



SAKRAND SUGAR MILLS LIMITED

CORPORATE BRIEFING SESSION
ANNUAL ACCOUNTS -2022





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Company Information

BOARD OF DIRECTORS

Mr. Saleem Zamindar	Chairman / Director
Mr. Dinshaw H. AnKlesaria	Director
Mr. Shams Ghani	Director
Mr. Muhammad Jamshid Malik	Director (Resigned on February 23,2023)
Miss. Sadia Moin	Director
Mr. Muhammad Saleem Mangrio	Director
Mr. Abdul Qayyum Khan Abbasi	Director
Mr. Muhammad Omar Arshid	Director (Appointed on March 15,2023)

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 Yousuf Qureshi

STATUTORY AUDITOR

UHY Hassan Naeem & Co.
Chartered Accountants

LEGAL ADVISOR

Mr. Muhammad Jamshid Malik

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Sugar Mills Limited was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 [Repealed with the enactment of Companies Act, 2017], on March 02, 1989 and its shares are quoted on Pakistan Stock Exchange.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

Currently, Pakistan is termed as amongst top 20 countries in terms of area under cultivation of the sugar cane crop, and production. Sugar cane is the primary raw material for production of sugar. After Textiles, sugar industry in Pakistan is the largest agro based industry, Pakistan is an agricultural country, and agriculture is the backbone of economy. Pakistan is one of the main producers of sugar worldwide.

During the year under review sugar production in country was 7.9 million metric tons, 38% higher as compared to previous year. This production was recorded as the highest of sugar production in Pakistan, Whereas national sugar consumption is around 6.8 million metric tons and created surplus. PSMA consistently tried for export permission but of no avail which led to huge pile up for sugar stock in the domestic market.

The 2022-23 sugarcane harvested area is slightly reduced in province of Sindh due to the impacts of the recent flooding in key production areas. While sugarcane is more resilient to flooding than other crops, the persistence of standing water and stalk lodging is expected to disrupt cane collection in Sindh province. As a result, estimated harvested area is reduced and the forecast for sugarcane production is lowered as compared to previous season. Similarly, with the expected decline in cane output, the cane sugar production will also be reduced while comparing to previous season.

During the last crushing season, Pakistan finally completed successful implementation of the Track and Trace system in the sugar industry, hoping to bring large quantities of previously under reported sugar production into the documented economy.



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 is constantly working on its recipe and in house testing for success of this 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

2021 → 205,968 MT
2022 → 538,986 MT

Capacity attained

(Based on Actual days operated)

45%
72%

The Company was able to perform much better during the Crushing Season 2021-2022 as its produced 53,633 M. tons of Sugar as against the production of 19,453 M. tons of Sugar produced during the corresponding period.



OPERATING RESULTS & Overview

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

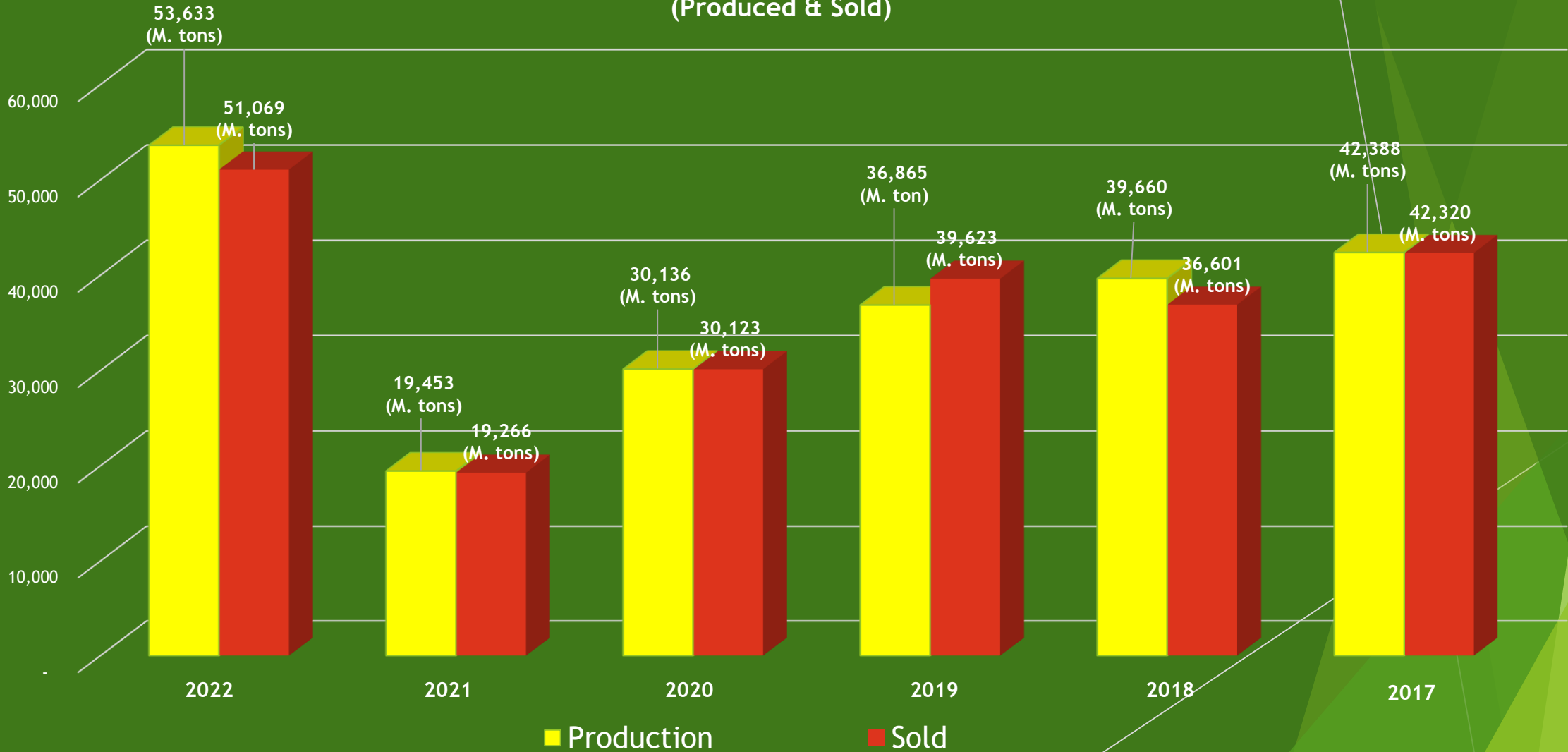
	Season.....	
		2021-2022	2020-2021
Season Started on		19-Nov-21	6-Nov-20
Operational Days	Days	127	115
Season Duration	Days	115	70
Sugar Can Crushed	M. Tons	538,986	205,968
Production			
Sugar	M. Tons	53,633	19,453
Molasses	M. Tons	24,500	10,093
Recovery			
Sugar	%	9.951	9.445
Molasses	%	4.546	4.900

Crushing and production is high due to better crop in the area when compared with last season along with Recovery.



Operational Highlights

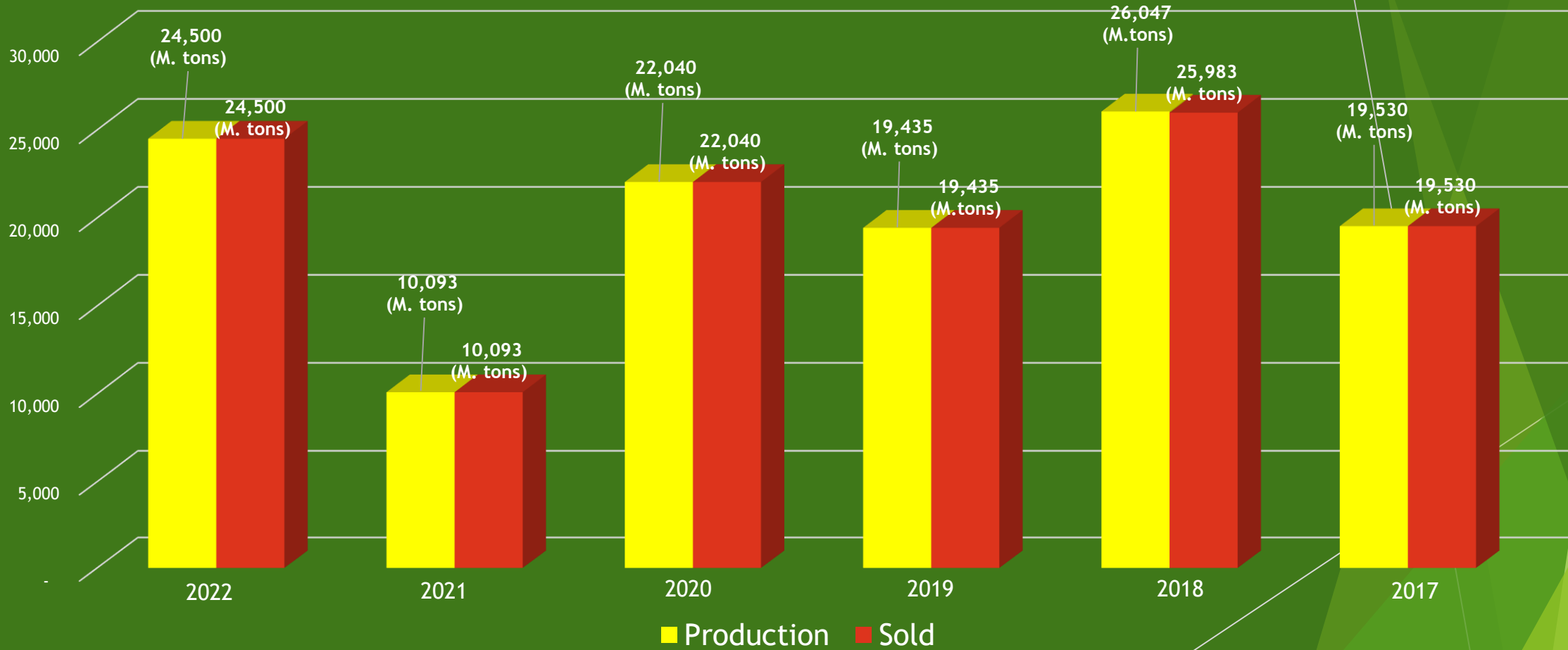
Year Wise Sugar Summary (Produced & Sold)





Operational Highlights

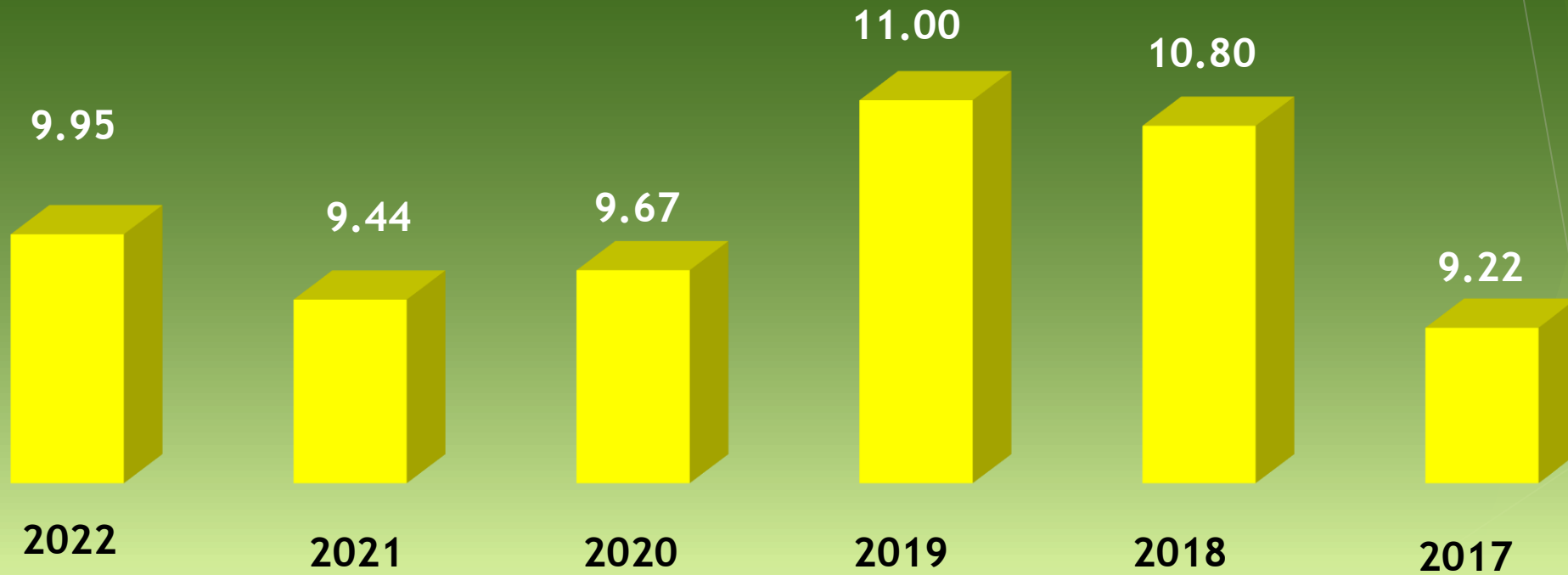
Year Wise Molasses Summary (Produced & Sold)





Operational Highlights

Sucrose Recovery
(% age)





FINANCIAL RESULTS & Overview

The key financial figures of the Company for the year ended September 30, 2022 along with the comparatives for the corresponding year are summarized as under:

Description	Rupees in million	
	2021-2022	2020-2021
Sales - net	3,995.00	1,614.53
Cost of sales	(4,071.90)	(1,662.02)
Gross loss	(76.90)	(47.49)
Loss before taxation	(495.57)	(492.44)
Loss after taxation	(297.85)	(359.51)
Loss / (Earning) Per Share	Rs. (6.68)	(8.06)

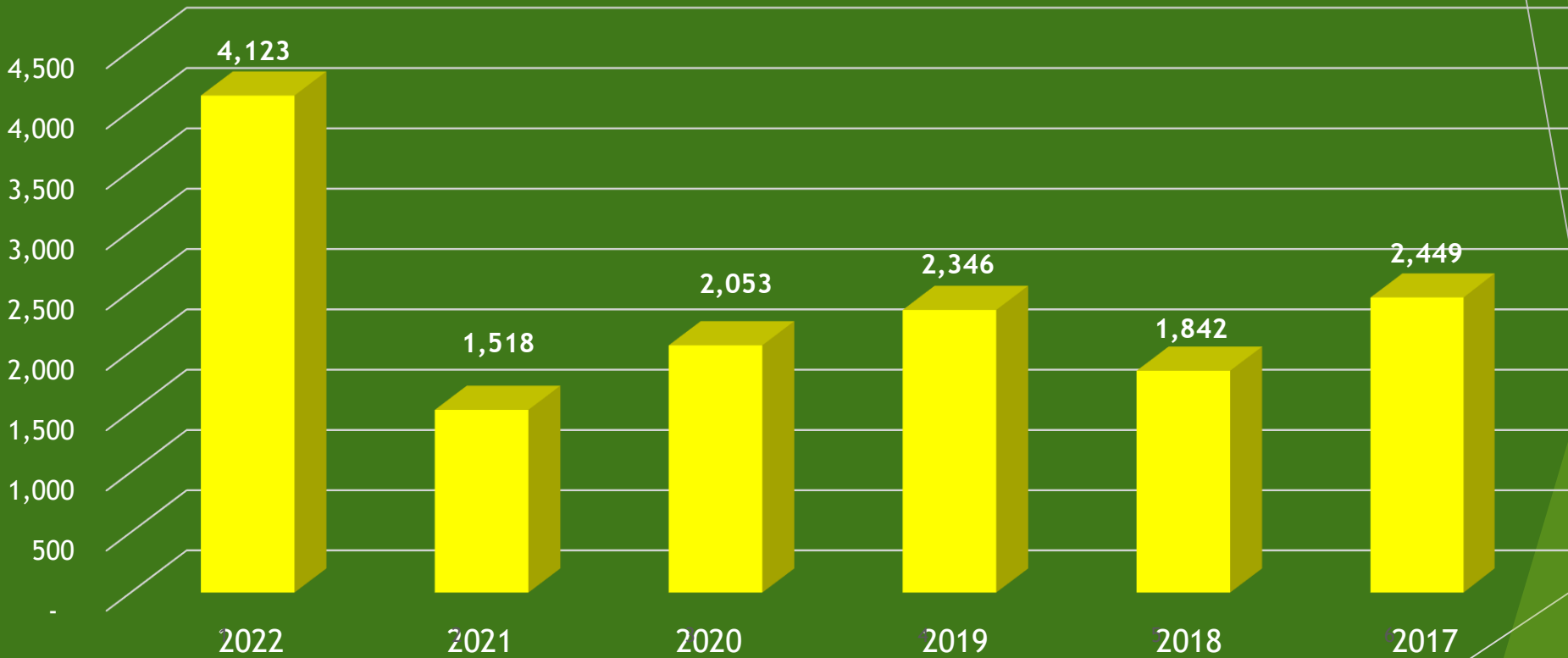
The Government cane support price was increased from Rs.202/- Per maund to Rs.250/- Per maund, an increase of 25% along with an increase of all other input elements due to inflationary effect, whereas the selling price of sugar increase of 4% only when compare to the last year. The quantum of increase in cost did not transform into selling price, thus bottom line resulted into a loss.

The average recovery for the season was better as compare to previous year and Company also managed to crush more sugar can as compare to last year due to better management decisions.



Financial Highlights

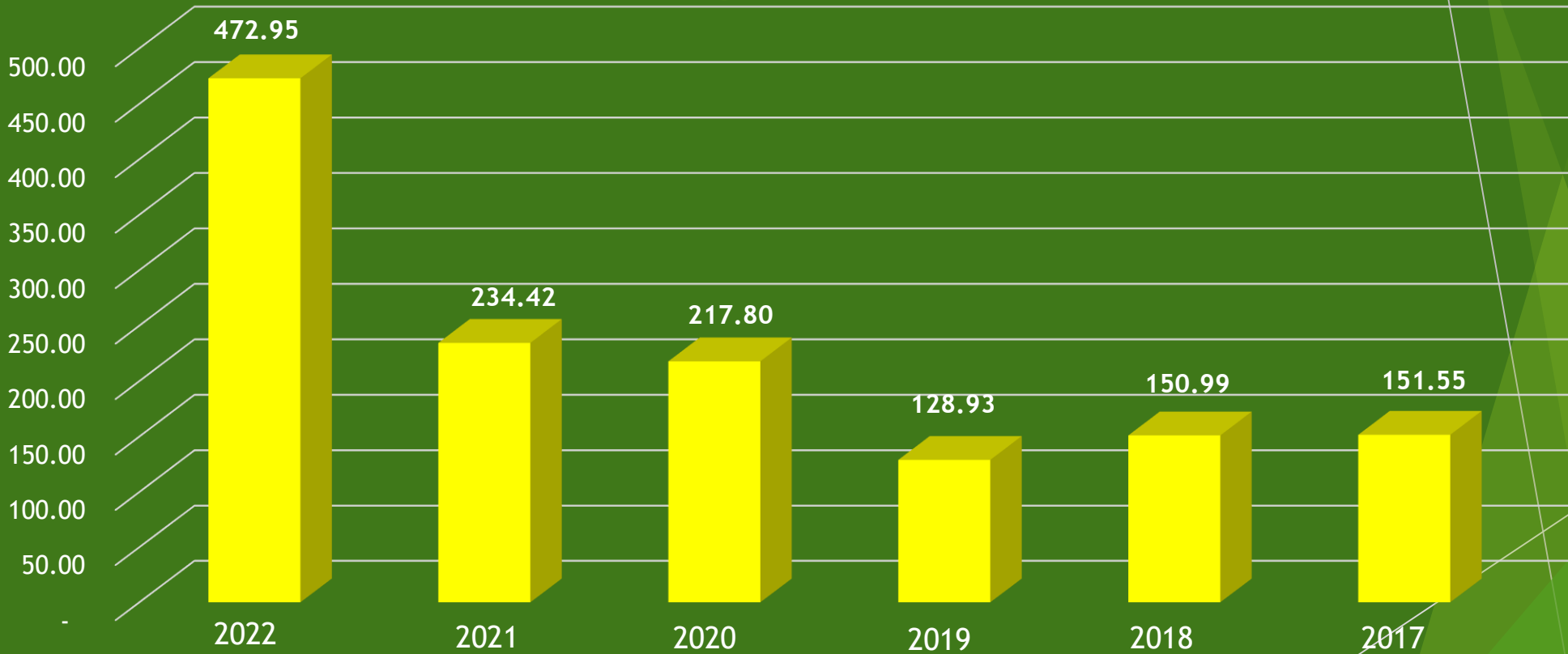
Year Wise Summary Sugar Gross sales
(Rupees in Million)





Financial Highlights

**Year Wise Summary Molasses Gross sales
(Rupees in Million)**





AUDITORS' REPORT

As regard to the adverse opinion by the Auditors as to going concern, it may be mentioned that despite of stringent unfavorable conditions faced by the Industry in general and as an entity in particular, the Company was able to perform much better during crushing season 2021-2022 as it produced 53,633 M. tons of Sugar as against the production of 19,453 M. tons of Sugar produced during the corresponding period. The management is taking all necessary steps to turnaround the entity into the profitable venture.

FUTURE OUTLOOK

Due to heavy rainfall and flood in the monsoon it is expected that the crops including sugarcane will be badly affected. This would result in less yield per acre. Hence, the quantum of cane crop is expected to be lower for the crushing Season 2022-2023. The rising trend of procurement cost of sugarcane along with increasing other overhead expenses, unmatching sale prices of sugar with its cost of production, expected surplus production of sugar in the country, and other unpredictable circumstances prevailing in the sugar industry might affect the profitability of the Company currently and in the future as well. The Government should consider the proposal to link the minimum price of sugarcane with selling price of sugar, because maintenance of reasonable price of sugar will help to tackle the situation and result in benefiting to all the stakeholders.

The Management successfully negotiated with Sindh Bank Limited to restructure the outstanding long Term debt and as per agreement the Sindh Bank Limited has agreed to waive off all accrued markup and has reschedule the payments of principal amounting to Rs.727 million to be repaid over a period of next 10 years commencing from October 2022.



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, stacked in two lines.

**THANK
YOU!**