

SAKRAND SUGAR MILLS LIMITED
Corporate Briefing Session
January 26, 2024





Corporate Briefing Session - Financial Year -2023

You are Cordially Invited to the Corporate Briefing Session Of Sakrand Sugar Mills Limited (SSML) wherein the Company's Senior Management shall Present the Company's Financial performance and outlook.

Presented By

Mr. Muhammad Imran Akber
Company Secretary

Mr. Shams Ghani
Director / CFO

Venue

ICAP Auditorium

Date : Friday January 26, 2024

Time : 3:45 P.M.

You can also join the session via zoom link

Zoom Link will be shared to the members via email.

Note : Link will be shared only those members whose details received as per the format given in AGM Notice.



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Company Information

BOARD OF DIRECTORS

Mr. Saleem Zamindar	Chairman / Director
Mr. Dinshaw H. AnKlesaria	Director
Mr. Shams Ghani	Director
Miss. Sadia Moin	Director
Mr. Muhammad Saleem Mangrio	Director
Mr. Abdul Qayyum Khan Abbasi	Director
Mr. Muhammad Omar Arshid	Director

AUDIT COMMITTEE

Miss. Sadia Moin	Chairperson
Mr. Saleem Zamindar	Member
Mr. Muhammad Saleem Mangrio	Member

HR COMMITTEE

Mr. Abdul Qayyum Khan Abbasi	Chairman
Mr. Muhammad Omar Arshid	Member
Mr. Shams Ghani	Member

CHIEF EXECUTIVE OFFICER

Mr. Mansoor Afzal Subzwari

CHIEF FINANCIAL OFFICER

Mr. Shams Ghani

COMPANY SECRETARY

Mr. Muhammad Imran Akber

STATUTORY AUDITOR

Parker Russell A.J.S
Chartered Accountants

LEGAL ADVISOR

Mr. Muhammad Jameel Choudhry

REGISTRAR

M/s. JWAFS Registrar Services (Pvt.) Ltd.
407-408 Ameera Centre
Shahrah-e-Iraq, Saddar, Karachi-74400

REGISTERED OFFICE

41-K, Block-6, P.E.C.H.S., Karachi
Phone : 0092-21-35303291-2

www.Sakrandsugar.com

FACTORY ADDRESS

Deh Tharo Unar, Taluka Sakrand
District Shaheed Benazir Abad, Sindh



INTRODUCTION

Sakrand Sugar Mills Limited was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 [Repealed with the enactment of Companies Act, 2017], on March 02, 1989 and its shares are quoted on Pakistan Stock Exchange.

The registered office of the Company is situated in 41-K, Block-6, P.E.C.H.S, Karachi while the Company's mill is situated at Deh Tharo Unar, Taluka Sakrand, District Shaheed Benazirabad, Sindh, Pakistan, having an area of 102.18 acres.

The Principal business of the Company is the manufacture and sale of sugar. Its Principal activities includes Manufacture and sale of Sugar, Molasses, Bagasse and Compost Fertilizer.

The Sugar plant has a Crushing capacity of 6,500 metric tons of sugarcane per day.



ABOUT THE ECONOMY & INDUSTRIES

According to the Economic Survey of Pakistan 2022/23, agriculture sector contributed 22.90 percent towards the national GDP growth rate. Sugar industry being the second largest agro-based industry posted 1.55 percent growth towards agriculture sector's contribution in the overall GDP growth of the country. Sugar production accounts for 3.7 percent of agriculture's value addition, 0.9 percent of GDP and alone remained the major source of employment i.e., approximately 16 percent of 37.40 million agricultural labour.

During the year 2022-23, the Company has faced multiple challenges in which the rising raw material prices, depreciating currency, rising cost of doing business, surging inflation, increasing interest rates and tax compliances were some of the challenges and intense competition amongst the mills for sugarcane procurement which resulted in high sugarcane procurement cost and other cost of production. The selling price of sugar, in local market has been improved during the financial year and export of sugar through export quota approved by the Government has benefited the Company to some extent which resulted in alleviate the losses of the Company.



BUSINESS & FINANCIAL ANALYSIS

The Company's primary business activity is production and sales of Sugar with Molasses as the by product. The Company has also installed a Compost Fertilizer plant in the year 2018 to process another very low ended by- product i.e. Mud to convert into Compost Fertilizer as a value added product.

The Company has the crushing capacity of 6,500 TCD, The Company was able to process / crush the quantum of cane as detail hereunder.

Cane Crushed

2022 → 538,986 MT
2023 → 252,153 MT

Capacity attained

(Based on Actual days operated)

62%
30%

Crushing & Production, both are low due to shortage of crop in the area when compared with the last season, due to stagnation of water in certain areas from which the cane were purchased and intermitted supply of cane, due to low availability. The season has also been started with carry forward stock of sugar in your Company as well as in the Country. Due to low cane, crushing was delayed by 10 to 15 days in the Province of Sindh.



SAKRAND SUGAR MILLS LIMITED

Financial Highlights



FINANCIAL RESULTS & OVERVIEW

The key financial figures of the Company for the year ended September 30, 2023 along with the comparatives for the corresponding year are summarized as under:

<i>Description</i>	<i>Rupees in million</i>	
	2022-2023	2021-2022
Sales - net	2,626.59	3,995.00
Cost of sales	(2,529.46)	(4,071.90)
Gross profit / (loss)	97.13	(76.90)
Loss before taxation	(123.95)	(495.57)
Loss after taxation	(156.06)	(297.85)
Loss / (Earning) Per Share	Rs. (3.50)	(6.68)

The period under review has been very tough for Sugar Industry. The environmental effects created by rains and flood disturbed the crushing season adversely. The province of Sindh produced 1.7 million tons refined sugar as compare to 2.2 million tons produced in Previous season, down by 22% due to shorter crops.

The decrease in the production from the previous years mainly due to the higher raw material prices and inflated input costs which were not sustainable and resultantly the crushing was ceased within the short period of time.

This Sizeable loss is owing to under utilization of existing crushing capacity due to the none availability of sufficient working capital. The Company has no alternative but to sell the finished stock during peak crushing season when the prices prevailed at the rock bottom level in order to generate fund for uninterrupted supply of sugar cane and payment for other cost components. We could not avail the benefits of post crushing increased price of sugar as we did not have the financial strength build and carry stocks of finished goods.

Despite of the fact mentioned above your Company is able to achieved better recovery rate @10.217 (2022 : @9.951) and contribution margin as compare to previous years.

FERTILIZER PLANT : During the Season 2023-2024 Fertilizer plant is being activated which were idle since 2-3 years, and Production is going to start. The Management of your Company is expecting positive outcomes that can help to mitigate the factor of loss and as well as supporting element to generate working capital.



KEY FINANCIAL HIGHLIGHTS

Sales Revenue

FY-23
2.26 Billion
FY-22
3.95 Billion

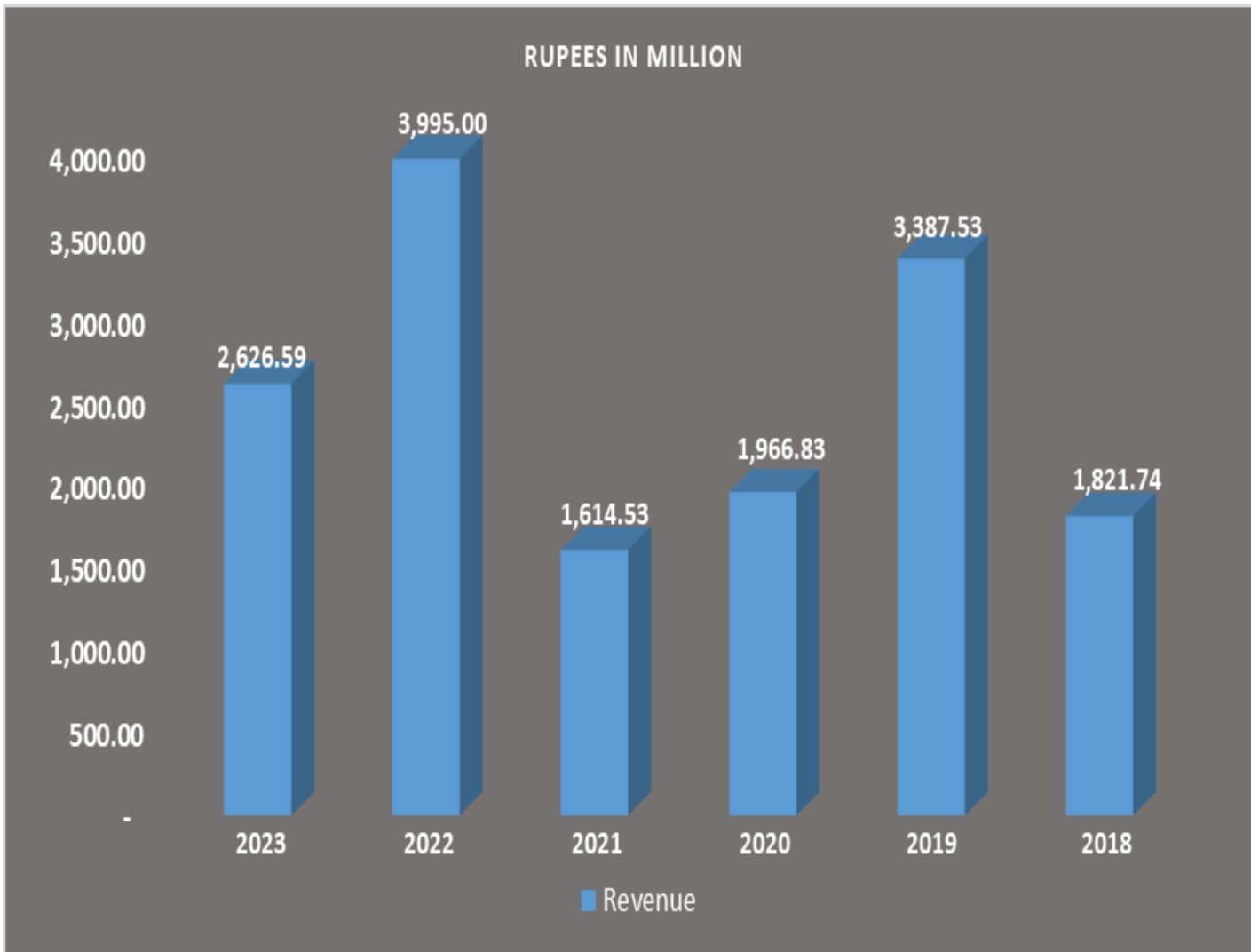
Gross Profit / (loss)

FY-23
97.13 Million
FY-22
(76.95) Million

Net Profit / (loss)

FY-23
(156.06) Million
FY-22
(297.85) Million

Last Six years Revenue Trend





SAKRAND SUGAR MILLS LIMITED

Operational Highlights



OPERATING RESULTS & Overview

The Operational Performance for the period under review as compared with that last year's corresponding period is tabulated hereunder;

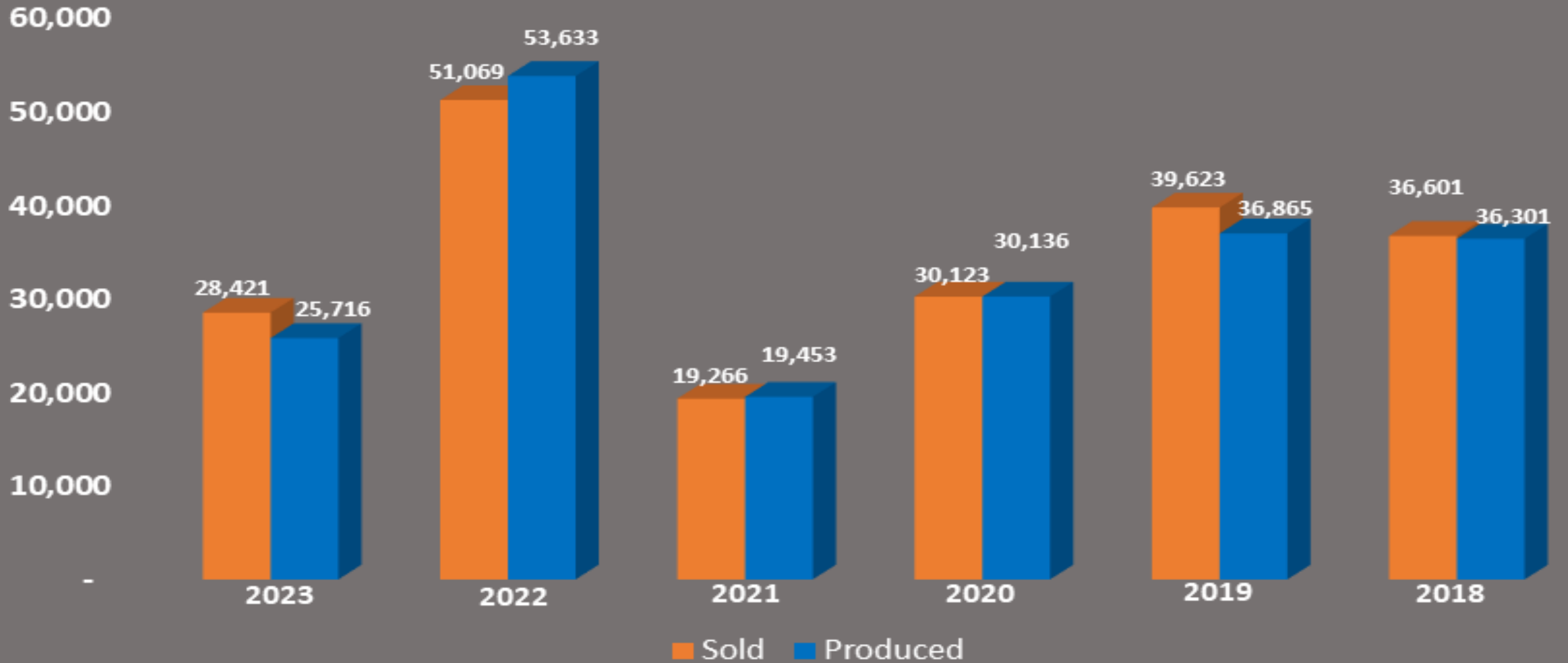
	Season.....	
		2022-2023	2021-2022
Season Started on		26-Nov-22	19-Nov-21
Season Duration	Days	80	127
Operational Days	Days	74	115
Sugar Can Crushed	M. Tons	252,153	538,986
Production			
Sugar	M. Tons	25,716	53,633
Molasses	M. Tons	12,330	24,500
Recovery			
Sugar	%	10.217	9.951
Molasses	%	4.895	4.546

The Sugar recovery factor slightly improved from 9.951% to 10.217%.



Last Six Years Production & Sales Trend of Sugar

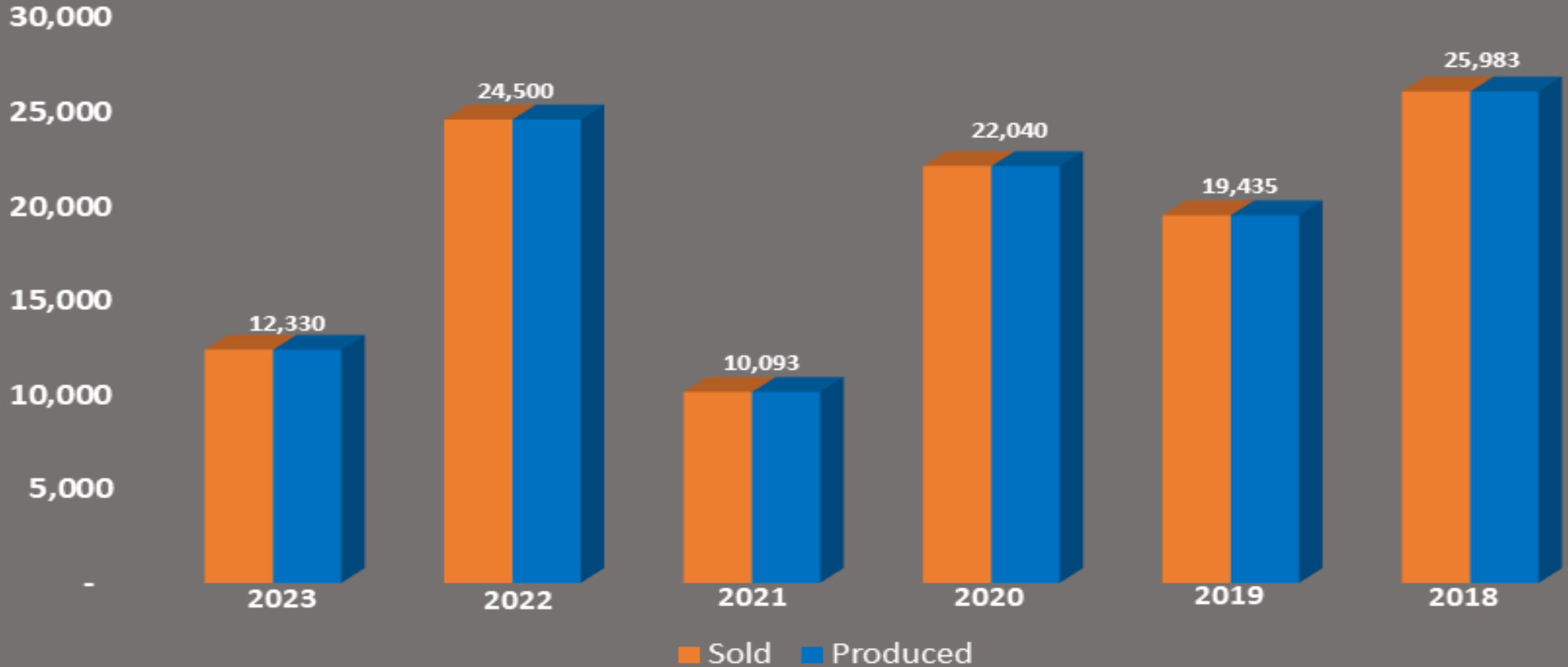
QUANTITY IN METRIC TONS





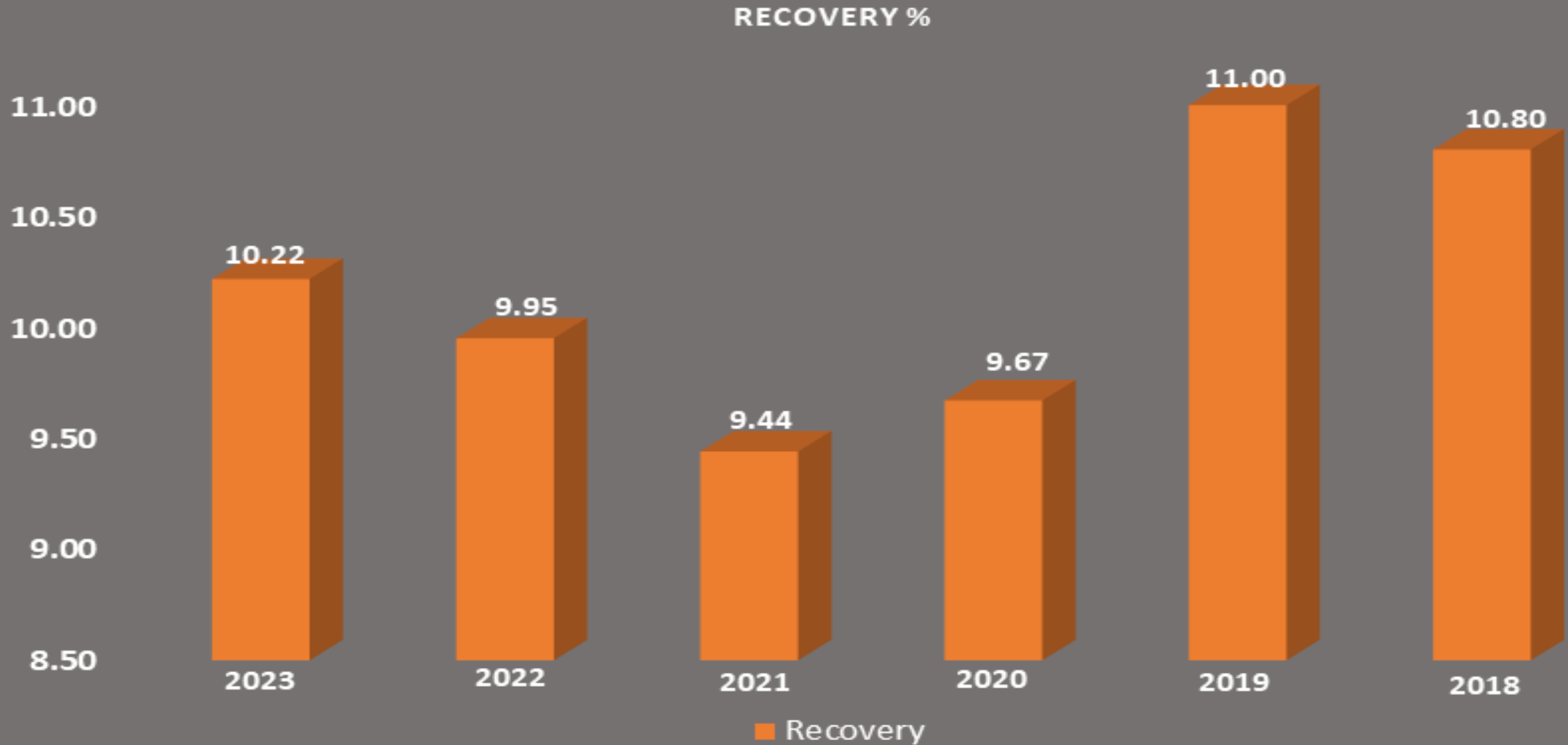
Last Six Years Production & Sales Trend of Molasses

QUANTITY IN METRIC TONS





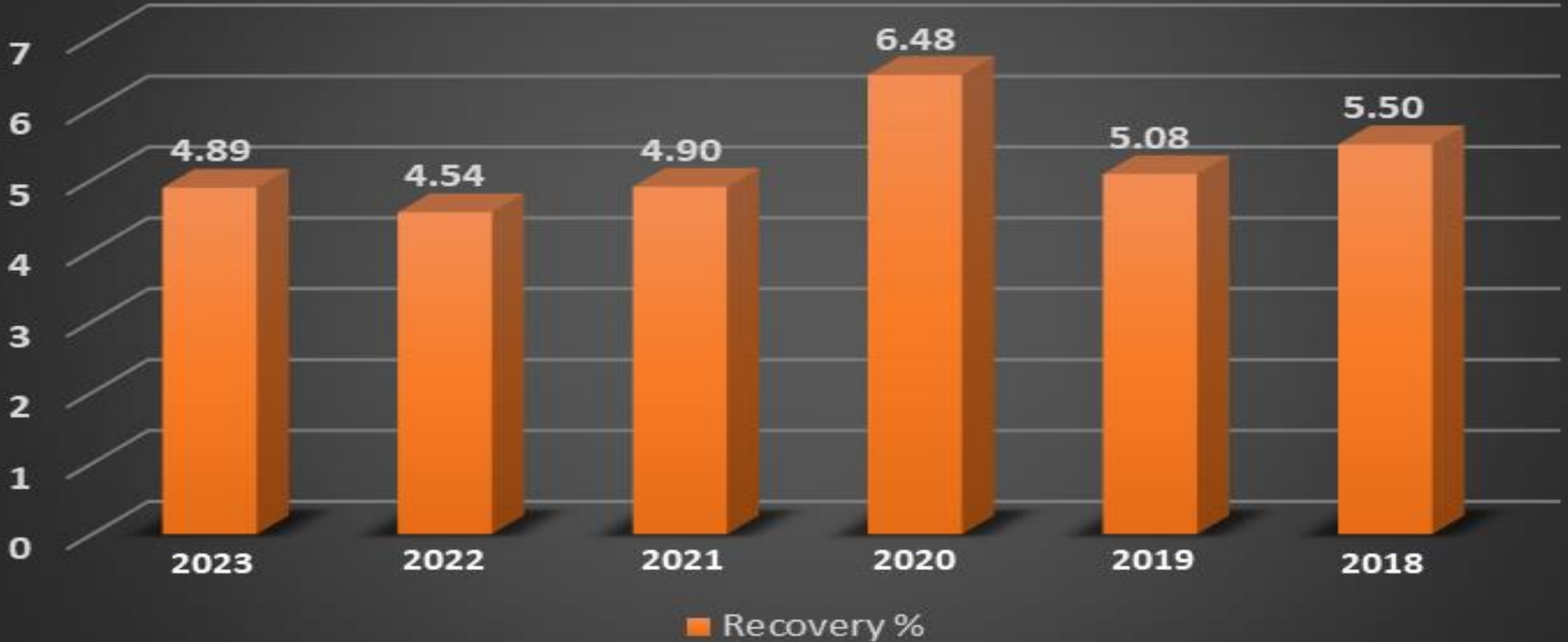
Sucrose Recovery %





Molasses Recovery

Percentage %





AUDITORS' REPORT

As regards to the adverse opinion by the Auditors as to Going Concern, it may be mentioned that despite of stringent un favorable conditions faced by the industry in general and as an entity in particular, the Company has successfully managed to restructure its' long term debts with Sindh bank limited. further the company is in the middle of new crushing season i.e 2023 - 2024 which is expected to yield higher production as compare to last crushing season and the major cash flow requirements for operations are already met.

FUTURE OUTLOOK

The future outlook of the sugar industry in Pakistan is a mix of challenges and opportunities. In order to remain competitive, the industry must adapt to changing market dynamics, adopting modernization and exploring diversification and work towards sustainability. Government's uninterrupted support with stable economic policies play major role for prosperity of industry ultimately benefiting to all the stack holders which is utmost need of the hour. The government must consider and allow export of excess sugar production to maintain equilibrium in the domestic market.

The Sindh Agriculture Department had notified sugar cane prices on August 22, 2023 for the season 2023-2024 at Rs.425/- per 40 kg. which is 41% higher from the last year.

FERTILIZER PLANT ACTIVATION : The Management of the Company is striving hard to make the Company as profitable venture and for the purpose during the current season fertilizer plant is being activated which has been idle since couple of years. The management of your Company is expecting positive results.



KEY FACTOR TO BE CONSIDERED

- ➔ High Procurement Cost of Sugarcane
- ➔ Increase in Minimum Support Price by Provincial Government
- ➔ Efficiency Improvement Measures
- ➔ Inconsistent Changes in Government Policies
- ➔ Interest Rate



QUESTION & ANSWER SESSION

Questions

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Answers

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A large, stylized green speech bubble graphic is positioned on the left side of the image, pointing towards the right. The bubble has a thick green outline and a solid green fill. Inside the bubble, the words "THANK YOU!" are written in a bold, green, sans-serif font. The text is arranged in two lines: "THANK" on the top line and "YOU!" on the bottom line. The exclamation point is large and prominent.

**THANK
YOU!**