ERNST & YOUNG

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COST AUDITORS' REPORT TO DIRECTORS

We, Ford Rhodes Sidat Hyder & Co, having been appointed to conduct an audit of cost accounts of **Shakarganj Mills Limited** have examined the books of accounts and the statements prescribed under clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984 and the other relevant record for the year ended on 30 September 2008 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 these rules , have been kept by the company ; and

   b) the said books and records give the information required by the rules in the manner so required.

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:-

      - White Sugar

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

Lahore: 3 March 2009

Chartered Accountants

SHAKARGANJ MILLS LIMITED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Statement of capacity utilization

S. No.	Particualrs	Current Year	Previous Year
	Capacity		
1	Licensed cane crushing capacity tonnes per day	16,000.00	16,000.00
2	Installed cane crushing capacity tonnes per day	16,000.00	16,000.00
3	Utilized cane crushing capacity tonnes per day	13,800.63	10,586.18
4	Percentage of utilization in relation to installed capacity	86.25%	66.16%

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER**

1. Capacity

1.1 Sugar production capacity

Please refer 'Statement of Production Capacity' of the annexed Statements of Cost Accounts.

1.2 Sugarcane crushing capacity

Please refer to the 3.2 below

1.3 Other production activities of the Company

Following are other production activities undertaken by the Company during the year:

i) Industrial Alcohol (Ethanol)

ii) Particle Board

iii) Yarn

iv) Power

2. Cost Accounting System

The Company has a cost accounting system in operation, which is capable of maintaining adequate records in relation to the costs incurred so as to arrive at a reasonable estimate of cost of production.

We were given to understand that the Company has adopted adequate policies and procedures for maintenance of its cost accounting, as well as, financial accounting records.

According to the Company's practice, the actual costs incurred during the year are allocated to the sugar manufactured during the year on actual basis.

The Company states its stocks at lower of cost and net realizable value. Cost is determined by average method except for those in transit, where it represents invoice value and other charges paid thereon. Cost of work-in-process and finished goods also include direct cost of labor, production overheads, excise duty and sales tax, if applicable. Net Realizable Value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

3. Production

3.1 Sugar Production (Quantitative data)

Please refer 'Production Data' of the annexed Statements of Cost Accounts.

3.2 Percentage of sugarcane crushing compared with installed capacity

The crushing capacity has been utilized at 2,254,712 (2007: 1,587,927) tonnes in comparison with **2,614,042** (2007: 2,420,000) tonnes crushing capacity available based on total number of days of the crushing season. This approximates **86.25%** (2007: 65.62%) utilization of available capacity. The total achievable capacity of the company may go upto 20,000 tonnes crushing per day.

3.3 Comparison of capacity utilization (Crushing Capacity)

Year	Available Capacity Tonnes	Utilized Capacity Tonnes	Percentage
2005-2006	2,524,067	**1,288,458**	51.05
2006-2007	2,420,000	**1,587,927**	65.62
2007-2008	**2,614,042**	**2,254,712**	86.25

Explanation for variance

Increase in utilized capacity is due to decrease in stoppages, availability of cane and increase in crushing days from 138 days to 165 days at Jhang division and from 101 days to 128 days at Bhone division.

Increase in available capacity is due to increase in length of crushing season i.e. **163** days (2007: 150 days) while the actual crushing was 151 days (2007: 124 days).

3.4 **Comparison of Machine Hours utilization (during crushing season)**

Year	Available Hours	Utilized Hours	Percentage
2005-2006	4,062.00	**2,760.12***	67.95
2006-2007	3,604.94	**2,973.26***	82.48
2007-2008	**3,921.06**	**3,634.28 ***	92.69

*This represents weighted average hours based on crushing capacity of both divisions.

Explanation for variance in machine hours utilization

Increase in machine hours utilization is due to decrease in stoppages, availability of cane and increase in crushing days from 138 days to 165 days at Jhang division and from 101 days to 128 days at Bhone division.

Increase in available hours is due to increase in length of crushing season i.e. **163** days (2007: 150 days) while the actual crushing was 151 days (2007: 124 days).

3.5 Addition to production capacity during immediately preceding two years

During the year ended September 30, 2006 crushing capacity was increased by 6,000 tonnes per day which is due to the introduction of commercial operation of new sugar division at Bhone.

4. Raw material consumption

4.1 Please refer statement showing cost of production and sale of white bagged sugar given as per Annexure "1".

4.2 Raw material (Sugarcane) cost per bag of production

Year	Rupees
2005-2006	1,366
2006-2007	1,019
2007-2008	990

Explanations for variances in the consumption of major raw materials as compared to preceding two years

a. Comparison with 2007

Raw material cost per bag of production has decreased by Rs. 29 as compared to last year due to the net effect of followings:

i) decrease in the TPT cane subsidy by Rs. 89.181 million is mainly due to easy availability of sugarcane in the market resulting into decrease in the prices, and thereby decreasing the cost per bag of sugar by approximately Rs. 35.17;

ii) decrease in delivery expenses by Rs. 15.836 million resulting into decrease in cost per bag of sugar by approximately Rs. 12.02; and

iii) decrease in recovery rate, from 8.04 % in the previous year to 7.85 % in the current year, thereby increasing the cost per bag of sugar by approximately Rs. 22.86 as compared to the previous year. The reason for decrease in recovery rate is the frost attack on sugarcane crop in the middle of crushing season in Jhang region.

b. Comparison with 2006

Raw material cost per bag of production has decreased by Rs. 376 as compared to the year 2006 due to the net effect of followings:

i) decrease in the amount of TPT cane subsidy by Rs. 900.010 million is due to easy availability of cane in the market resulting to decrease in the prices and thereby decreasing the cost per bag of sugar produced by approximately Rs. 251;

ii) increase of Rs. 15 per 40 kg in the prices of cane purchased as fixed by the Government as compared to the year 2006 has increased the cost per bag of sugar produced by Rs. 24; and

iii) increase in recovery rate, from 6.92 % in the year 2006 to 7.85 % in the current year, thereby decreasing the cost per bag of sugar produced by approximately Rs. 134 as compared to the year 2006. The increase in recovery percentage is mainly due to decrease in stoppage at Bhone Division.

4.3 Raw material (raw sugar) cost per bag of production

Year	Rupees
2005 – 2006	1067
2006 – 2007	-
2007 – 2008	-

Explanation for variance

During the year raw sugar has not been processed as the sugarcane was easily available in the market as discussed in above paragraph 4.2a(i) & 4.2b(i).

4.4 Bags of sugar produced per ton of cane crushed

Year	Number of Bags
2005-2006	1.38
2006-2007	1.61
2007-2008	1.57

Explanation for variance

a. **Comparison with 2007**

The reason for decrease in bags of sugar produced per ton of cane crushed is the decrease in recovery percentage as discussed in above paragraph 4.2a (iii).

b. Comparison with 2006

The reason for increase in bags of sugar produced per ton of cane crushed is the increase in recovery percentage as discussed in above paragraph 4.2b (iii).

4.5 Bags of sugar produced per ton of raw sugar processed

Year	Number of Bags
2005-2006	19.31
2006-2007	-
2007-2008	-

Explanation for variance

As discussed in above paragraph 4.3.

4.6 Recovery percentage of sugar produced from sugarcane

Year	Percentage
2005-2006	6.92
2006-2007	8.04
2007-2008	7.85

Explanation for variance

As discussed in above paragraph 4.2a (iii) & 4.2b (iii).

4.7 Recovery percentage of sugar produced from raw sugar

Year	Percentage
2005-2006	95.56
2006-2007	-
2007-2008	-

Explanation for variance

As discussed in above paragraph 4.3.

4.8 Comments on the method of accounting followed for recording the quantities and value of receipts, issues and balances of all material directly used in production

Sugarcane is procured at the mills directly and at depots situated at a number of locations.

Sugarcane receipt at mills

Computerized Cane Purchase Receipt (CPR) is issued on weighing the sugarcane at gate and the cane is forthwith sent for crushing. The data entered into CPR forms the basis of Cane Purchase Sheet. Purchase voucher is incorporated for updation of general ledger on fortnightly basis.

Sugarcane receipts at depots

Manual CPRs are issued on weighing the sugarcane received at depots. The details of CPRs are entered in Cane Purchase Sheet of that depot. The purchase voucher includes amounts of the Cane Purchase Summaries of all the depots. Sugarcane is then sent to the mills where it is weighed again and forthwith sent for crushing.

Other direct material used in production

Other direct material used includes lime, soda caustic solid/liquid, LMW & HMW Poly electrolyte, phosphoric acid commercial etc. The Company has computerized inventory system in which all the material purchased is recorded at the respective rates in separate accounts and consumption is charged on daily basis at the moving average rate calculated by the system. Purchases are recorded by Goods Receipt Notes (GRNs) while consumption is recorded on the basis of Store Issue Notes (SINs).

5. Wages and Salaries

5.1 Statement showing categories of wages and salaries

Please refer 'Statement Showing Cost of Salaries, Wages and Benefits' Annexure "6" to the Statement of Cost Accounts.

5.2 Salaries and perquisites of Directors and Chief Executive

No salary or perquisites has been provided to the Directors and the Chief Executive except for meeting fee amounting to Rs. 190,000 (2007: Rs. 200,000) paid to Directors for attending five meetings (2007: five meetings).

5.3 a) Total man-days of direct labour available and actually worked for the period (during crushing season)

Particulars	Current Year 2008	Prior Year 2007
Total man-days of labour available	435,919	300,994
Total man-days of labour actually worked	404,034	248,447

b) Total man-days of direct labour available and actually worked for the period (after crushing season)

Particulars	Current Year 2008	Prior Year 2007
Total man-days of labour available	411,474	288,990
Total man-days of labour actually worked	411,474	288,990

5.4 a) Average numbers of workers employed during the crushing season

Particulars	Current Year 2008	Prior Year 2007
Direct and Indirect Labour –including contract staff	2,978	2,004

b) Average numbers of workers employed after the crushing season

Particulars	Current Year 2008	Prior Year 2007
Direct and Indirect Labour –including contract staff	2,037	1,352

Note: The workers also include employees of the company.

5.5 Direct labour cost per unit of output (As per Financial Statements)

Year	Rupees
2005-2006	29.84
2006-2007	58.22
2007-2008	50.84

5.6 Brief explanations for variances as compared to the previous two years.

Comparison with 2007

The decrease in the direct labour cost per unit of output is mainly due to increase in number of bags produced during the year as compared to the previous year. This decrease is due to net effect of increase in direct labour cost by 21% (Rs. 30.812 million) as compared to previous year and increase in number of bags produced by 38% (978,450 bags) as compared to previous year.

Comparison with 2006

The increase in direct labour cost per bag of sugar produced is due to processing of raw sugar in last year's off season which requires less labour cost per bag thus decreased the cost per bag. The company has not processed the raw sugar in current year which resulted in decrease in number of bags produced and increase in labour cost per bag produced during the year.

5.7 Comments on the incentive scheme, with particular reference to its contribution towards increasing productivity and its effect on cost of production

Bonus scheme is in place which is based on productivity and covers the permanent employees of the company.

Particulars	Current Year 2008 Rupees	Prior Year 2007 Rupees
Cost of bonus per metric tonnes of output	50.18	63.95

6. Stores and spare parts

6.1 Stores and spares expenditure per unit of output

Particulars	Current Year 2008 Rupees	Prior Year 2007 Rupees
Stores and spares consumption per bag of out put (as per financial statements)	31.80	36.72

Explanation for variance

The decrease in the stores and spares expenditure per unit of output is mainly due to increase in number of bags produced during the year as compared to the previous year. This decrease is due to net effect of increase in stores and spares expenditure by 20% (Rs. 18.513 million) as compared to previous year and increase in number of bags produced by 38% (978,450 bags) as compared to previous year.

6.2 Comments on the system of stores accounting for recording receipts, issues and balances, both in quantities and values

Receipt recording

The Company follows perpetual method of accounting for stores and spares. Receipts are recorded on the basis of actual prices and the actual quantities received for which Goods Receipt Note (GRN) is used.

Consumption recording

Stores and spares consumption is recorded on the basis of Store Issue Notes valued on the basis of moving average rate.

Allocation

Allocation of stores and spare consumption is based on actual consumption towards various cost centers.

c) Proportion of closing inventory of stores representing items, which have not been moved for over twenty-four months

Stores inventory amounting to Rs. 592,892 (2007:Rs. 1,102,571) approximating to 0.71% (2007: 1.33%) has not been moved for over twenty- four months from the balance sheet date against which, adequate provision has been made in the books of account.

7. Depreciation

7.1 Method of depreciation adopted by the Company

Depreciation is being charged on all fixed assets, except land and capital work in progress, on reducing balance method after taking into account the impact of their residual values, if considered significant. Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off. The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its property, plant and equipment as at September 30, 2008 has not required any adjustment as its impact is considered insignificant.

7.2 Basis of allocation of depreciation

Depreciation on assets identifiable to various cost centers is charged on actual basis, while for assets under common use, depreciation is allocated on the basis of sales revenue.

7.3 Basis of charging depreciation to cost of products

The depreciation on common assets is charged to various cost centers on the basis of sale revenue. While the depreciation of depreciable assets relating to units involved in the manufacturing of product is charged to the cost of that product.

8. Overheads

8.1 Overheads and financial charges

Particulars	2008 Rupees	2007 Rupees	2006 Rupees
Factory overheads	441,054,116	401,351,870	592,052,787
Administrative, selling and distribution overheads	146,187,078.57	152,447,203	176,188,046
Financial charges	7,022,815	650,463,216	565,681,113

Reasons for significant variances as compared with previous two years

Factory overheads

Comparison with 2007

Increase in factory overheads by Rs. 39,702,746 is mainly due to increase in baggase purchased by Rs. 39,047,301 (2007:Rs. Nil).The baggase purchased is consumed in the production of steam to be used in generation of electricity.

Comparison with 2006

Decrease in factory overheads by Rs. 150,998,671 is mainly due to decrease in sui gas consumption by Rs. 150,377,287 as compared to the year 2006. In 2006, the consumption of sui gas was increased due to shortage of baggase and processing of raw sugar in off season.

Administrative, selling and distribution expenses

Comparison with 2007

The administrative, selling and distribution expenses are allocated to various segments i.e. sugar division, distillery, and board plant, on the basis of sales revenue. In the current year sales revenue of distillery division has been increased by Rs. 1,143.099 million, resulting into the increased allocation of expense to distillery division and lesser allocation to sugar division as compared with last year.

Comparison with 2006

The administrative, selling and distribution expenses are allocated to various segment i.e. sugar division, distillery, and board plant, on the basis of sale revenue, in the current year sales revenue of distillery division has increased by Rs. 1,180,765 million, resulting into the increased allocation of expense to distillery division and lesser allocation to sugar division as compared with year 2006.

Financial charges

Comparison with 2007

The financial charges are normally allocated to various segment i.e. sugar division, distillery, and board plant, on the basis of sale revenue, in the current year sales revenue of distillery division has increased by Rs. 1,143.099

million, resulting into the increased allocation of expense to distillery division and lesser allocation to sugar division as compared with last year.

Comparison with 2006

The financial charges are normally allocated to various segment i.e. sugar division, distillery, and board plant, on the basis of sale revenue, in the current year sales revenue of distillery division has increased by Rs. 1,180,765 million, resulting into the increased allocation of expense to distillery division and lesser allocation to sugar division as compared with year 2006.

8.2 Production overheads per ton of cane crushed

Year	Rupees
2005-2006	459.47
2006-2007	252.75
2007-2008	195.61

Explanation for variance

Comparison with 2007

The decrease in production overheads per tonnes of cane crushed is mainly due to increase in quantity of cane crushed during the year as compared to the previous year. This decrease is due to net effect of increase in production overheads by 41.61% (Rs. 18.513 million) as compared to previous year and increase in quantity of cane crushed by 41.99% (666,785 tonnes) as compared to previous year.

Comparison with 2006

The decrease in production overhead per tonnes of cane crushed is mainly due to increase in quantity of cane crushed during the year as compared to the year 2006. Further, such decrease was also due to the fact that in 2006, raw sugar was processed.

8.3 Basis of absorption of overheads to products with brief comments thereon

Allocation of overheads to products

Identifiable costs are separately allocated to each cost center, while common costs are allocated on the basis of book value of fixed assets directly identifiable to these products.

Absorption of cost to inventories

The Company is using absorption costing method as its primary basis for valuing its products i.e. both variable costs and fair proportion of fixed overheads is absorbed in various products manufactured by the Company. Factory overheads are allocated to different products on the basis of book value of fixed assets directly identifiable to these products. Absorption of overheads to work in process is based on the stage of completion.

8.4 Cost of packing with details to the extent possible

Particulars	Current Year 2008 Rupees	Prior Year 2007 Rupees
Cost of packing per bag of sugar produced	16.54	14.70

Packing cost comprises of cost of polythene bags, thread, tapes, etc used for packing of the produced sugar. The increase in cost of packing material per bag is the normal inflation impact on the price of packing materials.

9. Royalty / technical aid payments

No royalty or technical aid payments have been made during the year.

10. 10.1 Abnormal non-recurring features

No abnormal or non-recurring features have been observed during the year.

10.2 Impact of abnormal non-recurring features on cost of production

As abnormal or non-recurring features have not been happened, there is no impact on cost of production regarding such features.

10.3 Special expenses directly allocated to products

No special expenses have been incurred during the year.

11. 11.1 Cost of production

Please refer 'Statement Showing Cost of Production and Sale of White Bagged Sugar' of the annexed Statements of Cost Accounts.

11.2 Comments on the reasons for differences in cost of production (as per cost statements)

The cost of production has been decreased by Rs. 2,186 per ton of sugar produced. This is mainly due to increase in net realizable value of Baggase, a by product to be used in the other segment of the company like board plant and decrease in price of raw material and depreciation charge (refer to Annexure – 1, Sr. No. 18).

12. 12.1 Sales – including trading sales

	Particulars	Current Year 2008	Prior Year 2007
i)	Number of bags sold	3,516,106	3,017,936
ii)	Average selling price per bag (Rupees)	1,235	1,421

Note: The sale includes the various categories of sugar products including 50 kg commercial sugar, 50 kg beverages sugar, 5 kg white sugar (green), 1 kg white sugar (green), sachet sugar etc.

12.2 Export Sales

Particulars	Current Year 2008	Prior Year 2007
White Sugar:		
Quantity exported (in Bags)	74,295	Nil
Net realization per bag (Rupees)	1,028	N/A
Country	Afghanistan	N/A
Net profit/(loss) in exports	(15,646,879)	N/A

13. 13.1 Profitability (gross), as per financial statements

Product	Current Year 2008		Prior Year 2007	
	Gross Profit for the year Rupees	Profitability Per Bag Rupees	Gross Profit for the year Rupees	Profitability Per Bag Rupees
White Bagged Sugar	901,000	0.26	55,393,000	18.35

13.2 Gross profit per machine hour for whole year

Year	Rupees
2005-2006	21,203
2006-2007	18,630
2007-2008	249

13.3. Comments on the profitability of different categories of the products per unit as well as in terms of per machine hour, etc. and comments on the adequacy or otherwise of product for maximization of profits.

Profitability of the Company depends on the support prices of sugarcane fixed by the Government and quality of cane procured. During the year, the average selling price of sugar has been decrease from Rs. 28,414 per ton (equivalent to Rs. 1,421 per bag of 50 Kg) of the previous year to Rs. 24,701 per ton (equivalent to Rs. 1,235 per bag of 50 Kg) in the current year. So, despite the decrease in cost per bag, depression in sales price of sugar resulted into decrease in gross profitability of the company.

14. Cost auditors' observations and conclusion

14.1 Matters, which appear to be incorrect in principle or are apparently unjustifiable

No such instance was noticed during the course of the test procedures applied to conduct the audit.

14.2 Cases where the Company's funds have been used in a negligent or inefficient manner

No such instance was noticed during the course of the test procedures applied to conduct the audit.

14.3 Factors, which could have been controlled, but have not been done resulting in increase in the cost of production

No such cases were noticed during the conduct of audit.

14.4 i) The adequacy or otherwise of budgetary control system, if any, in vogue in the Company

The Company has an adequate budgetary control system in operation.

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

Management of the Company has outsourced its internal audit function to a professional firm. They are assigned to appraise the management about the control weaknesses along with their remedies and also the deviations from the approved procedures. The internal auditors provide the Company with monthly reports on their findings which are discussed in the Audit Committee meetings.

14.5 i) Rectification of general imbalance in production facilities

We have not identified any imbalance in production facilities.

ii) Fuller utilization of installed capacity

The utilization of installed capacity is dependent upon availability of sugarcane of desired quantity and quality. As a part of long term planning, the Company has started increasing its investment in farms through incorporating independent separate company to ensure regular supply of desired quality sugarcane to fully utilize the production capacity. During the year 2007-08, the company has utilized it installed capacity upto **86.25%** (2007: 65.62%).

iii) Comments on areas offering scope for

- **Cost reduction and increased productivity**

  The Company may make efforts towards optimum utilization of production capacity by promoting cultivation of sugarcane by further increasing the number of farms, thereby ensuring regular supply of improved quality sugarcane. It would reduce the cost of sugarcane for the Company along with the improvement in the recovery rate. Secondly, the company should increase the quality incentive on sugarcane purchase that will motivate the farmers to sow the sugarcane with high quality.

- **Key limiting factors causing production bottlenecks**

  Limited supply of sugarcane during the crushing season.

- **Improved inventory policies**

  Policies relating to inventory are found satisfactory.

- **Energy conservancy**

  The company is currently producing the electricity through the steam by using mainly baggase as input. The production of electricity using the steam is the cheapest way so there are no further opportunities for energy conservancy.

iv) State of technology whether modern or obsolete

The Company has installed modern plants as the main production facility.

v) Plant whether new or second hand when installed

The plant was new when installed.

14.6 Other Observations

The company has policy to measure its certain fixed assets at revalued amounts. However, we have noticed that the company's fixed assets except land have not been revalued since 1979 and accordingly, there is risk that such assets are carried at lower values. Such understatement of cost has resulted into decrease in depreciation charge and corresponding effect on cost of sale.

SHAKARGANJ MILLS LIMITED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

PRODUCTION DATA

Sr. No	Particulars	Current Year 2007-2008	Previous Year 2006-2007
1. A	**CANE CRUSHED: -**		
	Date started	29-10-07 at 1100 Hrs	20-11-2006 at 1100 Hrs
	Date finished	19-04-08 at 1430 Hrs	23-04-2007 at 1830 Hrs
	Duration of run days	163	150
	Total number of hours in duration	3,921.06	3,605.16
	Total number of hours of actual crushing	3,634.28	2,973.26
	Total numbers of hour lost	286.78	631.90
	Total cane milled (tonnes)	2,254,712.420	1,587,927.266
	Converted mounds	56,367,810.50	39,698,181.65
	Total mixed juice obtained (tonnes)	2,077,319.37	1,421,173.79
	Raw sugar processed (tonnes)	-	-
B	**GUR MELTED: -**		
2.	**JUICE & ADDED WATER: -**		
	Average mixed juice % cane	92.13	89.50
	Average added water % cane	21.65	19.26
3.	**SUGAR MADE: -**		
	Total sugar bagged of all grade (100 kg).	-	-
	Total sugar bagged of all grade (50 kg).	3,541,840.00	2,563,390.00
	Sugar bagged (tonnes)	177,092.00	128,169.50
	Sugar in process (tonnes)	164.88	168.49
4.	**MOLASSES EXTRACTED: -**		
	Total Molasses sent out (tonnes)	117,742.00	79,340.00
	Molasses in process (tonnes)	36.42	45.00
5.	**RECOVERY PERCENT: -**		
	Laboratory test percentage recovery of sugarcane	-	-
	Average recovery of marketable white sugar % cane	7.85	8.04
	Average production of final molasses % cane	5.22	4.996
6.	**BY-PRODUCTS: -**		
	Baggase % cane (calculated) (tonnes)	29.52	29.93
	V.F. Cake % Cane (tonnes)	3.00	3.00
7.	**CLARIFICATION PROCESS: -**		
	Specific the process used by the mill	Defecation - Melt - Phosphitation	Defecation - Melt - Phosphitation

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER**

SHAKARGANJ MILLS LIMITED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Statement of production capacity

S. No.	Particular	Current Year	Previous Year
		---------Tonnes---------	
1	**Installed Production**		
	a Capacity of Sugar	205,202.14	192,960.00
	b Molasses	-	-
	c Other	-	-
2	**Actual Production**		
	a Actual Production Sugar (from sugarcane)	177,092.00	128,169.50
	Actual Production Sugar (from raw sugar))	-	-
	b Molasses	117,742.00	79,340.00
	c Other	-	-
3	**Percentage of Production in Relation to Installed Capacity**		
	a Sugar		
	Percentage of Production	86.30%	66.42%
	b Molasses	0.00%	0.00%
	c Other	0.00%	0.00%

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER**