



MIRPURKHAS SUGAR MILLS LIMITED

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Ghulam Faruque
Group

February 1, 2023

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Corporate Briefing Session

Dear Sir,

This is to inform you that the Corporate Briefing Session of Mirpurkhas Sugar Mills Limited will be held on Wednesday, February 8, 2023 at 10:00 a.m. at the Institute of Chartered Accountants of Pakistan (ICAP), Karachi and also through Video Conference (on Zoom) to brief the investors / analysts about Company's financial performance and outlook. The flyer of Corporate Briefing Session is attached herewith.

We would appreciate your assistance in communicating this information to market participants/ TRE Certificate Holders of the Exchange.

Yours sincerely,

For **Mirpurkhas Sugar Mills Ltd.**


Hina Mir
Company Secretary



MIRPURKHAS SUGAR MILLS LIMITED



GHULAM FARUQUE
GROUP



Corporate Briefing Session

You are cordially invited to the Corporate Briefing Session of Mirpurkhas Sugar Mills Ltd. (MSM) wherein the company's senior management shall present the company's financial performance and outlook.

Presented by

Mr. Wasif Khalid

Director, COO and CFO

Ms. Hina Mir

Company Secretary

Venue: ICAP Auditorium

Date: Wednesday, February 8, 2023

Time: 10:00 a.m

You can also join the session via zoom link for registration, please [click here](#).

For any query, please contact

Mr. Tahir Abbas

Head of Research

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CORPORATE BRIEFING SESSION

February 08, 2023





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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.

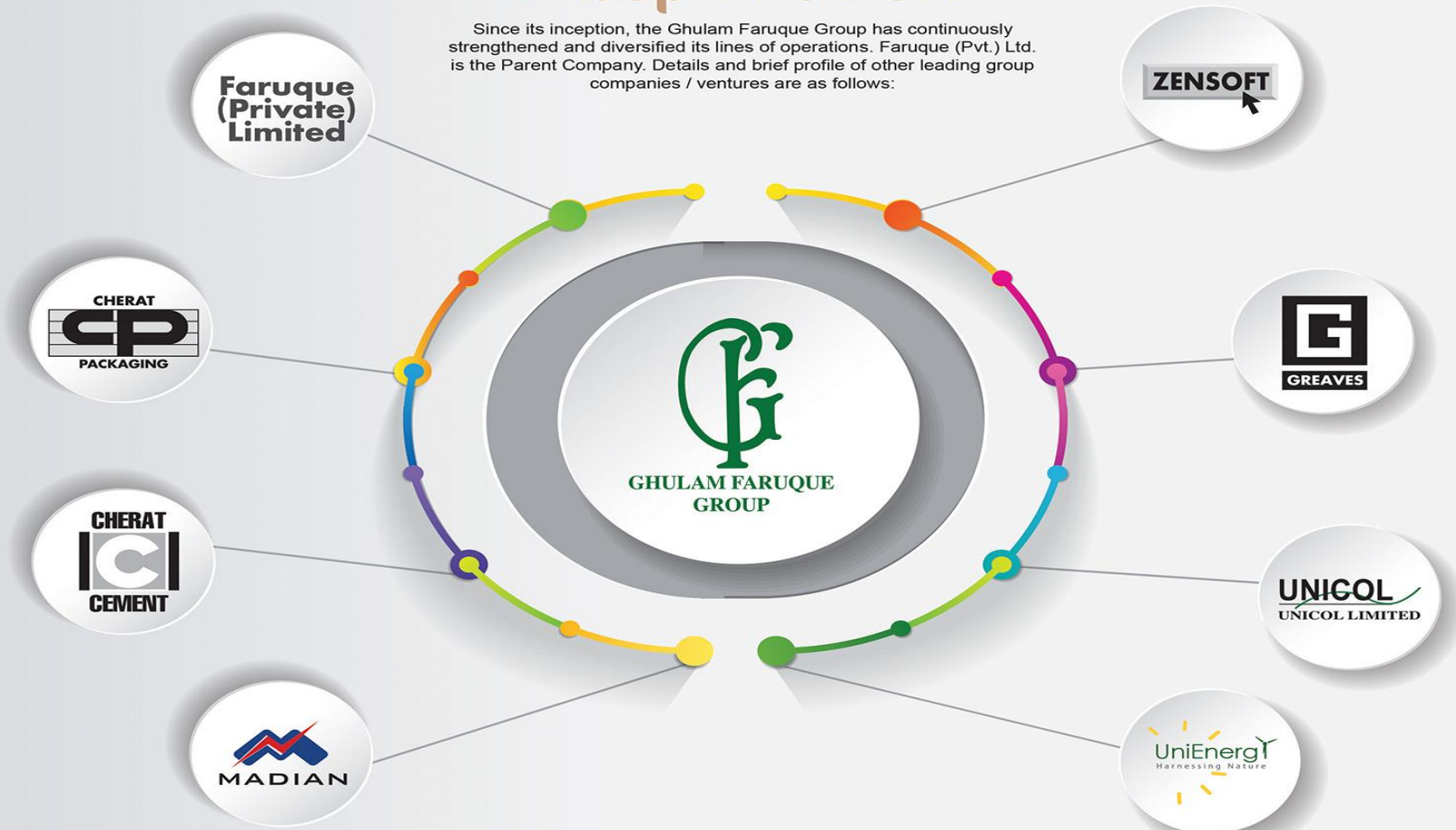
HONOURS CONFERRED

- 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

Since its inception, the Ghulam Faruque Group has continuously strengthened and diversified its lines of operations. Faruque (Pvt.) Ltd. is the Parent Company. Details and brief profile of other leading group companies / ventures are as follows:



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

GEOGRAPHICAL PRESENCE



The Journey so Far



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).



1968-69

Cane crushing capacity increased to 2,000 TCD



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.



2001-02

Plant capacity enhanced to 4,500 TCD.



2005-06

Plant capacity enhanced to 5,000 TCD.



2006-07

Unicol Ltd, joint venture distillery producing Ethanol and Liquid Carbon Dioxide (LCO₂) commenced its production operations.



2007-08

Plant capacity enhanced to 5,500 TCD.



2008-09

Achieved sales revenue of over Rs. 2 billion.



2009-10

SAP (ERP) implemented across the Company.



2010-11

Plant capacity enhanced to 6,200 TCD.



2011-12

Company started corporate farming activities in 871 acres land area.



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%



2021-22

The Company again secured First position in the Best Corporate Report Award in the sugar sector for 2021 annual report for fourth consecutive year and progress of paper and Board project is in final stage. Further, achieved sucrose recovery of 10.85% and commissioning of FFE (Falling Film Evaporator)

SIGNIFICANT DEVELOPMENT AND CHANGES



Following significant developments took place during the year:

- The Company has achieved Sucrose Recovery of 10.85%.
- During the year 2021/22, the Company contributed approximately Rs.576 million to the national exchequer in the form of taxes and levies.
- In order to further diversify its operations, the Company has invested in 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. All the machine installation and machine related civil works are completed. All the machine installation and related civil works are complete, and the fine tuning of the machines is currently in progress. The start of commercial production is expected by end of March 2023.
- 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. The system is being followed for current season as well.

SIGNIFICANT DEVELOPMENT AND CHANGES



Recognition

Best Corporate and Sustainability Report Award ICAP, ICMAP for 2018, 2019, 2020 and 2021.

The Company secured First position in Best Corporate and Sustainability Report Award in the Sugar sector for 2018, 2019, 2020 and 2021 consecutively, jointly organized by The Institute of Chartered Accountants of Pakistan and The Institute of Cost and Management Accountants of Pakistan.

FINANCIAL HIGHLIGHTS



	2022	2021
Production Data		
Sugarcane crushed	(M. Tons) 649,557	488,464
Sucrose recovery	(%) 10.85	10.63
Sugar production	(M. Tons) 70,460	51,909
Molasses production	(M. Tons) 33,080	24,296
(Rupees in '000)		
Sales & Profitability		
Turnover - net	4,832,646	3,861,442
Cost of sales	4,354,653	3,578,666
Gross profit	477,993	282,776
Operating profit / (Loss)	289,386	276,301
Profit / (Loss) before taxation	300,022	215,773
Profit / (Loss) for the year	203,626	140,320
Financial Position		
Fixed assets - net	5,781,475	3,469,425
Other non-current assets	1,779,820	1,838,439
	A	5,307,864
Current assets	2,361,638	2,134,667
Non-current asset held for sale	301,264	301,264
Current liabilities	(3,381,611)	(2,649,786)
Liabilities associate with non-current asset held for sale	(750,000)	(130,000)
Working capital	B	(343,855)
Capital employed	(A+B)	4,964,009
Less: Non current liabilities	(2,981,386)	(1,738,025)
Shareholders' equity	3,111,200	3,225,984
Represented by:		
Share capital	134,950	134,950
Reserves	2,131,991	2,246,775
Surplus on revaluation of fixed assets	844,259	844,259
	3,111,200	3,225,984



QUANTITATIVE ANALYSIS OF SUGAR INDUSTRY OF PAKISTAN



Mirpurkhas
Sugar Mills Limited

	2022	2021	VARIATION	INCREASE / DECREASE
Sugarcane Crushing (In Million Tons)	79.71	58.60	21.11	36%
Sugar Production (In Million Tons)	7.87	5.63	2.24	40%
Sugar Consumption (In Million Tons) Approx.	5.85	5.30	0.55	10%
Sucrose Recovery	9.87%	9.61%	0.26%	3%

QUANTITATIVE ANALYSIS OF THE COMPANY

	2022	2021	VARIATION	INCREASE / DECREASE
Sugarcane Crushing (Ton)	649,557	488,464	161,093	33%
Sugar Production (Ton)	70,460	51,909	18,551	36%
Sucrose Recovery	10.85%	10.63%	0.22%	2%
No. of Days Mill Operated	124	98		

Statement of Profit or Loss

For the Year Ended September 30, 2022

	2022	2021
	(Rupees in '000)	
Turnover - net	4,832,646	3,861,442
Cost of sales	(4,354,653)	(3,578,666)
Gross profit	477,993	282,776
Distribution cost	(36,435)	(24,474)
Administrative expenses	(210,166)	(152,867)
Other operating expenses	(10,151)	(25,084)
	(256,752)	(202,425)
Other income	68,145	195,950
Operating profit	289,386	276,301
Finance cost	(429,423)	(228,073)
	(140,037)	48,228
Share of profit in associates - net	440,059	167,545
Profit before taxation	300,022	215,773
Taxation	(96,396)	(75,453)
Profit after taxation	203,626	140,320
Earnings per share - basic & diluted (Rupees)	15.09	10.40

Statement of Financial Position

As at September 30, 2022

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment
Intangible asset
Long-term investments
Long-term loans and deposits
Deferred tax asset-net

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 CURRENT ASSETS

Non-current asset held for sale

TOTAL ASSETS

	2022	2021
	(Rupees in '000)	
	5,781,475	3,469,425
	-	1,018
	1,698,668	1,810,999
	29,350	26,422
	51,802	-
	7,561,295	5,307,864
	287,970	206,239
	1,400,800	984,208
	4,140	8,306
	113,229	61,059
	87,244	70,041
	2,030	4,381
	268,335	420,650
	1,578	159,103
	176,742	185,336
	19,570	35,344
	2,361,638	2,134,667
	301,264	301,264
	10,224,197	7,743,795

Statement of Financial Position

As at September 30, 2022

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 portion of long-term financing	
Current portion of long-term lease liabilities	
Current portion of government grant	
Unclaimed dividend	

TOTAL CURRENT LIABILITIES

Liabilities associated with non-current asset held for sale

CONTINGENCIES AND COMMITMENTS

TOTAL EQUITY AND LIABILITIES

2022	2021
(Rupees in '000)	
134,950	134,950
2,131,991	2,246,775
844,259	844,259
3,111,200	3,225,984
2,198,425	1,137,734
19,530	9,060
475,106	468,610
-	11,441
288,325	111,180
2,981,386	1,738,025
553,432	423,672
166,095	31,797
2,202,141	1,797,631
380,404	347,593
11,000	5,340
60,563	35,772
7,976	7,981
3,381,611	2,649,786
750,000	130,000
10,224,197	7,743,795

KEY FINANCIAL RATIOS

		2022	2021
Performance indicators			
Profitability Ratios			
Gross profit ratio	(%)	9.89	7.32
Net profit to sales	(%)	4.21	3.63
EBITDA margin to sales	(%)	8.40	9.99
Operating leverage ratio	(times)	3.18	2.41
Return on equity	(%)	6.54	4.35
Return on capital employed	(%)	12.08	9.14
Shareholders' Funds	(%)	30.43	41.66
Return on Shareholders' Funds	(%)	6.54	4.35
Liquidity Ratios			
Current ratio	(times)	0.70	0.81
Quick/ acid test ratio	(times)	0.20	0.35
Cash to current liabilities	(times)	0.006	0.01
Cash flow to capital expenditure	(times)	0.584	0.55
Cash flow coverage ratio	(times)	0.002	(0.04)
Cash flow from operations to sales	(times)	0.002	(0.04)
Activity/ Turnover Ratios			
Inventory turnover ratio	(times)	3.65	4.37
No. of days in inventory	(days)	99.95	83.49
Debtor turnover ratio	(times)	18.45	16.83
No. of days in receivables	(days)	19.78	21.69
Creditor turnover ratio	(times)	41.37	46.44
No. of days in creditors	(days)	8.82	7.86
Total assets turnover ratio	(times)	0.47	0.50
Fixed assets turnover ratio	(times)	0.84	1.11
Operating cycle	(days)	110.91	97.32

KEY FINANCIAL RATIOS



		2022	2021
Investment/ Market Ratios			
Earnings per share - basic **	(Rupees)	15.09	10.40
Price earning ratio **	(times)	8.58	9.42
Price to Book ratio	(%)	17.09	17.08
Cash Dividend yield ratio	(%)	-	-
Dividend payout ratio	(%)	-	-
Dividend cover ratio	(times)	-	-
Cash dividend per share*	(Rupees)	-	-
Bonus Share*	(%)	15.00	-
Market price per share:			
- Closing	(Rupees)	129.50	98.00
- High	(Rupees)	175.00	129.00
- Low	(Rupees)	91.75	68.01
Break-up value per share**:	(Rupees)	230.54	239.05
Break-up value per share without surplus on revaluation**:	(Rupees)	167.98	176.49
Capital Structure Ratios			
Financial leverage ratio	(times)	1.65	1.06
Weighted average cost of debt	(%)	7.66	6.25
Debt to equity ratio	(Rupees)	62:38	52:48
Interest cover ratio	(times)	1.70	1.95
Net asset per share	(Rupees)	230.54	239.05

* post balance sheet event

**restated, based on weighted average number of ordinary shares in issue

** Basic EPS and Diluted EPS is same due to no change in weighted average number of ordinary shares in issue

QUANTITATIVE ANALYSIS OF THE COMPANY (FOR THE QUARTER)



	Dec-22	Dec-21	VARIATION	INCREASE / DECREASE
Sugarcane Crushing (Ton)	241,726	226,548	15,178	7%
Sugar Production (Ton)	23,405	21,530	1,875	9%
Sucrose Recovery	10.06%	10.08%	-0.02%	-0.2%
No. of Days Mill Operated	33	43		
Start of Season	29-Nov-2022	19-Nov-2021		

Condensed Interim Statement of Profit or Loss (Unaudited)

For the Quarter Ended December 31, 2022

	December 31, 2022	December 31, 2021
	(Rupees '000)	
Turnover - net	858,960	1,268,138
Cost of sales	(794,778)	(1,138,924)
Gross profit	64,182	129,214
Distribution cost	(10,271)	(4,314)
Administrative expenses	(59,090)	(53,805)
Other operating expenses	(43,366)	(6,868)
	(112,727)	(64,987)
Other income	462,863	49,631
Operating profit	414,318	113,858
Finance cost	(124,374)	(45,239)
	289,944	68,619
Share of profit in associates - net	350,077	23,367
Profit before taxation	640,021	91,986
Taxation	(16,112)	(19,529)
Profit after taxation	623,909	72,457
Earnings per share - basic & diluted (Rupees)	46.23	5.37

Condensed Interim Statement of Financial Position

As at December 31, 2022

	December 31, 2022 (Unaudited)	September 30 2022 (Audited)
	(Rupees '000)	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	6,103,000	5,781,475
Long-term investments	2,018,545	1,698,668
Long-term loans and deposits	26,513	29,350
Deferred tax asset-net	51,802	51,802
	8,199,860	7,561,295
CURRENT ASSETS		
Stores, spare parts and loose tools	731,452	287,970
Stock-in-trade	2,493,716	1,400,800
Biological assets	4,140	4,140
Trade debts	226,605	113,229
Loans and advances	414,799	87,244
Trade deposits and short-term prepayments	21,935	2,030
Other receivables	266,514	268,335
Short-term investments	20,433	1,578
Tax refunds due from the Government	185,361	176,742
Cash and bank balances	19,439	19,570
TOTAL CURRENT ASSETS	4,384,394	2,361,638
Non-current asset held for sale	-	301,264
TOTAL ASSETS	<u>12,584,254</u>	<u>10,224,197</u>

Condensed Interim Statement of Financial Position

As at December 31, 2022

	December 31, 2022 (Unaudited)	September 30 2022 (Audited)
(Rupees '000)		
EQUITY AND LIABILITIES		
EQUITY		
Share capital	134,950	134,950
Reserves	3,025,264	2,131,991
Surplus on revaluation of property, plant & equipment	544,695	844,259
	3,704,909	3,111,200
NON-CURRENT LIABILITIES		
Long-term financing	2,431,418	2,198,425
Long-term lease liabilities	17,707	19,530
Deferred liabilities	477,525	475,106
Deferred tax liability-net	-	-
Government grant	272,702	288,325
	3,199,352	2,981,386
CURRENT LIABILITIES		
Trade and other payables	1,298,876	553,432
Accrued mark-up	143,116	166,095
Short-term borrowings	3,772,087	2,202,141
Current portion of long-term financing	386,113	380,404
Current portion of long-term lease liabilities	11,262	11,000
Current portion of government grant	60,563	60,563
Unclaimed dividend	7,976	7,976
TOTAL CURRENT LIABILITIES	5,679,993	3,381,611
Liabilities associated with non-current asset held for sale	-	750,000
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	12,584,254	10,224,197

CURRENT ISSUES OF THE SUGAR INDUSTRY OF PAKISTAN

1. The Government of Sindh has increased the minimum support price for the season 2022/23 to Rs. 302 per maund as against Rs. 250 per maund for the previous season. This in addition to quality premium will increase the cost of production in season 2022/23.
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. In the upcoming year, it is expected that overall production of sugarcane to be decline by approx. 15% in Sindh due to flood damage. This will impact the Company negatively in its crushing, recovery and sugar production for the season 2022/23.



Thank You