

# CORPORATE BRIEFING SESSION

February 23, 2022



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



**Cherat Cement Company Ltd**  
Manufacturer of Ordinary Portland Cement



**Cherat Packaging Ltd**  
Manufacturer of Kraft Paper, Polypropylene Bags  
and Printing of Flexible Packaging Materials



**Faruque (Pvt.) Ltd**  
Parent Company

**ZENSOFT**

**Zensoft (Pvt.) Ltd**  
Information Systems Services Provider  
Specializing in Business Software Solutions



**Greaves Pakistan (Pvt.) Ltd**  
Providing Specialized Engineering Sales and Services

**Greaves Airconditioning (Pvt.) Ltd**  
Equipment Suppliers and HVAC Solution Provider

**Greaves CNG (Pvt.) Ltd**  
Retail Sales of CNG to end consumers

**Greaves Engineering Services (Pvt.) Ltd**  
HVAC Contractors



**Unicol Ltd**  
Joint Venture Distillery Producing  
Ethanol and Liquid Carbon Dioxide (CO<sub>2</sub>)



**UniEnergy Limited**  
Joint Venture for Renewable  
Wind Energy



**MADIAN**  
**Madian Hydropower Ltd**  
Joint Venture for Establishing  
148 MW Hydro Power Plant.



## OUR VALUES



**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/msm/](http://www.gfg.com.pk/msm/)

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## **Registered Office / Factory**

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

# GEOGRAPHICAL PRESENCE



Regional Offices



Head Office



Registered Office / Factory

# CORPORATE SOCIAL RESPONSIBILITY

Being a diligent member of the corporate community, the Company contributes to various social and charitable causes towards health, education and social sectors as part of its Corporate Social Responsibility. The Company has stood by the people of Pakistan in their hour of need and shall always continue to do so. Here is an overview of the progress of our community supports and CSR projects.

## DONATIONS

### Health

Support extended to health-related initiatives includes funding for hospitals and different medical centers such as:

#### a) The Marie Adelaide Leprosy Centre

The Company promotes well-being of society by becoming a part of medical and health related initiatives. In lieu of promoting better health, the Company has made donations during the year.

#### b) Treatment Supports

For those people who lack facilities of medical treatment or cannot afford them, the Company has made efforts by donating a reasonable amount. By providing medical facilities to the less privileged, the Company made it easier for them to take care of themselves and their families. A Free Medical Camp had been arranged at MSM Factory Site for employees and their families in collaboration with M/S Getz Pharma.

The Company always cares for special people who are integral part of our society. In this regard the Company had made donations to special trusts and schools for their education and vocational training including Gulistan-e-Mazooreen for disabled persons.





# CORPORATE SOCIAL RESPONSIBILITY

## Development and Community Support

Our operations are supported by our communities, both directly and indirectly. And we know that giving back to them and helping them develop simply makes good sense in the long run for them and for us. In this regard, the Company has made donations to:

### a) Local Government and Bodies

Company supported local Government and Bodies through donations for following events:

- Independence Day Ceremony
- Mango Festival Mirpurkhas
- Flower Show Mirpurkhas.

Along with education and health, environment also contributes in development of societies and communities.

## Cleaning of drainage system:

MSM contributes in maintaining cleanliness of drainage systems to ensure proper water drainage and Compliance of SEPA rules and regulations.



# 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).



**2007-08**

Plant capacity enhanced to 5,500 TCD.

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



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



**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.



**2009-10**

SAP (ERP) implemented across the Company.

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



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



**2005-06**

Plant capacity enhanced to 5,000 TCD.



**2011-12**

Company started corporate farming activities in 871 acres land area.

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



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



**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.



**2020-21**

The Company again secured First position in the Best Corporate Report Award in the sugar sector for 2020 annual report for third consecutive year.

Started the construction of paper and Board project

Obtained the Halal Certification from ACTS

Achieved sucrose recovery of 10.63%





# SIGNIFICANT DEVELOPMENT AND CHANGES



**Mirpurkhas**  
Sugar Mills Limited

Following significant developments took place during the year:

- The Company has achieved Sucrose Recovery of 10.63%.
- During the year 2020/21, the Company contributed approximately Rs.538 million to the national exchequer in the form of taxes and levies.
- In order to further diversify its operations, the Company has decided to set up a paper and board project. The project will serve to enhance the business prospects of the Company by making it even less reliant on sugar production, while benefiting from the synergies with the same, e.g., significantly lower energy costs. Currently the project is expected to be commissioned in approx. 10-12 months.

The project has a production capacity of 250 tons per day which can produce around 70,000 to 75,000 metric tons of paper in a year. With respect to the operations, civil work is almost complete while the mechanical and erection work was in progress for the project. Paper & board project plans to produce white liner, craft liner, test liner and CMP with different grammage of paper that are used in packaging and carton industry. The Company's key users will be the packaging industry.

- From the start of crushing season 2021-22, Track and Trace System has been implemented by FBR on sugar sector to ensure electronic monitoring of manufacturing and sales of sugar. Through this, tax stamps will be placed on every sugar bag produced and no dispatch can be made from sugar mill without affixing the stamps. The company was among first few mills in Sindh that implemented the Track and Trace System.
- Certificate of HALAL Food from Al-Waiz Certification and Training Services Pvt. Ltd. (ACTS).

# SIGNIFICANT DEVELOPMENT AND CHANGES



## Recognition

**Best Corporate and Sustainability  
Report Award ICAP, ICMAP for 2018,  
2019 and 2020.**

The Company secured First position in Best Corporate and Sustainability Report Award in the Sugar sector for 2018, 2019 and 2020 consecutively, jointly organized by The Institute of Chartered Accountants of Pakistan and The Institute of Cost and Management Accountants of Pakistan.



# FINANCIAL HIGHLIGHTS



**Mirpurkhas**  
Sugar Mills Limited

## Production Data

Sugarcane crushed	(M. Tons)	488,464	525,201
Sucrose recovery	(%)	10.63	10.91
Sugar production	(M. Tons)	51,909	57,286
Molasses production	(M. Tons)	24,296	25,133

## Sales & Profitability

(Rupees in '000)			
Turnover - net		3,861,442	4,637,141
Cost of sales		3,578,666	4,332,418
Gross profit		282,776	304,723
Operating profit / (Loss)		293,938	143,475
Profit / (Loss) before taxation		215,773	(48,005)
Profit / (Loss) for the year		140,320	(115,733)

## Financial Position

Fixed assets - net		3,469,425	2,618,489
Other Non-current assets		1,838,439	1,795,644
	A	5,307,864	4,414,133
Current assets		2,435,931	1,965,049
Current liabilities		(2,779,786)	(1,848,653)
Working capital	B	(343,855)	116,396
Capital employed	(A+B)	4,964,009	4,530,529
Less: Non-current liabilities		(1,738,025)	(1,684,659)
Shareholders' equity		3,225,984	2,845,870

## Represented by:

Share capital		134,950	134,950
Reserves		2,246,775	1,866,661
Surplus on revaluation of fixed assets		844,259	844,259
		3,225,984	2,845,870



# QUANTITATIVE ANALYSIS OF SUGAR INDUSTRY OF PAKISTAN



**Mirpurkhas**  
Sugar Mills Limited

Description	2021	2020	VARIANCE	INC /(DEC )
Sugarcane Crushing (In Million Tons)	58.60	48.72	9.88	20.28%
Sugar Production (In Million Tons)	5.63	4.82	0.81	16.80%
Sugar Consumption (In Million Tons)	5.30	5.35		
Sucrose Recovery	9.61%	9.89%		



# QUANTITATIVE ANALYSIS OF THE COMPANY



Description	2021	2020	VARIANCE	INC./ (DEC.)
Sugarcane Crushing (Ton)	488,464	525,201	(36,737)	(6.99)%
Sugar Production (Ton)	51,909	57,286	(5,377)	(9.39)%
Sucrose Recovery	10.63%	10.91%		

## Statement of Profit or Loss

For the year ended September 30, 2021

	2021	2020
	(Rupees in '000)	
<b>Turnover - net</b>	3,861,442	4,637,141
Cost of sales	(3,578,666)	(4,332,418)
<b>Gross profit</b>	282,776	304,723
Distribution cost	(24,474)	(16,934)
Administrative expenses	(152,867)	(168,213)
Other operating expenses	(25,084)	(2,118)
	(202,425)	(187,265)
Other income	213,587	26,017
<b>Operating profit</b>	293,938	143,475
Finance cost	(245,710)	(366,148)
	48,228	(222,673)
Share of profit in associates - net	167,545	174,668
<b>Profit / (loss) before taxation</b>	215,773	(48,005)
Taxation	(75,453)	(67,728)
<b>Profit / (loss) after taxation</b>	140,320	(115,733)
Earnings / (loss) per share - basic & diluted (Rupees)	10.40	(8.58)



# Statement of Financial Position

As at September 30, 2021

## 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

Non-Current Asset held for sale

## TOTAL ASSETS

2021	2020
(Rupees in '000)	
3,469,425	2,618,489
1,018	2,828
1,810,999	1,780,538
26,422	12,278
5,307,864	4,414,133
206,239	211,757
984,208	652,878
8,306	8,760
61,059	90,703
70,041	72,686
4,381	6,430
420,650	341,814
159,103	421,952
185,336	122,901
35,344	35,168
2,134,667	1,965,049
301,264	-
7,743,795	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

2021	2020
(Rupees in '000)	
134,950	134,950
2,246,775	1,866,661
844,259	844,259
3,225,984	2,845,870
1,137,734	1,028,809
9,060	12,168
468,610	616,114
11,441	24,939
111,180	2,629
1,738,025	1,684,659
553,672	563,154
31,797	36,545
1,797,631	1,099,279
5,340	4,906
35,772	6,588
347,593	129,721
7,981	8,460
2,779,786	1,848,653
7,743,795	6,379,182

# KEY FINANCIAL RATIOS



## Performance indicators

### Profitability Ratios

Gross profit / (loss) ratio	(%)	7.32	6.57
Net profit to sales	(%)	3.63	(2.50)
EBITDA margin to sales	(%)	10.45	5.28
Operating leverage ratio	(times)	2.26	5.41
Return on equity	(%)	4.35	(4.07)
Return on capital employed	(%)	9.50	7.93
Shareholders' Funds	(%)	41.66	44.61
Return on Shareholders' Funds	(%)	4.35	(4.07)

### Liquidity Ratios

Current ratio	(times)	0.88	1.06
Quick/ acid test ratio	(times)	0.34	0.59
Cash to current liabilities	(times)	0.01	0.02
Cashflow from operations to sales	(times)	(0.02)	0.15

### Activity/ Turnover Ratios

Inventory turnover ratio	(times)	4.37	5.32
No. of days in inventory	(days)	83.49	68.66
Debtor turnover ratio	(times)	16.83	17.86
No. of days in receivables	(days)	21.69	20.44
Creditor turnover ratio	(times)	46.44	47.07
No. of days in creditors	(days)	7.86	7.75
Total assets turnover ratio	(times)	0.50	0.73
Fixed assets turnover ratio	(times)	1.11	1.77
Operating cycle	(days)	97.32	81.35

## KEY FINANCIAL RATIOS

### Investment/ Market Ratios

		2021	2020
Earnings per share - basic	(rupees)	10.40	(8.58)
Price earning ratio	(times)	9.42	(9.56)
Price to Book ratio	(%)	17.08	17.35
Cash Dividend yield ratio	(%)	-	-
Dividend payout ratio	(%)	-	-
Dividend cover ratio	(times)	-	-
Cash dividend per share	(rupees)	-	-
Bonus Share	(%)	-	-
Market price per share:			
- Closing	(Rupees)	98.00	82.00
- High	(Rupees)	129.00	114.36
- Low	(Rupees)	68.01	47.53
Break-up value per share	(Rupees)	239.05	210.88
Break-up value per share without surplus on revaluation	(Rupees)	176.49	148.32

### Capital Structure Ratios

Financial leverage ratio	(times)	1.06	0.80
Weighted average cost of debt	(%)	6.73	11.93
Debt to equity ratio		52:48	44:56
Interest cover ratio	(times)	1.88	0.87





## QUANTITATIVE ANALYSIS OF THE COMPANY (FOR THE QUARTER)



**Mirpurkhas**  
Sugar Mills Limited

Description	DEC.2021	DEC.2020	VARIANCE	INC./ (DEC.)
Sugarcane Crushing (Ton)	226,548	195,717	30,831	15.75%
Sugar Production (Ton)	21,530	18,165	3,365	18.52%
Sucrose Recovery	10.07%	9.87%		

## Statement of Profit or Loss

For the Quarter Ended December 31, 2021

	December 31, 2021	December 31, 2020
	(Rupees '000)	
<b>Turnover - net</b>	1,268,138	1,079,061
Cost of sales	(1,138,924)	(1,002,924)
<b>Gross profit</b>	129,214	76,137
Distribution cost	(4,314)	(3,779)
Administrative expenses	(53,805)	(45,969)
Other operating expenses	(6,868)	(163)
	(64,987)	(49,911)
Other income	58,841	6,471
<b>Operating profit</b>	123,068	32,697
Finance cost	(54,449)	(40,438)
	68,619	(7,741)
Share of profit in associates - net	23,367	100,409
<b>Profit before taxation</b>	91,986	92,668
Taxation	(19,529)	(24,492)
<b>Profit after taxation</b>	72,457	68,176
Earnings per share - basic & diluted (Rupees)	5.37	5.05

# Statement of Financial Position

As at December 31, 2021

## ASSETS

### NON-CURRENT ASSETS

Property, plant and equipment  
Intangible asset  
Long-term investments  
Long-term loans 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

Non-Current Asset held for sale

## TOTAL ASSETS

December 31, 2021 (Unaudited)	September 30 2021 (Audited)
(Rupees '000)	
4,341,287	3,469,425
567	1,018
1,763,846	1,810,999
23,209	26,422
6,128,909	5,307,864
315,423	206,239
1,841,724	984,208
4,277	8,306
56,544	61,059
99,695	70,041
20,533	4,381
428,714	420,650
503,723	159,103
181,362	185,336
151,277	35,344
3,603,272	2,134,667
301,264	301,264
10,033,445	7,743,795

## **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, 2021 (Unaudited)	September 30 2021 (Audited)
(Rupees '000)	
134,950	134,950
2,267,060	2,246,775
844,259	844,259
3,246,269	3,225,984
1,860,233	1,137,734
8,053	9,060
470,875	468,610
11,441	11,441
225,031	111,180
2,575,633	1,738,025
1,363,388	553,672
54,025	31,797
2,383,568	1,797,631
5,473	5,340
49,518	35,772
347,593	347,593
7,978	7,981
4,211,543	2,779,786
10,033,445	7,743,795



## CURRENT ISSUES OF THE SUGAR INDUSTRY OF PAKISTAN



**Mirpurkhas**  
Sugar Mills Limited

1. Higher Minimum Support Price of Sugarcane i.e. 83% 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. 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.
3. Unregistered sector documentation measures taken by the FBR resulted in increasing hardships for sugar wholesalers/retailers to comply with registration requirements.





## OPPORTUNITIES



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.



**Thank You**