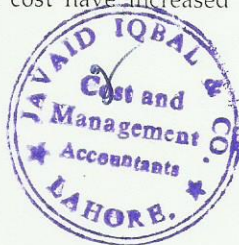
Sr.No.	Particulars	Current Year		Previous Year	
		Amount Rs.	Cost per ton of sugar Rs.	Amount Rs.	Cost per ton of sugar Rs.
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Sugar Sold (M.Tons)		67,247.00		82,499.00
2	<u>COST</u>				
	Salaries, Wages and Benefits (Annex 6)	2,861,674	42.55	2,556,828	30.99
	Travelling and Conveyance	563	0.01	-	0.00
	Commission.	7,428,300	110.46	9,878,100	119.74
	Stacking / Restacking	1,611,301	23.96	1,844,484	22.36
	Loading / Unloading.	1,463,665	21.77	1,740,343	21.10
	Advertising for Sales Promotion	20,800	0.31	25,800	0.31
	Sugar export expenses	-	-	-	-
	Other Expenses. - Insurance	2,814,269	41.85	2,286,175	27.71
	TOTAL	16,200,572	240.91	18,331,730	222.21

Basis of allocation:

Fully charged to white bagged sugar.

Variance:

Overall selling and distribution cost have decreased during the year mainly due to decrease in commission cost, on the other hand per unit cost have increased due to decrease in production during the year as compared to last year.



Munir Nawaz

Page 11/4