



# CORPORATE BRIEFING SESSION

on Annual Report 2023



سانگھڑ شوگر ملز لمیٹیڈ  
Sanghar Sugar Mills Limited



## Company Information

### BOARD OF DIRECTORS

Mr. Ghulam Dastagir Rajar (Chairman)	Non-Executive Director
Mr. Ghulam Hyder (Chief Executive)	Executive Director
Haji Khuda Bux Rajar	Executive Director
Mr. Muhammad Qasim	Non-Executive Director
Mr. Mehmood Alam	Independent Director
Mr. M. Abdul Jabbar (Nominee of N.I.T.)	Independent Director
Ms. Misbah	Non-Executive Director-Female

### BOARD COMMITTEES

#### AUDIT COMMITTEE

Mr. M. Abdul Jabbar	(Chairman)
Mr. Muhammad Qasim	
Mr. Mehmood Alam	

#### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. M. Abdul Jabbar	(Chairman)
Mr. Ghulam Hyder	
Ms. Misbah	

#### INFORMATION TECHNOLOGY & STEERING COMMITTEE

Mr. Ghulam Hyder	(Chairman)
Syed Rehan Ahmad Hashmi	
Mr. Sheraz Khan	

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Ghulam Dastagir Rajar	(Chairman)
Mr. Muhammad Qasim	
Ms. Misbah	
Syed Rehan Ahmad Hashmi	

#### RISK MANAGEMENT COMMITTEE

Mr. Mehmood Alam	(Chairman)
Haji Khuda Bux Rajar	
Mr. M. Abdul Jabbar	

#### COMPANY SECRETARY

Mr. Muhammad Mubeen Alam

#### CHIEF FINANCIAL OFFICER

Syed Rehan Ahmad Hashmi

### STATUTORY AUDITOR

Kreston Hyder Bhimji & Co.  
Chartered Accountants

### COST AUDITOR

A. D. Akhawala & Co.  
Chartered Accountants

### SHARE REGISTRAR

Hameed Majeed Associates (Pvt) Limited  
Karachi Chambers, Hasrat Mohani Road  
Karachi.

Phone: 021 32424826

Fax: 021 32424835

### LEGAL ADVISOR

Rafiq Kalwar & Dars Law Associates,  
Advocates & Corporate Counselors,  
Office # 412, 4th Floor, Clifton Centre,  
DC-1, Block 5, Clifton, Karachi

### BANKERS

#### Islamic

Al-Baraka Bank (Pakistan) Limited  
Bank Islami Pakistan Limited  
Meezan Bank Limited

#### Conventional

Bank Al-Habib Limited  
MCB Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
United Bank Limited

### REGISTERED / HEAD OFFICE

Office No. 204, 2nd Floor, Clifton Centre,  
Block - 5, Clifton, Karachi

Phone: 021 35371441 to 43 (3 lines)

Fax: 021 35371444

Website: [www.sangharsugarmills.com](http://www.sangharsugarmills.com)

E-mail: [info@sangharsugarmills.com](mailto:info@sangharsugarmills.com)

### MANUFACTURING FACILITIES

13 K.M., Sanghar - Sindhari Road  
Deh Kehore, District Sanghar, Sindh  
Phone: (0345) 3737001 - 8222911



# **ABOUT YOUR COMPANY & PRINCIPAL ACTIVITIES**

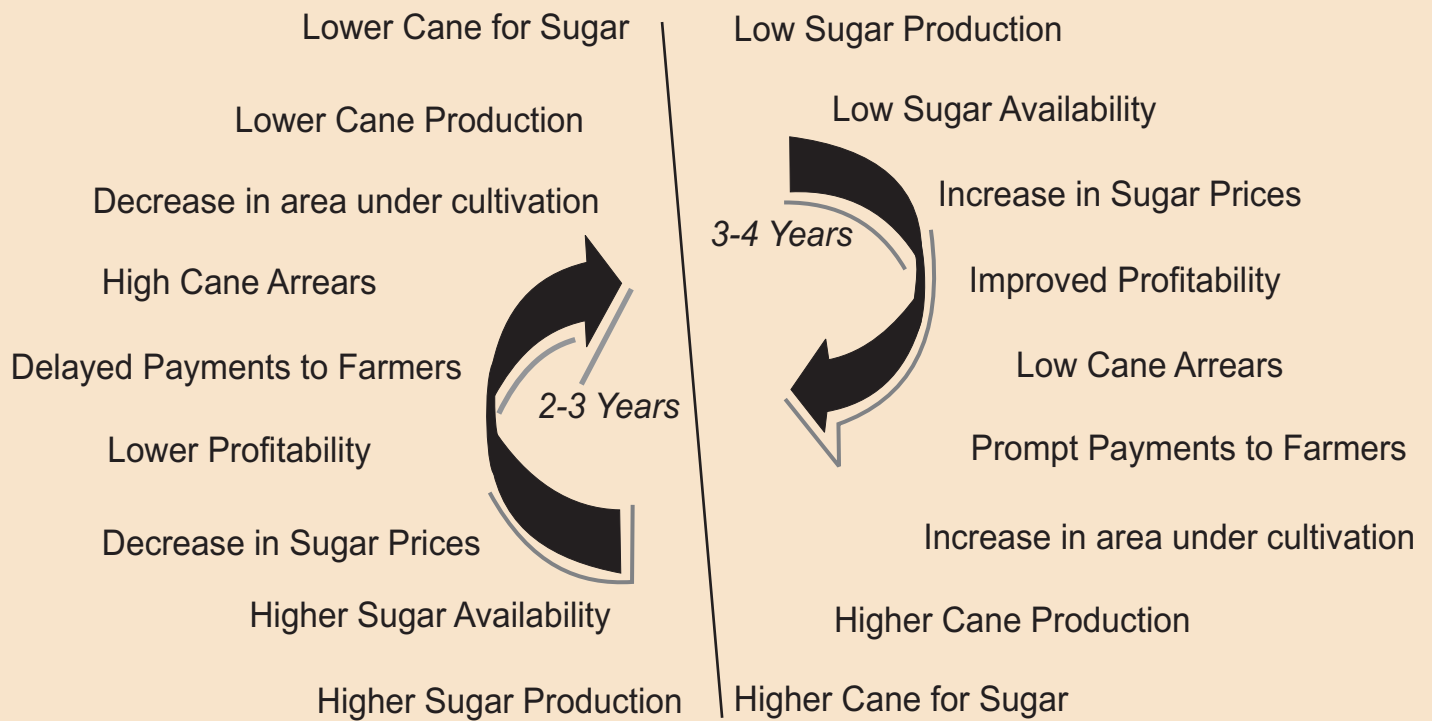
Sanghar Sugar Mills Limited is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 and now the Companies Act, 2017. Its shares are quoted on Pakistan Stock Exchange Limited. Sanghar Sugar Mills Limited was incorporated on 5th of May 1986, as a public limited company. The Company went into commercial production in January 1988.

Sanghar Sugar Mills Limited is principally engaged in the manufacture and sale of sugar. The Company has also installed transmission equipment to sell surplus electric power. Initially Mills having a capacity of 2,000 T.C.D. was installed. Subsequently the capacity has been increased to 6,000 T.C.D. and now currently stands at 8,500 T.C.D.

The Company is principally engaged in the manufacture and sale of sugar and sale of its by-products i.e. molasses and bagasse. The Company has also installed bagasse fired transmission equipment to sell surplus electric power. The manufacturing facilities are located at Sanghar Sindhri Road, Deh Kehore, District Sanghar in the province of Sindh. The total area of industry land / manufacturing facilities which includes the main factory is spread over 320.625 Acres. Cover Area of Building is approximately 299,759 Sq. Feet.



The Cycle of Sugar Sector is as follows:





## OPERATING RESULTS & ITS REVIEW

	2022-2023	2021-2022
Season started on	25-11-2022	15-11-2021
Season completed on	17-02-2023	19-03-2022
Duration of crushing days	85	125
Sugarcane crushed (Metric Tons)	406,402.792	581,109.556
Average daily crushing (Metric Tons)	4,781.21	4,648.88
Cane sugar produced (Metric Tons)	41,711.25	61,785.00
Sucrose recovery (%)	10.263	10.635

The Company is able to crush 406,402.792 M. Tons of sugar cane compared with 581,109.556 M. Tons of sugar cane in the last crushing season resulting a decrease of 30.06% in crushing and produced 41,711.25 M. Tons of sugar, correspondingly resulting a decrease of 32.49 %, when compared with production of 61,785.00 M. Tons of last year. The Company has produced 21,300 M. Tons of molasses as compared to the 26,291.340 M. Tons of the last year resulting a decrease of 19.37% while comparing with the last year.

Crushing & Production, both are low due to shortage of crop in the area when compared with the last season and also the sucrose recovery is low due to stagnation of water in certain areas from which the cane were purchased and intermitted supply of cane, due to low availability. This 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.

# FINANCIAL RESULTS & ITS REVIEW

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:

	<b>2023</b>	<b>2022</b>
	(Rupees in '000)	
Profit before taxation	<b>132,451</b>	70,466
Taxation	<b>27,568</b>	68,857
Profit after taxation	<b><u>104,883</u></b>	<u>1,609</u>
Earnings per share – basic and diluted (Rupees)	<b><u>8.78</u></b>	<u>0.13</u>

During the year, the Company has earned profit before taxation amounted to Rs. 132,451 thousand compared with profit before taxation of Rs. 70,466 thousand in last year. During the year, we managed to keep the cane procurement cost on the lower side, when compared to the adjoining mills, but increased when compared with the last year, gradually reduced the tenure of utilization of short term borrowings for a short span of time, however, we have obtained and availed increased limited of short term borrowing as compared to the last year and had completely paid off before the year end, which keeps the finance cost in control and also the repayment of long term loans gradually keep the cost at lower side, managed & control the manufacturing expenses despite phenomenal increase in inflation.

Due to better selling price of local sales, resulting an increase in the gross selling price of sugar up-to 19.23% as compared to the last year while there is a decline in the quantity of sugar sold up-to 16.32% and the sale of by-product i.e molasses have been increased in terms of value i.e. up-to 23.44% which contributed in the profitability of the Company, while the quantity of sale of molasses has been decreased by 19.37% as compared to the last year.

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 and enhanced cash-flows to the Company and gives benefits to the industry and economy of the Country, as a whole.



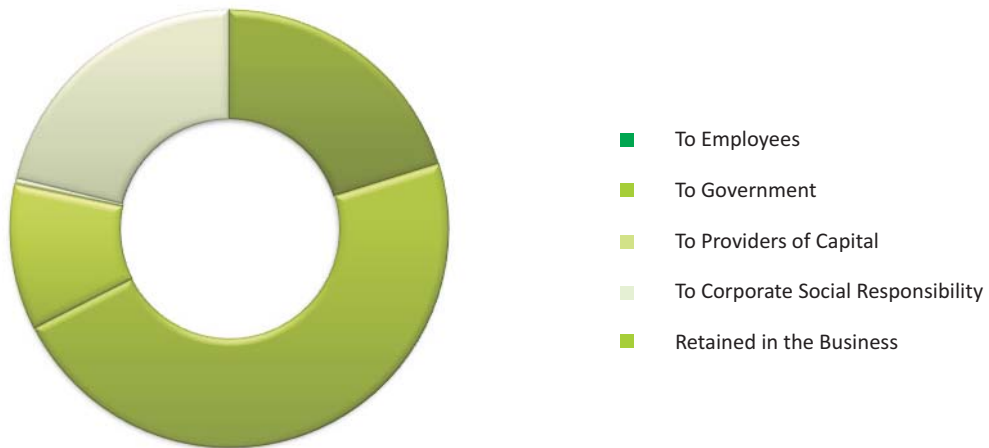
## Statement of Value Addition and its Distribution

	..... 2023 .....	..... 2022 .....		
<u>Value Addition</u>	(Rs. '000)	%	(Rs. '000)	%
Turnover Gross	5,225,178	99.959	5,159,920	99.929
Other Income	2,155	0.041	3,664	0.071
	5,227,333	100.000	5,163,584	100.000
Cane Procurement and related expenses	3,175,764	83.151	3,999,852	104.642
Other Expenses	643,515	16.849	(177,440)	(4.642)
	3,819,279	100.000	3,822,412	100.000
	1,408,053	26.936	1,341,172	25.974
<b><u>Value Distribution</u></b>				
<b>Distributed as follows</b>				
To Employees				
– Remuneration	284,508	20.206	283,518	21.140
	284,508		283,518	
To Government				
– Sales Tax & Others	634,330	45.050	700,409	52.224
– Income Tax	60,139	4.271	64,002	4.772
– Deferred Tax	(34,961)	(2.483)	21,851	1.629
– Cess & Fees	6,604	0.469	9,442	0.704
	666,112		795,704	
To Providers of Capital				
– Finance Cost	151,210	10.739	110,479	8.237
	151,210		110,479	
To Corporate Social Responsibility				
– Charity & Donations	7,142	0.507	9,772	0.729
	7,142		9,772	
Retained in the Business				
– Depreciation & Amortization	194,198	13.792	140,090	10.445
– Profit for the year	104,883	7.449	1,609	0.120
	299,081		141,699	
	1,408,053	100.000	1,341,172	100.000

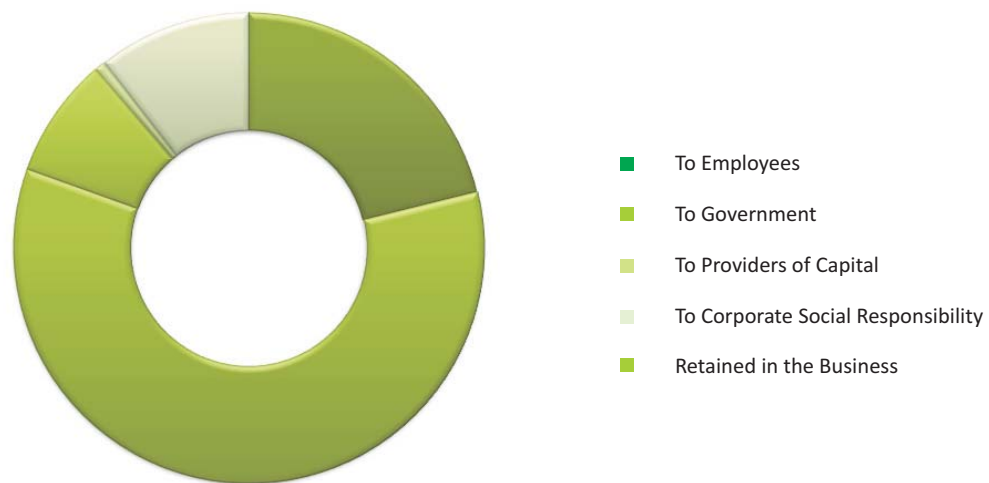


# Graphical Presentation of Value Distribution

## Value Distribution - 2023



## Value Distribution - 2022







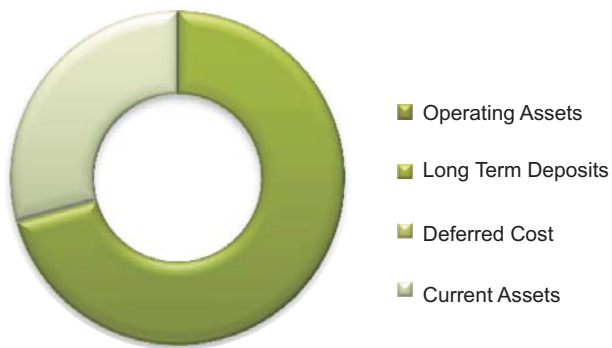
## KEY OPERATING & FINANCIAL HIGHLIGHTS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>OPERATIONAL DATA</b>										
Duration of Season (Days)	85	125	108	109	100	142	133	117	137	151
Cane crushed (Tons)	406,402.792	581,109.556	451,275.963	387,302.875	490,932	712,124	625,237	563,617	630,317	738,209
Sucrose Recovery (%)	10.263	10.635	10.012	10.263	10.76	10.37	10.12	10.20	10.19	9.81
Sugar Made (Tons)	41,711.25	61,785.00	45,239.50	39,804.25	52,799.25	73,776	63,380	57,387.5	64,271	72,530
Molasses (Tons)	21,300.00	26,291.34	18,720	16,802	23,590	42,017	30,300	27,040	34,299	39,260
All figures are in Rs in '000										
<b>PROFIT OR LOSS RESULTS</b>										
Turnover - Net	3,922,156	3,872,185	2,860,053	2,938,182	2,770,439	3,405,535	2,583,232	2,832,657	2,869,164	3,196,951
Gross Profit / (Loss)	519,742	360,641	32,913	156,161	131,778	98,520	(70,660)	151,582	257,087	213,749
Operating Profit / (Loss)	281,506	177,281	(92,060)	49,137	24,059	146,802	(165,398)	59,919	170,905	135,446
Profit / (Loss) before taxation	132,451	70,466	(16,094)	(98,846)	(148,608)	24,868	(259,678)	11,060	89,783	36,091
Profit / (Loss) after taxation	104,883	1,609	(29,826)	(118,755)	(98,855)	19,426	(287,104)	13,953	57,400	8,732
<b>ASSETS EMPLOYED</b>										
Operating Assets	3,552,387	3,707,666	2,615,681	2,712,815	2,807,695	2,909,416	1,745,965	1,465,348	1,167,508	1,146,845
Long Term Deposits	1,059	4,586	20,581	20,231	17,323	18,823	20,961	15,467	10,966	9,478
Deferred Cost	—	—	—	—	—	8,771	17,543	28,885	33,373	—
Current Assets	1,468,147	1,622,488	1,220,197	606,939	815,755	1,131,843	1,302,916	915,207	688,656	670,133
Total Assets Employed	5,021,593	5,334,740	3,856,459	3,339,985	3,640,773	4,068,853	3,087,385	2,424,907	1,900,503	1,826,456
<b>FINANCED BY</b>										
Shareholder's equity	2,057,446	1,965,075	1,080,845	1,108,108	1,223,854	1,330,699	569,165	863,437	860,635	798,148
Long Term Liabilities	—	1,752	114,145	247,536	145,670	250,863	345,291	262,532	103,640	23,174
Deferred Liabilities	842,488	850,123	483,704	508,584	519,916	603,790	300,074	295,067	325,349	320,838
Current Liabilities	2,121,659	2,517,790	2,177,765	1,475,757	1,751,333	1,883,501	1,872,855	1,003,871	610,879	684,296
Total Fund Invested	5,021,593	5,334,740	3,856,459	3,339,985	3,640,773	4,068,853	3,087,385	2,424,907	1,900,503	1,826,456

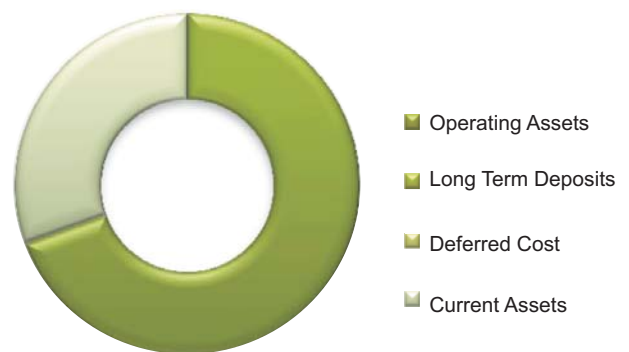


# Graphical Presentation of Financial Highlights

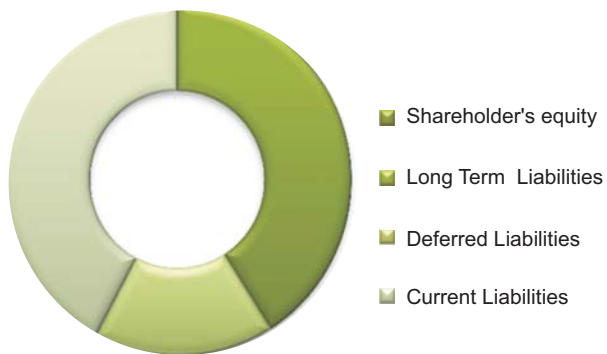
**Total Assets Employed - 2023**



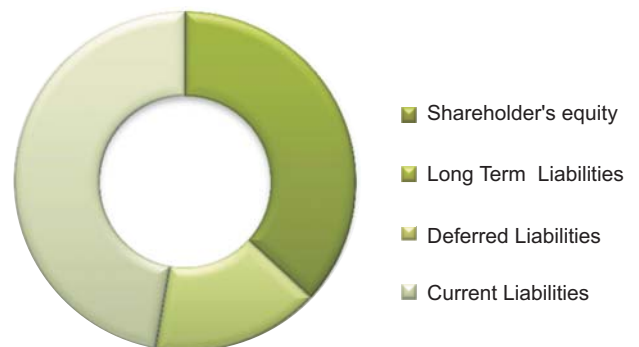
**Total Assets Employed - 2022**



**Total Fund Invested - 2023**



**Total Fund Invested - 2022**





# **Stakeholder Engagement, Investor Relations & Financial Ratios**

The Sanghar Sugar Mills Limited (the Company) recognizes and protects the rights of the various stakeholders (internal as well as external) established under relevant laws and regulations and has put in place relevant policies and codes for their protection. The Company maintains sound collaboration relationships with its stakeholders. Procedure for stakeholder's engagement includes communication, good harmony, compliance with laws and regulations and sugarcane growers focused approach which is the key factors for establishment of collaboration relationship with stakeholders. Summary of the rights of the various stakeholders has been discussed below:

## **Shareholders**

Access to shareholder records, enquiries concerning verification of transfer deeds, transfer of share certificates, change of address etc., are directed to the Shares Registrar. We have disclosed essential information to the shareholders and treated them equitably. Shareholders meeting along with timely and accurate reporting to our shareholders are the effective modes of engagements with our shareholders

## **Regulators**

The Company make compliance with laws, rules, regulations and guidelines as directed by the Regulators. Timely, appropriately and accurately disclosures of information, as required by law, are our high priority. We have submitting periodic reports, providing and gives information as and when required.

## **Customers & Suppliers**

The Company receive high-quality services and supplies from our suppliers and ensure that the product we give to our customers should be of high standards. We establish the confidentiality of customer information and redressal their complaints and concerns with honesty and trustworthy. We have maintain a good relationship with our customers and suppliers.



## **Employees**

As a good employer, the Company gives equal employment opportunity, gives performance based remuneration. Having Human Resource policies and procedures, the Company maintains effective communication between the management and the staff. To secure maximum cooperation of the employees and to motivate them to give their best. Gives full attention to redressal of complaints & grievances.

## **Community**

The Company acknowledges its social and ethical responsibility to carry out its business in order to keep it safe and protect it for the generations to come. Gives priority to the fair distribution of resources, opportunities and financial assistances. The Company is contributing to the National growth by sharing its revenue with the nation in the form of taxes, rates, duties and other levies.

## **Financial Reporting & Communication**

Communication with the users of financial statements is given high priority. Annual, half yearly and quarterly reports are distributed to the shareholders and provided to other users within the time specified by the Regulators and also makes it available on the Company's website for the easy access for the shareholders and potential shareholders. There is also an opportunity for individual shareholder to participate at the General Meetings to ensure high level of accountability. The Company notifies information to the Regulators from time to time. This helps the shareholders remain connected with the Company. The notifications mainly include Financial Results, Board of Directors meetings, shareholders meetings etc.

## **Media & Website**

The Company disseminates information through print, electronic, social and other web media. The Company is maintaining its website providing complete information about the Company, Investors Relations, Investors Informations, Governance, Policy & Procedures and contact details. This can be accessed through a link [www.sangharsugarmills.com](http://www.sangharsugarmills.com)

## **Public Information**

Financial analysts, stock brokers, interested investors and financial media desiring information about the Company and its product may contact the Chief Financial Officer and or the Company Secretary at Head Office, Karachi.



## FINANCIAL RATIOS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>PROFITABILITY RATIOS</b>										
Gross Profit Ratio (%)	13.25	9.31	1.15	5.31	4.76	2.89	(2.74)	5.35	8.96	6.69
Net Profit to Sales (%)	2.67	0.04	(1.04)	(4.04)	(3.57)	0.57	(11.11)	0.49	2.00	0.27
Return on Capital Employed (%)	13.79	9.21	8.79	4.93	1.97	11.03	(85.28)	12.82	37.87	36.52
<b>TURNOVER RATIOS</b>										
Inventory Turnover Ratio	3.04	3.44	5.50	6.51	3.78	3.51	3.12	4.59	5.21	8.01
Fixed Assets Turnover Ratio	110.41	104.44	109.35	108.31	98.67	117.05	147.96	193.37	245.93	278.88
<b>INVESTOR INFORMATION</b>										
Price Earning Ratio	1.42	103.94	(6.49)	(1.74)	(3.15)	15.36	(1.55)	36.39	5.31	34.89
Market Value per Share	12.50	14.00	16.20	17.34	26.05	24.98	37.35	42.50	41.74	25.50
Book Value per Share	172.23	164.50	90.48	92.76	102.45	111.39	54.02	46.68	37.78	31.04
Earning / (Loss) per Share	8.78	0.13	(2.50)	(9.94)	8.28	1.63	(24.03)	1.17	4.80	0.73
<b>LIQUIDITY RATIOS</b>										
Current Ratio	0.69	0.64	0.56	0.41	0.47	0.60	0.69	0.91	1.13	0.98
<b>CAPITAL STRUCTURE RATIOS</b>										
Debt Equity Ratio	0.05	0.42	0.97	0.68	0.86	1.05	3.10	1.11	0.53	0.69
Interest Cover Ratio	1.88	1.64	0.86	0.36	0.14	1.20	(1.75)	1.23	2.11	1.36



# VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

	2023 Rupees in 000	2023 %	2022 Rupees in 000	2022 %	2021 Rupees in 000	2021 %	2020 Rupees in 000	2020 %	2019 Rupees in 000	2019 %
<b>FINANCIAL POSITION</b>										
Total Non-Current Assets	3,553,446	70.76	3,712,252	69.59	2,636,262	68.36	2,733,046	81.83	2,825,018	77.59
Total Current Assets	1,468,147	29.24	1,622,488	30.41	1,220,197	31.64	606,939	18.17	815,755	22.41
<b>Total Assets</b>	<b>5,021,593</b>	<b>100.00</b>	<b>5,334,740</b>	<b>100.00</b>	<b>3,856,459</b>	<b>100.00</b>	<b>3,339,985</b>	<b>100.00</b>	<b>3,640,773</b>	<b>100.00</b>
Total Equity & Surplus on revaluation	2,057,446	40.97	1,965,075	36.84	1,080,845	28.03	1,108,108	33.18	1,223,854	33.62
Total Non-Current Liabilities	842,488	16.78	851,875	15.97	597,849	15.50	756,120	22.64	665,586	18.28
Total Current Liabilities	2,121,659	42.25	2,517,790	47.20	2,177,765	56.47	1,475,757	44.18	1,751,333	48.10
<b>Total Equity &amp; Liabilities</b>	<b>5,021,593</b>	<b>100.00</b>	<b>5,334,740</b>	<b>100.00</b>	<b>3,856,459</b>	<b>100.00</b>	<b>3,339,985</b>	<b>100.00</b>	<b>3,640,773</b>	<b>100.00</b>
<b>PROFIT OR LOSS</b>										
Sales	3,922,156	100.00	3,872,185	100.00	2,860,053	100.00	2,938,182	100.00	2,770,439	100.00
Cost of sales	(3,402,414)	(86.75)	(3,511,544)	(90.69)	(2,827,140)	(98.85)	(2,782,021)	(94.69)	(2,638,661)	(95.24)
<b>Gross Profit</b>	<b>519,742</b>	<b>13.25</b>	<b>360,641</b>	<b>9.31</b>	<b>32,913</b>	<b>1.15</b>	<b>156,161</b>	<b>5.31</b>	<b>131,778</b>	<b>4.76</b>
Trading activities	—	—	111	0.00	—	—	—	—	—	—
Distribution cost	(11,153)	(0.28)	(696)	(0.02)	(766)	0.03	(710)	(0.02)	(12,698)	(0.46)
Administrative expenses	(134,539)	(3.43)	(132,656)	(3.43)	(114,239)	(3.99)	(99,630)	(3.39)	(91,136)	(3.29)
Other operating expenses	(92,544)	(2.36)	(50,119)	(1.29)	(9,968)	(0.35)	(6,684)	(0.23)	(6,364)	(0.23)
Other income	2,155	0.05	3,664	0.09	187,106	6.54	5,463	0.19	2,479	0.09
<b>Operating Profit</b>	<b>283,661</b>	<b>7.23</b>	<b>180,945</b>	<b>4.67</b>	<b>95,046</b>	<b>3.32</b>	<b>54,600</b>	<b>1.86</b>	<b>24,059</b>	<b>0.87</b>
Finance cost	(151,210)	(3.86)	(110,479)	(2.85)	(111,140)	(3.89)	(153,446)	(5.22)	(172,667)	(6.23)
<b>Profit / (Loss) before taxation</b>	<b>132,451</b>	<b>3.38</b>	<b>70,466</b>	<b>1.82</b>	<b>(16,094)</b>	<b>(0.56)</b>	<b>(98,846)</b>	<b>(3.36)</b>	<b>(148,608)</b>	<b>(5.36)</b>
Taxation	(27,568)	(0.70)	68,857	1.78	13,732	0.48	19,909	0.68	(49,753)	(1.80)
<b>Profit / (Loss) after taxation</b>	<b>104,883</b>	<b>2.67</b>	<b>1,609</b>	<b>0.04</b>	<b>(29,826)</b>	<b>(1.04)</b>	<b>(118,755)</b>	<b>(4.04)</b>	<b>(98,855)</b>	<b>(3.57)</b>



# HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
	Rupees in 000 .....					Variance in % .....				
<b>FINANCIAL POSITION</b>										
Total Non-Current Assets	3,553,446	3,712,252	2,636,262	2,733,046	2,825,018	(4.28)	40.81	(3.54)	(3.26)	(3.81)
Total Current Assets	1,468,147	1,622,488	1,220,197	606,939	815,755	(9.51)	32.97	101.04	(25.60)	(27.93)
<b>Total Assets</b>	<b>5,021,593</b>	<b>5,334,740</b>	<b>3,856,459</b>	<b>3,339,985</b>	<b>3,640,773</b>	<b>(5.87)</b>	<b>38.33</b>	<b>15.46</b>	<b>(8.26)</b>	<b>(10.52)</b>
Total Equity & Surplus on revaluation	2,057,446	1,965,075	1,080,845	1,108,108	1,223,854	4.70	81.81	(2.46)	(9.46)	(8.03)
Total Non-Current Liabilities	842,488	851,875	597,849	756,120	665,586	(1.10)	42.49	(20.93)	13.60	(22.12)
Total Current Liabilities	2,121,659	2,517,790	2,177,765	1,475,757	1,751,333	(15.73)	15.61	47.57	(15.74)	(7.02)
<b>Total Equity &amp; Liabilities</b>	<b>5,021,593</b>	<b>5,334,740</b>	<b>3,856,459</b>	<b>3,339,985</b>	<b>3,640,773</b>	<b>(5.87)</b>	<b>38.33</b>	<b>15.46</b>	<b>(8.26)</b>	<b>(10.52)</b>
<b>PROFIT OR LOSS</b>										
Sales	3,922,156	3,872,185	2,860,053	2,938,182	2,770,439	1.29	35.39	(2.66)	6.05	(18.65)
Cost of sales	(3,402,414)	(3,511,544)	(2,827,140)	(2,782,021)	(2,638,661)	(3.11)	24.21	1.62	5.43	(20.21)
<b>Gross Profit</b>	<b>519,742</b>	<b>360,641</b>	<b>32,913</b>	<b>156,161</b>	<b>131,778</b>	<b>44.12</b>	<b>995.74</b>	<b>(78.92)</b>	<b>18.50</b>	<b>(33.76)</b>
Trading activities	—	111	—	—	—	(100.00)	100.00	—	—	(100.00)
<b>Distribution cost</b>	<b>(11,153)</b>	<b>(696)</b>	<b>(766)</b>	<b>(710)</b>	<b>(12,698)</b>	<b>1,502.44</b>	<b>(9.14)</b>	<b>7.89</b>	<b>(94.41)</b>	<b>(69.68)</b>
Administrative expenses	(134,539)	(132,656)	(114,239)	(99,630)	(91,136)	1.42	16.12	14.66	9.32	0.18
Other operating expenses	(92,544)	(50,119)	(9,968)	(6,684)	(6,364)	84.65	402.80	49.13	5.03	(18.54)
Other income	2,155	3,664	187,106	5,463	2,479	(41.18)	(98.04)	3,324.97	120.37	(98.66)
<b>Operating Profit</b>	<b>283,661</b>	<b>180,945</b>	<b>95,046</b>	<b>54,600</b>	<b>24,059</b>	<b>56.77</b>	<b>90.38</b>	<b>74.08</b>	<b>126.94</b>	<b>83.61</b>
Finance cost	(151,210)	(110,479)	(111,140)	(153,446)	(172,667)	36.87	(0.59)	(27.57)	(11.13)	41.61
Profit / (Loss) before taxation	132,451	70,466	(16,094)	(98,846)	(148,608)	87.96	537.84	(83.72)	(33.49)	697.59
Taxation	(27,568)	(68,857)	(13,732)	(19,909)	49,753	(59.96)	401.43	(31.03)	(140.02)	(1,014.24)
<b>Profit / (Loss) after taxation</b>	<b>104,883</b>	<b>1,609</b>	<b>(29,826)</b>	<b>(118,755)</b>	<b>(98,855)</b>	<b>6,418.52</b>	<b>105.39</b>	<b>(74.88)</b>	<b>20.13</b>	<b>608.88</b>



# STATEMENT OF FINANCIAL POSITION

As At September 30, 2023

	September 30 2023	September 30 2022	Variance	Percentage %
.....(Rupees in '000) .....				
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	3,552,387	3,707,666	(155,279)	-4.19%
Long term deposits	1,059	4,586	(3,527)	-76.91%
	<b>3,553,446</b>	<b>3,712,252</b>	<b>(158,806)</b>	<b>-4.28%</b>
<b>CURRENT ASSETS</b>				
Stores, spare parts and loose tools	82,686	61,407	21,279	34.65%
Stock-in-trade	977,463	1,263,429	(285,966)	-22.63%
Trade Debts	27,924	32,754	(4,830)	-14.75%
Loans and advances	129,787	127,996	1,791	1.40%
Trade deposits & short term prepayments	2,072	2,056	16	0.78%
Other receivables	103,368	56,239	47,129	83.80%
Income tax refundable - net of provision	25,316	27,706	(2,390)	-8.63%
Cash and bank balances	119,531	50,901	68,630	134.83%
	<b>1,468,147</b>	<b>1,622,488</b>	<b>(154,341)</b>	<b>-9.51%</b>
<b>TOTAL ASSETS</b>	<b>5,021,593</b>	<b>5,334,740</b>	<b>(313,147)</b>	<b>-5.87%</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized capital				
20,000,000 shares of Rs.10 each	200,000	200,000	—	—
Issued, subscribed and paid up capital	119,460	119,460	—	—
Unappropriated profit	252,764	68,999	183,765	266.33%
Surplus on revaluation of property, plant & equipment	1,685,222	1,776,616	(91,394)	-5.14%
	<b>2,057,446</b>	<b>1,965,075</b>	<b>92,371</b>	<b>4.70%</b>
<b>NON CURRENT LIABILITIES</b>				
Long term financing	—	—	—	—
Lease Liabilities	—	1,752	(1,752)	-100.00%
Deferred liabilities	842,488	850,123	(7,635)	-0.90%
Deferred Government grant	—	—	—	—
	<b>842,488</b>	<b>851,875</b>	<b>(9,387)</b>	<b>-1.10%</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	2,009,318	1,655,730	353,588	21.36%
Accrued finance cost	6,394	34,060	(27,666)	-81.23%
Short term borrowings	100,000	734,855	(634,855)	-86.39%
Unclaimed dividend	4,696	4,696	—	—
Current portion of long term financing	—	74,022	(74,022)	-100.00%
Current portion of lease liabilities	1,251	14,427	(13,176)	-91.33%
	<b>2,121,659</b>	<b>2,517,790</b>	<b>(396,131)</b>	<b>-15.73%</b>
<b>CONTINGENCIES AND COMMITMENTS</b>				
	—	—	—	—
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,021,593</b>	<b>5,334,740</b>	<b>(313,147)</b>	<b>-5.87%</b>





## STATEMENT OF PROFIT OR LOSS

For the year ended September 30, 2023

	September 30 2023	September 30 2022	Variance	Percentage %
	.....(Rupees in '000) .....			
Sales	3,922,156	3,872,185	49,971	1.29%
Cost of sales	3,402,414	3,511,544	(109,130)	-3.11%
<b>Gross Profit</b>	<b>519,742</b>	<b>360,641</b>	<b>159,101</b>	<b>44.12%</b>
Trading activities	—	111	(111)	-100.00%
Distribution cost	11,153	696	10,457	1502.44%
Administrative expenses	134,539	132,656	1,883	1.42%
Other operating expenses	92,544	50,119	42,425	84.65%
	238,236	183,471	54,765	29.85%
<b>Operating Profit</b>	<b>281,506</b>	<b>177,281</b>	<b>104,225</b>	<b>58.79%</b>
Other income	2,155	3,664	(1,509)	-41.18%
	283,661	180,945	102,716	56.77%
Finance cost	151,210	110,479	40,731	36.87%
<b>Profit before taxation</b>	<b>132,451</b>	<b>70,466</b>	<b>61,985</b>	<b>87.96%</b>
Taxation	27,568	68,857	(41,289)	-59.96%
<b>Profit after taxation</b>	<b>104,883</b>	<b>1,609</b>	<b>103,274</b>	<b>6418.52%</b>
<b>Earnings per share - Basic and diluted (Rupees)</b>	<b>8.78</b>	<b>0.13</b>	<b>8.65</b>	<b>6653.66%</b>



# NOTES TO THE PROFIT OR LOSS

For the year ended September 30, 2023

	September 30 2023	September 30 2022	Variance	Percentage %
.....(Rupees in '000) .....				
<b>SALES</b>				
Local Sales	4,113,233	4,553,272	(440,039)	-9.66%
Export Sales	429,724	—	429,724	100.00%
	<b>4,542,957</b>	4,553,272	(10,315)	-0.23%
Less : Brokerage & Commission	(3,930)	—	(3,930)	100.00%
Sales Tax	(616,871)	(681,087)	64,216	-9.43%
	<b>(620,801)</b>	(681,087)	60,286	-8.85%
	<b>3,922,156</b>	3,872,185	49,971	1.29%
<b>COST OF SALES</b>				
Sugar cane consumed (including cane procurement expenses)	3,175,764	3,999,852	(824,088)	-20.60%
Salaries, wages and staff benefits	188,281	189,347	(1,066)	-0.56%
Stores, spare parts & loose tools consumed	176,625	190,040	(13,415)	-7.06%
Fuel, power & utilities	13,945	13,264	681	5.13%
Insurance	9,490	10,017	(527)	-5.26%
Repairs and maintenance	9,352	8,297	1,055	12.72%
Vehicle running expenses	13,127	10,706	2,421	22.61%
Depreciation	179,197	120,823	58,374	48.31%
Depreciation on right-of use assets	3,545	8,724	(5,179)	-59.36%
Other expenses	11,883	12,827	(944)	-7.36%
	<b>3,781,209</b>	4,563,897	(782,688)	-17.15%
<b>Sugar -in-process</b>				
- Opening	873	667	206	30.88%
- Closing	(979)	(873)	(106)	12.14%
	<b>(106)</b>	(206)	100	-48.54%
	<b>3,781,103</b>	4,563,691	(782,588)	-17.15%
Sale of Molasses	605,900	490,827	115,073	23.44%
Inventory adjustment for molasses	192	34	158	466.15%
	<b>606,092</b>	490,861	115,231	23.48%
Sale of Baggasse	58,862	76,907	(18,045)	-23.46%
Inventory adjustment for bagasse	(11,488)	9,846	(21,334)	-216.68%
	<b>47,374</b>	86,753	(39,379)	-45.39%
Cost of goods manufactured	<b>3,127,637</b>	3,986,077	(858,440)	-21.54%
<b>Finished sugar</b>				
- Opening stock	1,249,011	774,478	474,533	61.27%
- Closing stock	(974,234)	(1,249,011)	274,777	-22.00%
	<b>274,777</b>	(474,533)	749,310	-157.90%
	<b>3,402,414</b>	3,511,544	(109,130)	-3.11%
<b>TRADING ACTIVITIES</b>				
Sales	—	19,984	(19,984)	-100.00%
Less: Sales Tax	—	(392)	392	-100.00%
	—	19,592	(19,592)	-100.00%
Less: Purchases & other expenses thereon	—	(19,481)	19,481	-100.00%
	—	111	(111)	-100.00%



# Sanghar Sugar Mills Limited

	September 30 2023	September 30 2022	Variance	Percentage %
	.....(Rupees in '000) .....			
<b>DISTRIBUTION COST</b>				
Handling and Stacking	978	696	282	40.52%
Export Expenses	<u>10,175</u>	<u>—</u>	<u>10,175</u>	<u>100.00%</u>
	<u>11,153</u>	<u>696</u>	<u>10,457</u>	<u>1502.50%</u>
<b>ADMINISTRATIVE COST</b>				
Salaries, wages and staff benefits	96,227	94,171	2,056	2.18%
Rent, rates and taxes	3,345	2,879	466	16.19%
Communication	1,099	994	105	10.56%
Repairs and maintenance	3,579	1,369	2,210	161.43%
Utilities	813	1,073	(260)	-24.23%
Entertainment	453	567	(114)	-20.11%
Subscription	2,206	3,600	(1,394)	-38.72%
Cartage	68	28	40	142.86%
Printing and stationery	1,876	2,211	(335)	-15.15%
Insurance	3,163	3,339	(176)	-5.27%
Legal and professional charges	1,674	5,041	(3,367)	-66.79%
Conveyance and traveling	7,101	5,205	1,896	36.43%
Depreciation	11,456	10,543	913	8.66%
Others	<u>1,479</u>	<u>1,636</u>	<u>(157)</u>	<u>-9.60%</u>
	<u>134,539</u>	<u>132,656</u>	<u>1,883</u>	<u>1.42%</u>
<b>OTHER OPERATING COST</b>				
Auditors' remuneration	2,857	2,468	389	15.75%
Corporate social responsibility costs	7,142	9,772	(2,630)	-26.91%
Workers' Profit Participation Fund	7,113	3,784	3,329	87.99%
Workers' Welfare Fund	2,703	1,438	1,265	87.98%
Provision for slow moving & obsolete items	2,054	2,515	(461)	-18.33%
Exchange loss on export proceeds realization - net	1,453	—	1,453	100.00%
Sales tax default surcharge	<u>69,222</u>	<u>30,142</u>	<u>39,080</u>	<u>129.65%</u>
	<u>92,544</u>	<u>50,119</u>	<u>42,425</u>	<u>84.65%</u>
<b>OTHER INCOME</b>				
Income from non financial assets:				
Government grant recognized as income	—	1,474	(1,474)	-100.00%
Gain on sale of property, plant & equipment	1,188	1,157	31	2.68%
Others - Rent & related receipts	92	73	19	25.74%
	1,280	2,704	(1,424)	-52.67%
Income from others:				
Liabilities Written Back	541	—	541	100.00%
Reversal of provision of dormant bank account	334	958	(624)	-65.14%
Others	—	2	(2)	-100.00%
	875	960	(85)	-8.85%
	<u>2,155</u>	<u>3,664</u>	<u>(1,509)</u>	<u>-41.19%</u>



# Sanghar Sugar Mills Limited

September 30  
2023      September 30  
2022      Variance      Percentage  
%

.....(Rupees in '000) .....

## FINANCE COST

Mark-up / profit on long term financing	8,391	19,297	(10,906)	-56.52%
Mark-up / profit on short-term borrowings	139,355	86,201	53,154	61.66%
Financial charges on lease liabilities	1,913	4,301	(2,388)	-55.52%
Bank charges	1,047	680	367	53.97%
Interest on workers' profit participation fund	504	—	504	100.00%
	<u>151,210</u>	<u>110,479</u>	<u>40,731</u>	<u>36.87%</u>

## TAXATION

Current	62,529	47,006	15,523	33.02%
Deferred	(34,961)	21,851	(56,812)	-260.00%
	<u>27,568</u>	<u>68,857</u>	<u>(41,289)</u>	<u>-59.96%</u>

September 30  
2023      September 30  
2022      Variance      Percentage  
%

## EARNING PER SHARE - Basic and Diluted

Profit after taxation (Rupees '000)	104,883	1,609	103,274	6418.52%
Weighted average number of ordinary shares	11,946,000	11,946,000	—	0.00%
Earning per share - (Rupees)	<u>8.78</u>	<u>0.13</u>	<u>8.65</u>	<u>6653.66%</u>

There is no dilutive effect on the basic earning per share of the Company.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalent comprise of the following items

Cash and bank balances	119,531	50,901	68,630	134.83%
Less: Short term borrowings	(100,000)	(734,855)	634,855	-86.39%
	<u>19,531</u>	<u>(683,954)</u>	<u>703,485</u>	<u>-102.86%</u>



## CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensurate to the circumstances. The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings less cash and bank balances. The Company's strategy was to maintain leveraged gearing. The gearing ratio as at reporting date is as follows:

	2023 (Rupees in '000)	2022
Total financing and borrowings including lease liabilities	101,251	825,056
Less: Cash and bank balances	(119,531)	(50,901)
Net debt	(18,280)	774,155
Total Equity	2,057,446	1,965,075
Total capital employed	<u>2,039,166</u>	<u>2,739,230</u>
<b>Gearing Ratio</b>	<u>-0.90%</u>	<u>28.26%</u>

Consistent with others in the industry, the Company manages its capital risk by monitoring its liquid assets and keeping in view future investment requirements and expectation of the shareholders.



## FAIR VALUES / MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

Management assessed that the fair values of cash & cash equivalent, short term deposits, trade debts, loans & advances, other receivable, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term asset and long term liabilities, management considers that their carrying values approximates fair value.

The fair value of land and buildings and plant and machinery is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land, Building and Plant and Machinery) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer. The Fair Values were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, adjusted for any difference in nature, location or condition of the specific property. Recent valuation was carried on September 30, 2022 and following factors were considered:

- |                     |                                                                                                                                                                                                                                |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Land and Building   | The valuation is considered on the factors of location, need of the buyers, the overall prevailing market situation and other considerations linked with this.                                                                 |
| Plant and Machinery | Factors taken into consideration in order to assess the present value of the machinery include Make, Model, Quality, Operational Capacity, Existing Condition, Demand and Resale Prospects, Depreciation and Obsolescence etc. |



## **FUTURE PROSPECTS**

The Company is paying prices of sugarcane to cane growers as per the minimum price announced by the Government of Sindh, which has been increased from Rs. 302 for the season 2022-23 to Rs. 425 for the season 2023-24 which represents 40.73% increased in minimum price of sugar cane, which results in an increase in the overall cost of production. Currently, the selling prices of sugar are not in line with the cost of production and also the selling price of sugar has not been increased in the same proportion of the minimum price of cane, which will affect the margin of profitability of the Company and the sugar industry as a whole. We expect that the selling price of sugar will remain in-line with the average cost of Production to save the industry from losses.

The matter related to the subsidy receivable from the Provincial Government, the Honorable High Court of Sindh passed the judgment/order in favor of the Company and the petitions stand disposed off with the directions to the Finance Department, Government of Sindh to re-allocate funds in the forthcoming budget and make payment to Sugar Mills within the first quarter of forthcoming financial year and this decision will give benefit of positive cash flows to the Company.

Strategies are in place and are regularly reviewed to ensure that the Company stays on the path of growth and progress. The focus is on stringent controls on the cost of production mainly through modernizing and replacement of old machines, lesser interruptions, abnormal wastages, process improvements, energy savings and high savings in Baggasse consumption through availing and implementing various options and installing machineries. Adhering to the guidelines and SOPs necessary to ensure the health and safety of human resources, we are optimistic that the Company's performance will sustain and further improve in terms of revenue, profits and liquidity positions.



# **CORPORATE SOCIAL RESPONSIBILITY PLANS**

The Company has plan to conduct a two days free eye camp in the month of February 2024 for employees and persons living nearby.

The Company has planned to install the Solar Power throughout the Mills premises for own consumption, in different phases and our plan is to install 250 KW Solar Power Generation System, in phases, for the main factory area and workshop to smoothly run the repair & maintenance during off-season with-out interruption and to curtail usage of diesel generators. Currently we have installed the solar powers at some areas of Offices, Hostel, Messes and Employees Colony.

During season the Company's power appliances and plant & machinery are running on own power generation and the power generation through solar will be transferred to Hyderabad Electric Supply Corporation with the permission of National Electric Power Regulatory Authority through Net Metering and this will give benefit during off season through adjustment in HESCO bills, the matter of approvals from authorities are in process and will be completed soon.





## **KEY FACTORS TO BE CONSIDERED**

- ◆ Higher procurement cost of sugarcane due to lower availability and cane war between sugar mills
- ◆ Significant increase in minimum support price by the Provincial Government
- ◆ Efficiency improvement measures
- ◆ High Taxes & Duties
- ◆ Inconsistent & Arbitrary changes in Government Policies
- ◆ High Interest Rate Risk



Sanghar Sugar Mills Limited

# Questions & Answers Session







Sanghar Sugar Mills Limited

Thank  
You



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**Sanghar Sugar Mills Limited**

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