



Shakarganj Mills Limited



Cost Audit Report

For the year ended September 30, 2010

COMPANY INFORMATION

1	Name of Company	Shakarganj Mills Limited
2	Date of Incorporation	20 September, 1967
3	Location of Registered Office	Shakarganj Mills Limited 10th Floor, BOP Tower 10-B, Block-E-11, Main Boulevard, Gulberg III Lahore - Pakistan
4	Location of Factory / Factories	a) Unit 1 : Toba Road, Jhang. b) Unit 2: 57 KM Jhang Sargodha Road, Bhone c) 8 KM 18 Hazari Layyah Road, Dargai shah
5	Products other than Sugar Being Manufacture	a) Ethanol b) Particle Board c) Yarn d) Power
6	Installed Cane Crushing Capacity in Tonnes	20,000 Tonnes extendable to 26,000 Tonnes per crushing day

COST AUDITORS' REPORT TO DIRECTORS

We, S M NAIM MIAN & 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 2010 and report that-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of this audit.
2. in our opinion-
 - a) proper cost accounting records as required by clause (e) of 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;
 - b) proper returns, statements and schedules for the purpose of audit of cost accounts have been received from branches 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:-
 - White Sugar

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



S M NAIM MIAN & CO.
CHARTERED ACCOUNTANTS

Lahore: 30 January 2011

Name of Engagement partner:
Sadiq M Naim Mian

Cost Auditors' Report to the Board of Directors

For the year ended 30 September 2010

1. Capacity

1.1 Sugar production capacity

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

1.2 Sugarcane crushing capacity

Please refer "Statement of crushing capacity" of annexed statement.

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 is using "Oracle" software at Jhang, Bhone and Dargai shah divisions (Dargai Shah was disposed off as on December 3, 2010 as per audited financial statements) whereby the cost accounts records are integrated with financial accounting records allowing all accounting entries for cost of production, at various level, to be incorporated in financial books of accounts.

The accounting system was assessed as adequate to determine correctly cost of production.

The Company states its stocks at lower of net weighted average cost or net realizable value 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. Cost of owned produced molasses, a by product, is determined on the basis of monthly average cost of molasses purchased from third parties.

3. Production

3.1 Sugar production (Quantitative data)

Please refer 'Production Data' of the annexed Statements.

3.2 Percentage of sugarcane crushed compared with installed capacity

The crushing capacity has been utilized at 913,272 tonnes (2009: 784,056 tonnes including trial run related to new Dargai Shah division of 35,926 tonnes) in comparison to 2,016,000 tonnes (2009: 1,858,000 tonnes) crushing capacity available based on total number of days of crushing season. This approximates 45.30% (2009: 42.20%) utilization of available capacity.

Cost Auditors' Report to the Board of Directors For the year ended 30 September 2010

3.3 Comparison of capacity utilization (Crushing Capacity)

Year	Available Capacity Tonnes	Utilized Capacity Tonnes	Percentage
2007-2008	2,614,042	2,254,712	86.25
2008-2009	*1,858,000	**784,056	42.20
2009-2010	*2,016,000	**913,272	45.30

* Available capacity includes 200,000 tonnes during trial run of Dargai Shah division (2009).

* Available capacity includes 344,000 tonnes for Dargai Shah division (2010).

**Utilized capacity includes 35,926 tonnes during trial run of Dargai Shah division (2009).

** Utilized capacity includes 130,477 tonnes for Dargai Shah division (2010).

Explanation for variance

Net increase in utilized capacity as compared to previous year (2009) is due to crushing of sugarcane of 130,477 tonne (2009:35,926 tonne) in Dargai Shah Division and decrease in actual crushing days from 71 days to 66 days. (2008:151 days).

The increase in available capacity as compared to previous year (2009) is due to increase in length of crushing season to 97 days (average of three divisions) as compared to 93 days (2008: 163 days).

Net decrease in available capacity as compared to previous year 2008 is decrease in available crushing days from 163 days to 97 days and addition in Dargai Shah division in year 2009.

Net decrease in utilized capacity as compared to installed capacity is due to stoppage, non availability of sugar cane and shortage of funds.

3.4 Comparison of Machine Hours utilization (during crushing season)

Year	Available Hours	Utilized Hours	Percentage
2007-2008	3,921.06*	3,634.28*	92.69
2008-2009	2,214.49*	1,697.80*	76.62
2009-2010	2,315.75*	1,572.55*	67.91

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

Explanation for variance

Net increase in available hours as compared to previous year (2009) is due to increase in length of crushing season i.e. 97 days (average of three divisions) (2009: 93 days) while decrease in utilized hours as compared to previous year (2009) is due to decrease in actual crushing days to 66 days (average of three divisions) as compared to 71 days in 2009 (2008: 151 days).

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The net decrease in utilized capacity as compared to previous year (2008) is due to stoppage, non availability of sugarcane, shortage of fund and decrease in actual crushing days from 151 days to 66 days.

Net decrease in machine hours utilization as compared to available hours is due to stoppages, non availability of sugarcane and shortage of funds.

3.5 Addition to production capacity

During the year ended September 30, 2009 crushing capacity has increased by 4,000 extendable to 6,000 tonnes per day which is due to start of operations of new sugar division at Dargai Shah.

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 (50 kg) of production

Year	Rupees
2007-2008	990
2008-2009	1,417
2009-2010	2,776

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

a. Comparison with 2009

Raw material cost as per bag of sugar production has increased by Rs. 1,359 as compared to last year due to the net effect of the following main reasons:

- i) Increase in the TPT cane subsidy by Rs. 1,263 million due to non availability of sugarcane in the market and tough competition amongst various sugar mills for raw material and result out higher prices of sugarcane.
- ii) Increase in prices fixed by government for sugarcane from Rs 2,000 to 2,500 per tonne, thus increasing cost per bag of sugar.
- iii) Decrease in recovery rate of 8.62% as compared to 9.13% in the previous year, which resulted increase in cost per bag of sugar as more cane was needed to crush to produce per bag of sugar.

Cost Auditors' Report to the Board of Directors

For the year ended 30 September 2010

b. Comparison with 2008

Raw material cost per bag of production has increased by Rs. 1,786 as compared to previous year due to the net effect of followings mainly:

- i) Increase in the TPT cane subsidy by Rs. 1,637 million is mainly due to non availability of sugarcane in the market resulting into increase in the prices;
- ii) Increase in support price of sugar cane fixed by government from Rs 1,480 to Rs 2,500 per tonne, and thereby increasing the cost per bag of sugar ; and
- iii) Increase in recovery rate of 8.62% as compared to 7.85% in the previous year, thereby decreasing the cost per bag of sugar as compared to the previous year. The increase in recovery rate is mainly due to concentration of management to crush quality cane so as to achieve higher recovery rate. Had the recovery percentage not increased the cost of cane crushed would have been much higher.

4.3 Bags of sugar produced per tonne of cane crushed

Year	Number of Bags (50 Kg)
2007-2008	1.57
2008-2009	1.83
2009-2010	1.72

Explanation for variance

a. Comparison with 2009

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

b. Comparison with 2008

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

4.4 Recovery percentage of sugar produced from sugarcane

Year	Percentage
2007-2008	7.85
2008-2009	9.13
2009-2010	8.62

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Explanation for variance

The decrease in recovery is mainly due to non-availability of good quality sugarcane from the market as compared to previous year which kept recovery percentage lower than the year 2008-09.

4.5 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 gate directly and at depots situated at a number of locations having different distance from the mills gate

Sugarcane receipt at mills

Computerized Cane Purchase Receipt (CPR) is issued on weighing the sugarcane through digital scale at gate and the cane is forthwith supplied at the crushing point. The data entered into CPR forms on 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 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 supplied to the mills where it is weighed again and forthwith supplied 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 management 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 weighted 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" of the annexed Statements.

5.2 Salaries and perquisites of Directors and Chief Executive

No salary or perquisites have been paid to the Directors and the Chief Executive except for meeting fee amounting to Rs. 130,000 (2009: Rs. 150,000) for attending four meetings (2009: four meetings) to cover the actual expense incurred for attending such meetings.

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

Particulars	Current Year 2010	Prior Year 2009
Total man-days of labour available	270,727	253,728
Total man-days of labour actually worked	184,206	192,858

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

Particulars	Current Year 2010	Prior Year 2009
Total man-days of labour available	520,456	494,483
Total man-days of labour actually worked	520,456	494,483

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

Particulars	Current Year 2010	Prior Year 2009
Direct and Indirect Labour –including contract staff	2,791	2,731

b) Average numbers of workers employed after the crushing season

Particulars	Current Year 2010	Prior Year 2009
Direct and Indirect Labour –including contract staff	1,942	1,817

Note: : The workers also include officials of the Company

5.5 Direct labour cost per unit of output

Year	Rupees
2007-2008	50.84
2008-2009	125.21
2009-2010	111.85

Cost Auditors' Report to the Board of Directors

For the year ended 30 September 2010

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

Comparison with 2009

The decrease in the direct labour cost per unit of output is mainly due to increase in number of bags produced during the year.

Comparison with 2008

Increase in labour cost is mainly due to reduction in production of sugar bag.

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 employees of the Company.

Particulars	Current Year 2010 Rupees	Prior Year 2009 Rupees
Cost of bonus per tonne of output	44.73	41.13

6. Stores and spare parts

6.1 Stores and spares expenditure per unit of output

Particulars	Current Year 2010 Rupees	Prior Year 2009 Rupees
Stores and spares consumption per bag (50 Kg) of output	30.15	36.36

Explanation for variance

There is major variation in consumable stores and spares expenditure in the current year as compared to last year. The cost per bag decreased due to increase in number of bags produced during the current year as compared to last year and better control thereof.

Proportion of closing inventory of stores representing items, which have not been moved for over 24 months

No obsolescence took place during the year under consideration. (2009: 12,752,677).

Cost Auditors' Report to the Board of Directors

For the year ended 30 September 2010

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 prepared.

Consumption recording

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

Allocation

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

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 30 September 2010 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/services rendered.

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 book value of assets.

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8. Overheads

8.1 Total amount of overheads

Particulars	2010 Rupees	2009 Rupees	2008 Rupees
Factory overheads	371,063,712	355,683,887	441,054,116
Administrative, selling and distribution overheads	175,490,771	183,183,578	146,187,078
Financial charges	851,601,000	.738,629,000	577,022,815

Please refer 'Statement showing cost of production and sale of white bagged sugar' "Annexure - 1" of the annexed Statements.

8.2 Reasons for variances as compared with previous two years

Reasons for significant variances as compared with previous two years.

a) Factory overheads

Comparison with 2009

Increase in factory overheads by Rs. 15,379,825 is mainly due to increase in cost of repair and maintenance, water and gas and electric power etc.

Comparison with 2008

Decrease in factory overheads is mainly due to better control over the store consumed and less crushing of sugarcane in the year under report.

b) Administrative, selling and distribution expenses

Comparison with 2009

As per annexure 10 & 11, total expenses increased from Rs 202 million to Rs 210 million. This is mainly due to provision for doubtful receivables. Except for provision, net expenses has decreased due to better control of management.

Comparison with 2008

As per annexure 10 & 11, total expenses decreased from Rs 214 million to Rs 210 million. This is mainly due to better control of management.

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c) Financial charges

Comparison with 2009

Financial charges except on loan facilities related to particular segment, are allocated to various segment i.e. sugar, distillery, and board plant on the basis of sale revenue. In the current year, sales revenue of sugar segment has increased, resulting into increased allocation of expense to sugar division as compared with last year.

Comparison with 2008

Financial charges except on loan facilities related to particular segment, are allocated to various segment i.e. sugar, distillery, and board plant on the basis of sale revenue. In the current year, sales revenue of sugar segment has increased, resulting into increased allocation of expense to sugar division as compared with last year.

8.3 Factory overheads per tonne of cane crushed

Year	Rupees
2007-2008	195.61
2008-2009	453.65
2009-2010	406.30

Explanation for variance

Comparison with 2009

The net decrease in overheads per tonnes of cane crushed is mainly due to reasons described in note No. 8.2(a) and increase in cane crushed.

Comparison with 2008

The increase in overheads per tonnes of cane crushed is mainly due to less cane milled and due to element of fixed cost.

8.4 Total overheads per tonne of cane crushed

Year	Rupees
2007-2008	516.37
2008-2009(Restated)	1,633.9
2009-2010	1,613.1

Comparison with 2009 and 2008

Net decrease in total overheads per tonne of cane crushed as compared to 2009 and net increase as compared to 2008 is due to reasons described in note No. 8.2.

Cost Auditors' Report to the Board of Directors

For the year ended 30 September 2010

8.5 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 sales revenue except depreciation which is 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. While allocation of fixed overheads to cost of conversion is based on normal capacity of Company. However, during the year, the Company operated below normal capacity. Depreciation is 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.

8.6 Cost of packing with details to the extent possible

Particulars	Current Year 2010 Rupees	Prior Year 2009 Rupees
Cost of packing per bag of sugar produced	19.23	20.37

Packing cost comprises of cost of polythene bags, thread, tapes, etc used for packing of the produced sugar. In year 2010, cost of packing material as compared to previous year 2009 is decreased due to increase in number of packing bag of sugar produced and due to element of fixed cost.

9. Royalty / technical aid payments

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

10. 10.1 Abnormal non-recurring features

During the year, utilized capacity of the Company has increased due to the factors explained in para 3.3 above.

10.2 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' "Annexure - 1" of the Statements.

Cost Auditors' Report to the Board of Directors

For the year ended 30 September 2010

11.2 Comments on the reasons for differences in cost of production

The cost of production has increased by Rs.23,086 per tonne of sugar produced (refer to "Annexure – 1", Sr. No. 18). This is mainly due to increase in support prices of sugarcane fixed by Government, prevailing prices due to tough competition and shortage of cane available and factors explained in Para 4 and 8.2.

12. 12.1 Sales – including trading sales

Particulars	Current Year 2010	Prior Year 2009 (Restated)
i) Number of bags sold	2,156,567	1,547,468
ii) Average selling price per bag (Rupees)	2,981	2,117

12.2 Export Sales

There were no export sales of sugar during the year under report (2009: Nil).

13. 13.1 Profitability (gross)

Particular	Current Year 2010		Prior Year 2009	
	Gross Profit for the year Rupees	Profitability Per Bag Rupees	Gross Profit for the year Rupees	Profitability for the year Rupees
White Bagged Sugar	844,191,565	391.45*	531,842,518	343.69*

*Based on number of bags sold of three divisions.

13.2 Gross profit per machine hour for the year

Year	Rupees
2007-2008	160,227
2008-2009	313,439
2009-2010	536,830*

*Based on average number of hours utilized in all three divisions.

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, quality of cane procured and recovery rate of sugarcane crushed. The decrease in recovery rate is mainly due to non-availability of quality of sugarcane comparative to the last years and due to demand supply factors affecting the market of cane.

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During the year, the average selling price of sugar bag has increased from Rs. 2,117 per bag to 2,981 per bag and cost of production increased from Rs. 1,773 to Rs. 2,590 per bag resulting into increase in gross profit.

Please refer note 14.5(ii).

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 by us 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 internal control weaknesses along with their suggestions regarding affects of control weaknesses and recommendations for improvements in the internal controls and also report the management regarding deviations from the approved procedures. The internal auditors provide the Company with quarterly reports on their findings which are discussed in the Audit Committee meeting and suitable action are taken.

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 depends upon availability of funds and sugarcane of desired quantity and quality. As a part of long term planning, the Company has concentrated on procurement of high quality sugarcane to ensure maximum recovery rate. During the year 2009-10, the Company has utilized its installed capacity up to 45.30% (2009: 42.20%). The reasons of increase in utilized capacity are explained in para 3.3 above.

Cost Auditors' Report to the Board of Directors

For the year ended 30 September 2010

iii) Comments on areas offering scope for

- **Cost reduction and increased productivity**

The company may make efforts towards optimum utilization of production capacity by making investment in research and developments of seeds for obtaining good quality sugarcane crop and motivate growers to use such seeds, the more the quality cane the more is the recovery rate obtained. Company must use its existing resources in full to enhance productivity and use the concept of economies of large scale to reduce its per unit cost.

- **Key limiting factors causing production bottlenecks**

Limited supply of desired quality and quantity of sugarcane during the crushing season and shortage of funds are key limiting factors, one is out of control whereas second i.e. funds are controllable.

- **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.

Other Observation

1. 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 may be carried at lower value. Such understatement of cost may result in decrease in depreciation charge and corresponding effect on cost of sales.

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- 2.** We draw attention to note 1.2 to the financial statements which indicates the company could not meet its obligations in respect of principal and markup repayments on borrowings from financial institutions. The company has incurred net loss of Rs 879.727 million during the year; its current liabilities have exceeded its current assets by Rs 3,246 million and the equity have been fully eroded.

These conditions along with other matters as set forth in note 1.2 indicate the existence of material uncertainty which may cast doubt about the company's ability to continue as a going concern.

- 3.** Other charges for comparative year have been restated due to following reasons:
 - Other Charges have not been bifurcated on various segments.
 - Reasons explained in audited financial statements for the year ended September 30, 2010.

Previously it has been stated at Rs. 93,153,599/- at serial no.29 of annexure 1.

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PRODUCTION DATA

Sr. No.	Particulars	Current Year	Previous Year
		2010	2009
1. (a)	CANE CRUSHED:		
	Date of start	20/11/2009 at 1120 Hrs	24-11-08 at 1145 Hrs
	Date of finish	08/03/2010 at 0800 Hrs	13-03-09 at 1800 Hrs
	Duration of run days-Average	97	93
	Duration of run days-Maximum	109	104
	Total number of hours in duration	2,315.75	2,214.49
	Total number of hours of actual crushing	1,572.55	1,696.80
	Total numbers of hour lost	743.20	517.69
	Total cane milled (tonnes)	913,271.64	784,056.409
	Converted maunds	22,831,790.93	19,601,410.23
	Total mixed juice obtained (tonnes)	840,174.08	701,821.48
(b)	GUR MELTED:		
2.	JUICE & ADDED WATER:		
	Average mixed juice % cane	92.00	89.51
	Average added water % cane	21.32	20.18
3.	SUGAR MADE:		
	Total sugar bagged of all grade (100 kg)	-	-
	Total sugar bagged of all grade (50 kg)	1,570,790.00	1,431,990.00
	Sugar bagged (tonnes)	78,539.50	71,600
	Sugar in process (tonnes)	307.00	134.13
4.	MOLASSES EXTRACTED:		
	Total molasses sent out (tonnes)	40,901.00	33,070.00
	Molasses in process (tonnes)	105.00	52.07
5.	RECOVERY PERCENT:		
	Laboratory test percentage recovery of sugarcane	-	-
	Average recovery of marketable white sugar % cane	8.62	9.13
	Average production of final molasses % cane	4.47	4.22
6.	BY-PRODUCTS:		
	Baggase % cane (calculated) (tonnes)	30.66	30.67
	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 "

1 Maund = 40 kg


 Chief Executive


 Chief Financial Officer

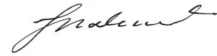
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STATEMENT OF CRUSHING CAPACITY UTILIZATION

Sr. No.	Particulars	2010	2009
1	Licensed cane crushing capacity tonnes per day	20,000.00	20,000.00
2	Installed cane crushing capacity tonnes per day	20,000.00	20,000.00
3	Utilized cane crushing capacity tonnes per day	9,067.67	8,439.79
4	Percentage of utilization in relation to installed capacity	45.30%	42.20%



Chief Executive



Chief Financial Officer

Cost Auditors' Report to the Board of Directors

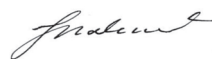
For the year ended 30 September 2010

STATEMENT OF PRODUCTION CAPACITY

Sr. No.	Particulars	2010	2009
	 Tonnes.....	
1	Installed Production		
	a Capacity of Sugar	167,228.00	169,598.43
	b Molasses	-	-
	c Other	-	-
2	Actual Production		
	a Actual Production Sugar (from sugarcane)	78,539.50	71,600.00
	b Molasses	40,901.00	33,070.00
	c Baggase	-	-
3	Percentage of Production in Relation to Installed Capacity		
	a Sugar Percentage of Production	46.97%	42.22%
	b Molasses	-	-
	c Baggase	-	-



Chief Executive



Chief Financial Officer



Shakarganj Mills Limited

BCP Tower, 10-B Block E2, Gulberg III, Lahore, Pakistan.

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