

# CORPORATE BRIEFING SESSION

February 23, 2021



Mirpurkhas  
Sugar Mills Limited



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# THE FOUNDER

## Late Mr. Ghulam Faruque (CIE, HPk, OBE)

A Visionary and a highly respected name in industrial circles.

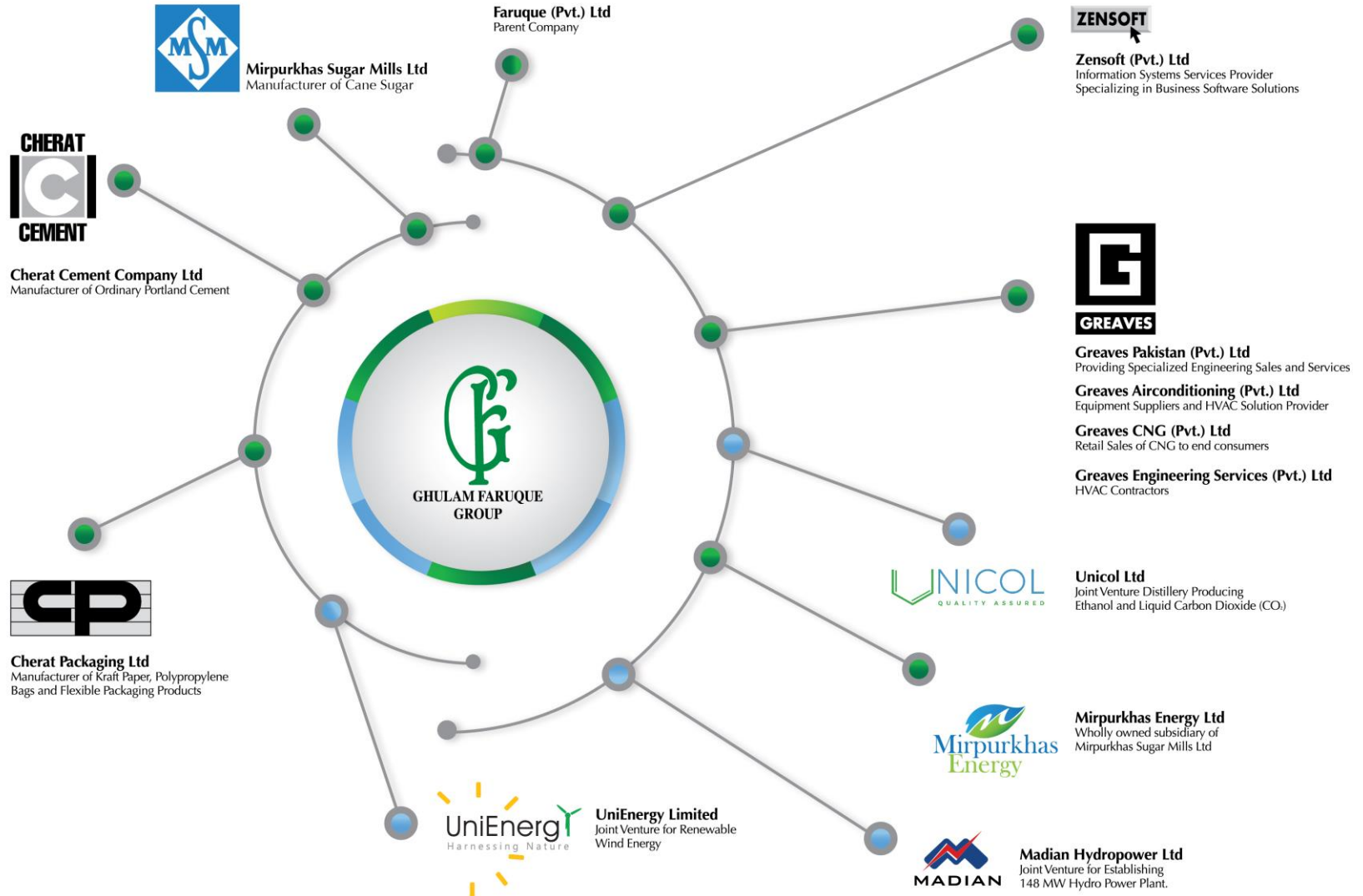
Spearheaded development of Pakistan's industry and laid the foundation for the Country's industrialization.

### HONOURS CONFERRED

- Office of the Order of the British Empire, 1944
- Companion of the Order of the Indian Empire, 1946
- Commander of the Order of Merit, Spain, 1956
- Hilal-e-Pakistan, 1958 (highest-ranking civilian award of Pakistan)
- Honorary Doctorate of Science, West Pakistan University of Engineering and Technology, 1966
- Fellow of the Chartered Institute of Transport, London
- Member of the Association of Iron and Steel Engineers, USA



# GROUP STRUCTURE



# OUR VALUES



Mirpurkhas  
Sugar Mills Limited



**Live Values  
Build Culture**



**RESPECT**  
is our way of life



**OWNERSHIP**  
is our way  
to success



**QUALITY**  
is our legacy



**FAIRNESS**  
is our way of work



# COMPANY INFORMATION



**Mirpurkhas**  
Sugar Mills Limited

## **Head Office**

Modern Motors House Beaumont Road Karachi-75530 Pakistan  
UAN: +92 - 21-111- 354 -111 Fax: + 92 - 21- 35688036 Web: [www.gfg.com.pk](http://www.gfg.com.pk)  
Email: [info@gfg.com.pk](mailto:info@gfg.com.pk)

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## **Registered Office / Factory**

Sub Post Office Sugar Mill Jamrao, Umerkot Road Mirpurkhas, Sindh

# GEOGRAPHICAL PRESENCE



**Registered Office / Factory**



**Head Office**



**Regional Offices**

# CORPORATE SOCIAL RESPONSIBILITY

## Investment in Community & Society through:

- Giving back to the community in the form of educational support is one of the major interests of the Company.
- Donations to Health Sector, e.g. The Marie Adelaide Leprosy Centre, Free medical camps & Poor patient aid society.
- Donations to Gulistan-e-Mazooreen (for Disabled persons)
- Support to government & local bodies for conducting events like:
  - Independence Day Ceremony
  - Mango Festival Mirpurkhas
  - Flower Show Mirpurkhas
- Commemoration of sacrifices of Shaheeds of 6th September Defence Day of Pakistan by Mill Management
- Flood Relief work & Camping:
- MSM actively participate in flood relief activities and camping in adjacent area of Mirpurkhas to protect employees and people during heavy monsoon season. In this context, free camps and food were provided to the deserving people living in Mirpurkhas and surrounding areas who were deprived of their homes due to heavy floods. MSM also contributed in maintaining cleanliness of drainage systems to ensure proper water drainage in District Mirpurkhas.




# THE JOURNEY SO FAR



**Mirpurkhas**  
Sugar Mills Limited

 **1965-66** | Incorporated in 1964, Mirpurkhas Sugar Mills Ltd started sugar production in February 1966 with an initial cane crushing capacity of 1,500 TCD through DCDS process, (double carbonation double sulphitation).

Cane crushing capacity increased to 2,000 TCD | **1968-69** 

 **1984-85** | Process converted to DRCS (Defecation Remelt Carbonation and Sulphitation) with addition of complete juice/melt clarification, are refined sugar crystallization, separation, drying and grading processes. Crushing increased to 3,500 TCD.

Plant capacity enhanced to 4,500 TCD. | **2001-02** 

 **2005-06** | Plant capacity enhanced to 5,000 TCD.

Unicol Ltd, joint venture distillery producing Ethanol and Liquid Carbon Dioxide (LCO<sub>2</sub>) commenced its production operations. | **2006-07** 

 **2007-08** | Plant capacity enhanced to 5,500 TCD.

Achieved sales revenue of over Rs. 2 billion. | **2008-09** 

 **2009-10** | SAP (ERP) implemented across the Company.

Plant capacity enhanced to 6,200 TCD. | **2010-11** 

 **2011-12** | Company started corporate farming activities in 871 acres land area.

Achieved sales revenue of over Rs. 3 billion. | **2012-13** 

 **2013-14** | Plant capacity enhanced to 7,000 TCD.

**2015-16**  | Company farming operations extended to 1,700 acres land area and achieved improved sucrose recovery through improved varieties in its farms as a result of applying latest farming techniques and skills of agronomists and skilled workers.

 **2016-17** | Plant capacity enhanced to 8,500 TCD.

**2017-18**  | Plant capacity was enhanced to 12,500 TCD.  
Highest cane crushing of 774,171 MT.  
Highest sucrose recovery of 11.39%.  
Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18.

**2018-19**  | Third highest sucrose recovery of 11.25% in the Sindh Province.  
Effluent Treatment Plant (ETP) installed and ready for operation in the coming season.  
The Company secured First position in the Best Corporate and Sustainability Report Award in the sugar sector.  
Implemented Environmental Management System ISO 14001:2015 certified.  
Implemented Occupational Health & Safety Management System ISO 45001:2018 certified.

**2019-20**  | Effluent Treatment Plant (ETP) successfully in operation resulting in reducing environmental impacts.  
The Company again secured First position in the Best Corporate and Sustainability Report Award in the sugar sector for 2019 report.  
Installed a prefab godown covering 77,000 square feet in area capable of storing 40,000 MT of sugar.  
Certificate of continued satisfactory operation of the Organization's Management System ISO 9001:2015.  
Certificate of Compliance with standard of Good Manufacturing Practices (GMP).  
Achieved sales revenue of over Rs. 4.5 billion.

# SIGNIFICANT DEVELOPMENT AND CHANGES



Following significant developments took place during the year:

- The Company has achieved Sucrose Recovery of 10.91%.
- Effluent Treatment Plant (ETP) successfully in operation resulting in reducing environmental impact.
- During the year 2019/20, the Company contributed approximately Rs.751 million to the national exchequer in the form of taxes and levies.
- Under the mother brand of Sun Blessed, the Company has introduced branded sugar by the name of 'Sugarella' in the retail market.
- The Company has decided to set up a Paper and Board project. The project will be established in approximately 24 months and will enhance the business operations of the company.
- Certificate of continued satisfactory operation of the Organization's Management System ISO 9001:2015.
- Certificate of Compliance with standard of Good Manufacturing Practices (GMP).

# SIGNIFICANT DEVELOPMENT AND CHANGES



## Recognition

### **Best Corporate and Sustainability Report Award ICAP, ICMAP for 2018 and 2019**

The Company secured First position in Best Corporate and Sustainability Report Award in the Sugar sector for 2018 and 2019 consecutively, jointly organized by Institute of Chartered Accountants of Pakistan and Institute of cost and Management Accountants of Pakistan.

# FINANCIAL HIGHLIGHTS



## Production Data

Sugarcane crushed  
Sucrose recovery  
Sugar production  
Molasses production

|           | 2020    | 2019    |
|-----------|---------|---------|
| (M. Tons) | 525,201 | 577,396 |
| (%)       | 10.91   | 11.25   |
| (M. Tons) | 57,286  | 64,935  |
| (M. Tons) | 25,133  | 26,445  |

## Sales & Profitability

Turnover - net  
Cost of sales  
Gross profit  
Operating profit / (Loss)  
(Loss) / Profit before taxation  
(Loss) / Profit for the year

(Rupees `000)

|           |           |
|-----------|-----------|
| 4,637,141 | 3,728,986 |
| 4,332,418 | 3,121,032 |
| 304,723   | 607,954   |
| 143,475   | 452,101   |
| (48,005)  | 417,669   |
| (115,733) | 307,188   |

## Financial Position

Fixed assets - net  
Other non-current assets  
  
Current assets  
Current liabilities  
Working capital  
Capital employed  
Less: Non current liabilities  
Shareholders' equity

|       |             |             |
|-------|-------------|-------------|
|       | 2,618,489   | 2,482,420   |
|       | 1,795,644   | 1,491,021   |
| A     | 4,414,133   | 3,973,441   |
|       | 1,965,049   | 1,827,130   |
|       | (1,848,653) | (2,547,469) |
| B     | 116,396     | (720,339)   |
| (A+B) | 4,530,529   | 3,253,102   |
|       | (1,684,659) | (1,269,197) |
|       | 2,845,870   | 1,983,905   |

## Represented by:

Share capital  
Reserves  
Surplus on revaluation of fixed assets

|           |           |
|-----------|-----------|
| 134,950   | 122,682   |
| 1,866,661 | 1,045,158 |
| 844,259   | 816,065   |
| 2,845,870 | 1,983,905 |

# QUANTITATIVE ANALYSIS OF SUGAR INDUSTRY OF PAKISTAN



| Description                          | 2020  | 2019   | VARIANCE | INC /(DEC ) |
|--------------------------------------|-------|--------|----------|-------------|
| Sugarcane Crushing (In Million Tons) | 48.72 | 49.77  | (1.05)   | (2.11)%     |
| Sugar Production (In Million Tons)   | 4.82  | 5.21   | (0.39)   | (7.50)%     |
| Consumption (In Million Tons)        | 5.35  | 5.40   |          |             |
| Sucrose Recovery                     | 9.89% | 10.47% |          |             |

# QUANTITATIVE ANALYSIS OF THE COMPANY

| Description              | 2020    | 2019    | VARIANCE | INC./ (DEC.) |
|--------------------------|---------|---------|----------|--------------|
| Sugarcane Crushing (Ton) | 525,201 | 577,396 | (52,195) | (9.04)%      |
| Sugar Production (Ton)   | 57,286  | 64,935  | (7,649)  | (11.78)%     |
| Sucrose Recovery         | 10.91%  | 11.25%  |          |              |

# Unconsolidated Statement of Profit or Loss

For the year ended September 30, 2020

## Turnover - net

Cost of sales

## Gross profit

Distribution cost

Administrative expenses

Other operating expenses

Other income

## Operating profit

Finance cost

Share of profit in associates - net

## (Loss) / Profit before taxation

Taxation

## (Loss) / Profit after taxation

(Loss) / Earnings per share - basic & diluted (Rupees)

| 2020             | 2019                |
|------------------|---------------------|
| (Rupees in '000) |                     |
| 4,637,141        | 3,728,986           |
| (4,332,418)      | (3,121,032)         |
| 304,723          | 607,954             |
| (16,934)         | (30,536)            |
| (168,213)        | (153,825)           |
| (2,118)          | (22,026)            |
| (187,265)        | (206,387)           |
| 26,017           | 50,534              |
| 143,475          | 452,101             |
| (366,148)        | (404,358)           |
| (222,673)        | 47,743              |
| 174,668          | 369,926             |
| (48,005)         | 417,669             |
| (67,728)         | (110,481)           |
| (115,733)        | 307,188             |
| (8.58)           | (Restated)<br>22.76 |

# Unconsolidated Statement of Financial Position

As at September 30, 2020

## ASSETS

### NON-CURRENT ASSETS

Property, plant and equipment  
Intangible asset  
Long-term investments  
Long-term loan and deposits

### CURRENT ASSETS

Stores, spare parts and loose tools  
Stock-in-trade  
Biological assets  
Trade debts  
Loans and advances  
Trade deposits and short-term prepayments  
Other receivables  
Short-term investments  
Current portion of long-term investments  
Tax refunds due from the Government  
Cash and bank balances

## TOTAL ASSETS

| 2020             | 2019      |
|------------------|-----------|
| (Rupees in '000) |           |
| 2,618,489        | 2,482,420 |
| 2,828            | 4,638     |
| 1,780,538        | 1,474,259 |
| 12,278           | 12,124    |
| 4,414,133        | 3,973,441 |
| 211,757          | 206,876   |
| 652,878          | 976,972   |
| 8,760            | 34,492    |
| 90,703           | 27,840    |
| 72,686           | 135,312   |
| 6,430            | 4,710     |
| 341,814          | 227,340   |
| 421,952          | -         |
| -                | 1,710     |
| 122,901          | 169,483   |
| 35,168           | 42,395    |
| 1,965,049        | 1,827,130 |
| 6,379,182        | 5,800,571 |

## EQUITY AND LIABILITIES

### EQUITY

|   |
|---|
| Share capital   |
| Reserves  |
| Surplus on revaluation of property, plant & equipment |

### NON-CURRENT LIABILITIES

|                             |
|-----------------------------|
| Long-term financing         |
| Long-term lease liabilities |
| Deferred liabilities        |
| Deferred tax liability-net  |
| Government grant            |

### CURRENT LIABILITIES

|   |
|---|
| Trade and other payables                        |
| Accrued mark-up                                 |
| Short-term borrowings                           |
| Current maturity of long-term lease liabilities |
| Current portion of Government grant             |
| Current portion of long-term financing          |
| Unclaimed dividend                              |

## CONTINGENCIES AND COMMITMENTS

### TOTAL EQUITY AND LIABILITIES

| 2020             | 2019      |
|------------------|-----------|
| (Rupees in '000) |           |
| 134,950          | 122,682   |
| 1,866,661        | 1,045,158 |
| 844,259          | 816,065   |
| 2,845,870        | 1,983,905 |
| 1,028,809        | 581,429   |
| 12,168           | -         |
| 616,114          | 610,861   |
| 24,939           | 76,907    |
| 2,629            | -         |
| 1,684,659        | 1,269,197 |
| 563,154          | 474,524   |
| 36,545           | 70,385    |
| 1,099,279        | 1,798,333 |
| 4,906            | -         |
| 6,588            | -         |
| 129,721          | 195,714   |
| 8,460            | 8,513     |
| 1,848,653        | 2,547,469 |
| 6,379,182        | 5,800,571 |

# KEY FINANCIAL RATIOS

## Performance indicators

### Profitability Ratios

|                            |         | 2020   | 2019  |
|----------------------------|---------|--------|-------|
| Gross profit ratio         | (%)     | 6.57   | 16.30 |
| Net profit to sales        | (%)     | (2.50) | 8.24  |
| EBITDA margin to sales     | (%)     | 5.28   | 14.68 |
| Operating leverage ratio   | (times) | 5.90   | 1.64  |
| Return on equity           | (%)     | (4.07) | 15.48 |
| Return on capital employed | (%)     | 7.94   | 29.77 |

### Liquidity Ratios

|                                    |         |      |      |
|------------------------------------|---------|------|------|
| Current ratio                      | (times) | 1.06 | 0.72 |
| Quick/ acid test ratio             | (times) | 0.59 | 0.24 |
| Cash to current liabilities        | (times) | 0.02 | 0.02 |
| Cash flow from operations to sales | (times) | 0.15 | 0.22 |

### Activity/ Turnover Ratios

|                             |         |       |        |
|-----------------------------|---------|-------|--------|
| Inventory turnover ratio    | (times) | 5.32  | 3.04   |
| No. of days in inventory    | (days)  | 68.66 | 119.96 |
| Debtor turnover ratio       | (times) | 17.86 | 18.23  |
| No. of days in receivables  | (days)  | 20.44 | 20.02  |
| Creditor turnover ratio     | (times) | 47.07 | 25.56  |
| No. of days in creditors    | (days)  | 7.75  | 14.28  |
| Total assets turnover ratio | (times) | 0.73  | 0.64   |
| Fixed assets turnover ratio | (times) | 1.77  | 1.50   |
| Operating cycle             | (days)  | 81.34 | 125.70 |

# KEY FINANCIAL RATIOS

## Investment/ Market Ratios

|                               |          | 2020   | 2019   |
|-------------------------------|----------|--------|--------|
| Earnings per share - basic ** | (rupees) | (8.58) | 22.76  |
| Price earning ratio **        | (times)  | (9.56) | 2.72   |
| Price to book ratio           | (%)      | 17.35  | 14.44  |
| Cash Dividend yield ratio     | (%)      | -      | -      |
| Dividend payout ratio         | (%)      | -      | 3.99   |
| Dividend cover ratio          | (times)  | -      | 25.04  |
| Cash dividend per share*      | (rupees) | -      | -      |
| Bonus Share*                  | (%)      | -      | 10.00  |
| Market price per share:       |          |        |        |
| - Closing                     | (Rupees) | 82.00  | 62.00  |
| - High                        | (Rupees) | 114.36 | 130.00 |
| - Low                         | (Rupees) | 47.53  | 62.00  |
| Break-up value per share**:   | (Rupees) | 210.88 | 161.71 |

## Capital Structure Ratios

|                               |         |       |       |
|-------------------------------|---------|-------|-------|
| Financial leverage ratio      | (times) | 0.79  | 1.30  |
| Weighted average cost of debt | (%)     | 11.93 | 11.87 |
| Debt to equity ratio          |         | 44:56 | 56:44 |
| Interest cover ratio          | (times) | 0.87  | 2.03  |

# QUANTITATIVE ANALYSIS OF THE COMPANY (FOR THE QUARTER)



| Description               | DEC. 2020 | DEC. 2019 | VARIANCE | INC /(DEC ) |
|---------------------------|-----------|-----------|----------|-------------|
| Sugarcane Crushing (Tons) | 195,717   | 104,313   | 91,404   | 87.62%      |
| Sugar Production (Tons)   | 18,165    | 9,495     | 8,670    | 91.31%      |
| Sucrose Recovery (%)      | 9.87      | 9.80      |          |             |

## Unconsolidated Condensed Interim Statement of Profit or Loss (Unaudited)

For the quarter ended December 31, 2020

|   | December 31,<br>2020 | December 31,<br>2019 |
|---|----------------------|----------------------|
|   | (Rupees '000)        |                      |
| <b>Turnover - net</b>                         | 1,079,061            | 1,326,917            |
| Cost of sales                                 | (1,002,924)          | (1,205,929)          |
| <b>Gross profit</b>                           | 76,137               | 120,988              |
| Distribution cost                             | (3,779)              | (3,666)              |
| Administrative expenses                       | (45,969)             | (36,480)             |
| Other operating expenses                      | (163)                | (1,296)              |
|   | (49,911)             | (41,442)             |
| Other income                                  | 6,471                | 16,910               |
| <b>Operating profit</b>                       | 32,697               | 96,456               |
| Finance cost                                  | (40,438)             | (81,741)             |
|   | (7,741)              | 14,715               |
| Share of profit in associates - net           | 100,409              | 58,715               |
| <b>Profit before taxation</b>                 | 92,668               | 73,430               |
| Taxation                                      | (24,492)             | (22,138)             |
| <b>Profit after taxation</b>                  | 68,176               | 51,292               |
| Earnings per share - basic & diluted (Rupees) | 5.05                 | (Restated)<br>3.80   |

## Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2020

### ASSETS

#### NON-CURRENT ASSETS

Property, plant and equipment  
Intangible asset  
Long-term investments  
Long-term loan and deposits

#### CURRENT ASSETS

Stores, spare parts and loose tools  
Stock-in-trade  
Biological assets  
Trade debts  
Loans and advances  
Trade deposits and short-term prepayments  
Other receivables  
Short-term investments  
Tax refunds due from the government  
Cash and bank balances

#### TOTAL ASSETS

| December 31,<br>2020<br>(Unaudited) | September 30,<br>2020<br>(Audited) |
|-------------------------------------|------------------------------------|
| (Rupees '000)                       |                                    |
| 2,691,664                           | 2,618,489                          |
| 2,376                               | 2,828                              |
| 2,086,889                           | 1,780,538                          |
| 12,278                              | 12,278                             |
| 4,793,207                           | 4,414,133                          |
| 229,533                             | 211,757                            |
| 1,115,204                           | 652,878                            |
| 3,041                               | 8,760                              |
| 85,001                              | 90,703                             |
| 79,450                              | 72,686                             |
| 20,492                              | 6,430                              |
| 355,001                             | 341,814                            |
| 527,946                             | 421,952                            |
| 124,760                             | 122,901                            |
| 21,697                              | 35,168                             |
| 2,562,125                           | 1,965,049                          |
| 7,355,332                           | 6,379,182                          |

## EQUITY AND LIABILITIES

### EQUITY

|   |
|---|
| Share capital   |
| Reserves  |
| Surplus on revaluation of property, plant & equipment |

### NON-CURRENT LIABILITIES

|                             |
|-----------------------------|
| Long-term financing         |
| Long-term lease liabilities |
| Deferred liabilities        |
| Deferred tax liability-net  |
| Government grant            |

### CURRENT LIABILITIES

|   |
|---|
| Trade and other payables                        |
| Accrued mark-up                                 |
| Short-term borrowings                           |
| Current maturity of long-term lease liabilities |
| Current portion of government grant             |
| Current portion of long-term financing          |
| Unclaimed dividend                              |

### CONTINGENCIES AND COMMITMENTS

### TOTAL EQUITY AND LIABILITIES

| December 31,<br>2020<br>(Unaudited) | September 30,<br>2020<br>(Audited) |
|-------------------------------------|------------------------------------|
| (Rupees '000)                       |                                    |
| 134,950                             | 134,950                            |
| 2,246,726                           | 1,866,661                          |
| 844,259                             | 844,259                            |
| 3,225,935                           | 2,845,870                          |
| 1,026,523                           | 1,028,809                          |
| 11,370                              | 12,168                             |
| 618,099                             | 616,114                            |
| 31,441                              | 24,939                             |
| 22,426                              | 2,629                              |
| 1,709,859                           | 1,684,659                          |
| 1,097,162                           | 563,154                            |
| 31,222                              | 36,545                             |
| 1,061,294                           | 1,099,279                          |
| 5,040                               | 4,906                              |
| 6,625                               | 6,588                              |
| 209,736                             | 129,721                            |
| 8,459                               | 8,460                              |
| 2,419,538                           | 1,848,653                          |
| 7,355,332                           | 6,379,182                          |

# CURRENT ISSUES OF THE SUGAR INDUSTRY OF PAKISTAN

1. Higher Minimum Support Price of Sugarcane i.e. 80% cost of sugar is determined by Provisional Government where as Sugar prices are left to demand and supply forces of the market and intervention of the Federal Government from time to time.
2. Exports are only allowed to Sugar Mills through Special Export Approvals by the Federal Government.
3. Sindh Government is requested to immediately release Rs.199.06 million of Export Freight Subsidy to Sindh Sugar Mills which is due since 2017/18 Season.
4. Unregistered sector documentation measures taken by the FBR resulted in increasing hardships for sugar wholesalers/retailers to comply with registration requirements.

# OPPORTUNITIES

1. Forward integration ensure optimal utilization of by-products such as molasses and bagasse. Molasses is used in Distilleries that is a source of revenue maximization. Energy that is saved in the manufacturing process results in bagasse saving that is available which can be used for projects like power generation, paper and board etc. The Company has, for the same reason, started the paper and board mill project.
2. Decrease in markup rates including steps such as salary refinance and TERF have eased the pressure on the industry during COVID-19 situation.

**Thank You**