

CORPORATE BRIEFING SESSION

February 06, 2024



Mirpurkhas
Sugar Mills Limited





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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.

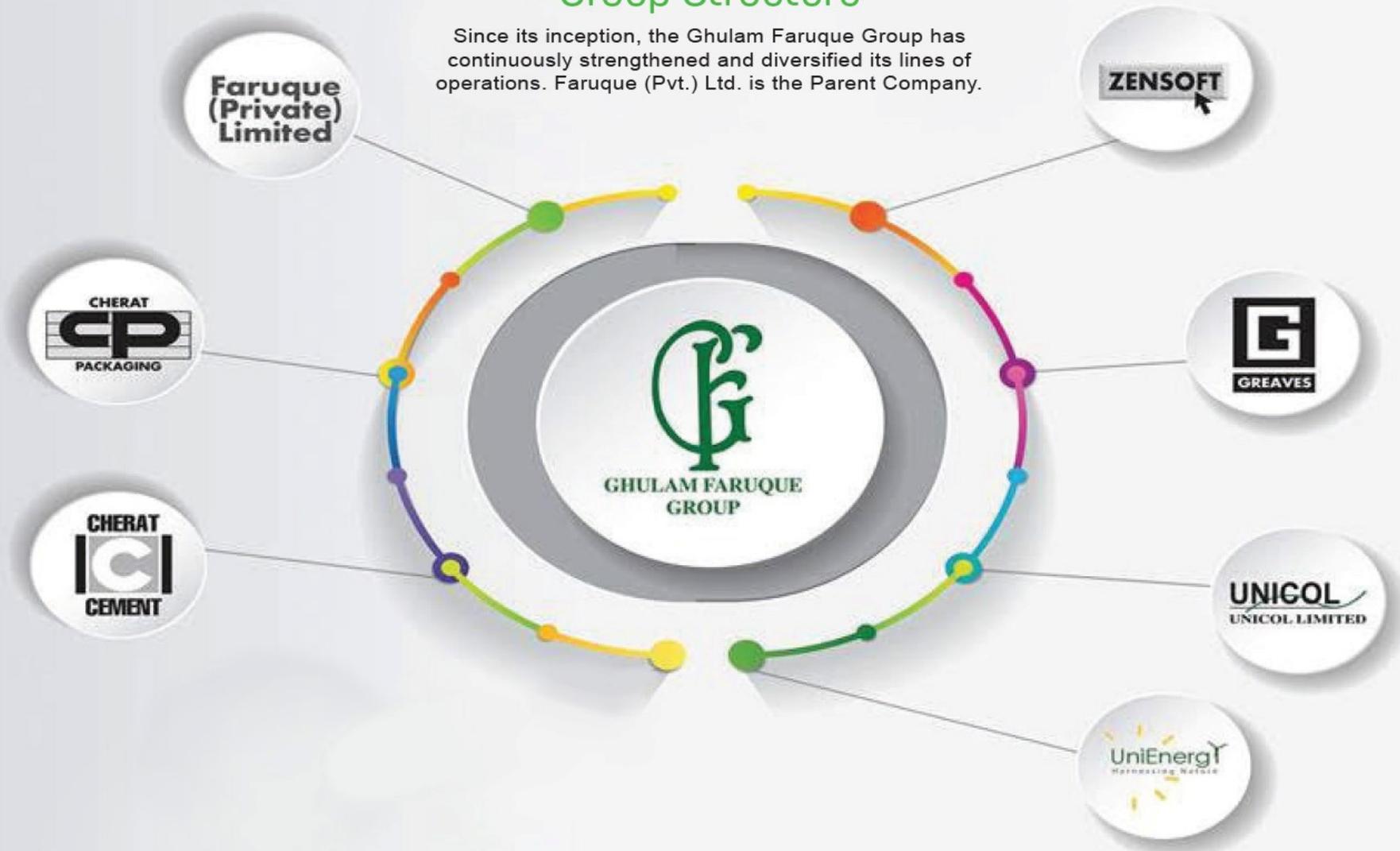
HONOURS CONFERRED

- 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

Since its inception, the Ghulam Faruque Group has continuously strengthened and diversified its lines of operations. Faruque (Pvt.) Ltd. is the Parent Company.



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





GHULAM FARUQUE



Mirpurkhas
Sugar Mills Limited

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

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.

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.

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.

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.

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.

2007-08

Plant capacity enhanced to 5,500 TCD.

2008-09

Achieved sales revenue of over Rs. 2 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 was in final stage. Further, achieved sucrose recovery of 10.85% and commissioning of FFE (Falling Film Evaporator)

2009-10

SAP (ERP) implemented across the Company.

2010-11

Plant capacity enhanced to 6,200 TCD.

2022-23

The Company once again secured First position in the Best corporate Report award in the Sugar Sector for 2022 annual report for fifth consecutive year. Sucrose recovery of 10.55 achieved during the year. Commissioning of 250 TPD paper and board project took place during the year.

2011-12

Company started corporate farming activities in 871 acres land area.

2012-13

Achieved sales revenue of over Rs. 3 billion.

Significant Development and Changes

Following significant developments took place during the year:

- The Company has achieved Sucrose Recovery of 10.55%.
- During the year 2022/23, the Company contributed approximately Rs.800 million to the national exchequer in the form of taxes, duties and levies.
- The paper plant successfully started commercial operations on May 12, 2023, with an installed capacity of 250 tons per day.
- During the year, the company again secured first position in Annual Best Corporate Report Award in the Sugar Sector for the year 2022.

Recognition

The Company secured First position in Best Corporate Report Award in the Sugar sector for the years 2018 to 2022 consecutively, jointly organized by Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.



FINANCIAL HIGHLIGHTS



		2023	2022
Production Data			
Sugarcane crushed	(M. Tons)	562,641	649,557
Sucrose recovery	(%)	10.55	10.85
Sugar production	(M. Tons)	59,325	70,460
Molasses production	(M. Tons)	28,772	33,080
Paper Production	(M. Tons)	17,959	-
Sales & Profitability			
Turnover - net		7,779,469	4,832,646
Cost of sales		6,416,207	4,354,653
Gross profit		1,363,262	477,993
Operating profit / (Loss)		1,266,771	289,386
Profit / (Loss) before taxation		1,054,417	300,022
Profit / (Loss) for the year		839,316	203,626
Financial Position			
Fixed assets - net		6,846,091	5,781,475
Other non-current assets		2,390,599	1,779,820
	A	<u>9,236,690</u>	<u>7,561,295</u>
Current assets		4,587,255	2,361,638
Non current assets held for sale		-	301,264
Current liabilities		(6,670,830)	(3,381,611)
Liabilities associate with non current assets held for sale		-	(750,000)
Working capital	B	<u>(2,083,575)</u>	<u>(1,468,709)</u>
Capital employed	(A+B)	7,153,115	6,092,586
Less: Non current liabilities		<u>(3,061,102)</u>	<u>(2,981,386)</u>
Shareholders' equity		<u>4,092,013</u>	<u>3,111,200</u>
Represented by:			
Share capital		465,579	134,950
Reserves		2,964,938	2,131,991
Surplus on revaluation of fixed assets		661,496	844,259
		<u>4,092,013</u>	<u>3,111,200</u>

QUANTITATIVE ANALYSIS OF SUGAR INDUSTRY OF PAKISTAN

	2023	2022	VARIATION	INCREASE / DECREASE
Sugarcane Crushing (In Million Tons)	65.57	79.71	(14.14)	(18%)
Sugar Production (In Million Tons)	6.74	7.88	(1.14)	(14%)
Sugar Consumption (In Million Tons) Approx.	5.98	5.85	0.13	2%
Sucrose Recovery	10.33%	9.87%	0.46%	5%



QUANTITATIVE ANALYSIS OF THE COMPANY – SUGAR



Mirpurkhas
Sugar Mills Limited

	2023	2022	VARIATION	INCREASE / DECREASE
Sugarcane Crushing (Ton)	562,641	649,557	(86,916)	(13%)
Sugar Production (Ton)	59,325	70,460	(11,135)	(16%)
Sucrose Recovery	10.55%	10.85%	(0.30%)	(3%)
No. of Days Mill Operated	87	124		

QUANTITATIVE ANALYSIS OF THE COMPANY – PAPER

	2023	2022
Paper division		
No. of days mill operated	112	-
Actual paper production (M.tons)	17,959	-

Segmental View of Business Analysis

In the fiscal year that ended in September 2023, our company's operations in the sugar and paper segments showcased distinct yet promising performances. The sugar segment, a longstanding revenue driver, showed enhanced revenues that increased to net Rs 5,932 million. Capturing a stable market share, this segment exhibited consistent demand for refined sugar products within the local market. Operational improvements were achieved through refined production techniques and efficient resource management. The graphical analysis of turnover is shown below:



Conversely, our newly established paper segment embarked on its focusing on energy efficient production process. During its initial phase, the segment attained net revenue figures of Rs. 1,847 million by September 2023, contributing to almost 24% in overall revenue for the Company. It is operating efficiently and has achieved all the operational parameters required. Due to high inflation and poor economic conditions, consumer spending is on a downward trend. This is directly impacting all FMCG's, including snacks and confectionary businesses, leading to a reduced demand of packaging and corrugated products. However, paper segment sales is expected increase in upcoming years as the economic conditions get better.

Looking ahead, potential synergies between these segments arise in the form of saving in energy costs. As the sugar segment continues to be a cornerstone of our revenue stability, the paper segment promises diversification benefits, signaling an era of sustained growth supported by innovation, quality assurance, and adaptive market strategies across both segments.

Statement of Profit or Loss

For the year ended September 30, 2023

	2023	2022
	(Rupees in '000)	
Turnover - net	7,779,469	4,832,646
Cost of sales	(6,416,207)	(4,354,653)
Gross profit	1,363,262	477,993
Distribution cost	(165,756)	(36,435)
Administrative expenses	(269,480)	(210,166)
Other operating expenses	(177,138)	(10,151)
	(612,374)	(256,752)
Other income	515,883	68,145
Operating profit	1,266,771	289,386
Finance cost	(1,124,065)	(429,423)
	142,706	(140,037)
Share of profit in associates - net	911,711	440,059
Profit before taxation	1,054,417	300,022
Taxation	(215,101)	(96,396)
Profit after taxation	839,316	203,626
		(Re-stated)
Earnings per share - basic & diluted (Rupees)	18.03	4.37

Statement of Financial Position

As at September 30, 2023

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment
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

2023	2022
(Rupees in '000)	
6,846,091	5,781,475
2,362,945	1,698,668
27,654	29,350
-	51,802
9,236,690	7,561,295
739,189	287,970
2,407,741	1,400,800
-	4,140
667,539	113,229
219,379	87,244
50,383	2,030
282,317	268,335
31,254	1,578
154,574	176,742
34,879	19,570
4,587,255	2,361,638
-	301,264
13,823,945	10,224,197

Statement of Financial Position

As at September 30, 2023

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	
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

2023	2022
(Rupees in '000)	
465,579	134,950
2,964,938	2,131,991
661,496	844,259
4,092,013	3,111,200
2,183,659	2,198,425
11,845	19,530
618,976	475,106
246,622	288,325
3,061,102	2,981,386
969,935	553,432
381,562	166,095
4,772,246	2,202,141
458,964	380,404
11,941	11,000
68,429	60,563
7,753	7,976
6,670,830	3,381,611
-	750,000
13,823,945	10,224,197

KEY FINANCIAL RATIOS

		2023	2022
Performance indicators			
Profitability Ratios			
Gross profit ratio	(%)	17.52	9.89
Net profit to sales	(%)	10.79	4.21
EBITDA margin to sales	(%)	19.43	8.40
Operating leverage ratio	(times)	1.78	3.18
Return on equity	(%)	20.51	6.54
Return on capital employed	(%)	30.90	12.08
Shareholders' Funds	(%)	29.60	30.43
Return on Shareholders' Funds	(%)	20.51	6.54
Liquidity Ratios			
Current ratio	(times)	0.69	0.70
Quick/ acid test ratio	(times)	0.21	0.20
Cash to current liabilities	(times)	0.005	0.01
Cash flow from operations to sales	(times)	(0.078)	0.00
Cash flow to capital expenditures	(times)	0.900	0.58
Cash flow coverage ratio	(times)	(0.078)	0.00
Activity/ Turnover Ratios			
Inventory turnover ratio	(times)	3.37	3.65
No. of days in inventory	(days)	108.33	99.95
Debtor turnover ratio	(times)	9.99	18.45
No. of days in receivables	(days)	36.55	19.78
Creditor turnover ratio	(times)	38.08	41.78
No. of days in creditors	(days)	9.58	8.74
Total assets turnover ratio	(times)	0.56	0.47
Fixed assets turnover ratio	(times)	1.14	0.84
Operating cycle	(days)	135.30	110.99

KEY FINANCIAL RATIOS

		2023	2022
Investment/ Market Ratios			
Earnings per share - basic **	(rupees)	18.03	4.37
Price earning ratio **	(times)	2.11	29.61
Price to Book ratio	(%)	12.80	17.09
Cash Dividend yield ratio	(%)	-	-
Dividend payout ratio	(%)	36.98	9.94
Dividend cover ratio	(times)	-	-
Cash dividend per share*	(rupees)	-	-
Bonus Share*	(%)	200.00	15.00
Market price per share:			
- Closing	(rupees)	38.00	129.50
- High	(rupees)	188.94	175.00
- Low	(rupees)	36.52	91.75
Break-up value per share**:	(rupees)	87.89	66.82
Break-up value per share without surplus on revaluation**:	(rupees)	73.68	48.69
Capital Structure Ratios			
Financial leverage ratio	(times)	1.89	1.65
Weighted average cost of debt	(%)	13.61	7.66
Debt to equity ratio	-	65:35	62:38
Interest cover ratio	(times)	1.94	1.70
Net asset per share	(times)	87.89	66.82

* 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-23	Dec-22	VARIATION	INCREASE / DECREASE
Sugarcane Crushing (Ton)	337,963	241,726	96,237	40%
Sugar Production (Ton)	33,805	23,405	10,400	44%
Sucrose Recovery	10.26%	10.06%	0.20%	2%
No. of Days Mill Operated	47	33		
Start of Season	15-Nov-2023	29-Nov-2022		

MIRPURKHAS SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----	
Turnover - net	2,795,111	858,960
Cost of sales	(2,379,558)	(794,778)
Gross profit	415,553	64,182
Distribution cost	(87,756)	(10,271)
Administrative expenses	(83,281)	(59,090)
Other operating expenses	(559)	(43,366)
	(171,596)	(112,727)
Other income	17,306	462,863
Operating profit	261,263	414,318
Finance cost	(362,024)	(124,374)
	(100,761)	289,944
Share of profit in associates - net	10,773	350,077
(Loss) / Profit before taxation	(89,988)	640,021
Taxation	(42,273)	(16,112)
(Loss) / Profit after taxation	(132,261)	623,909
		(Re-stated)
Earnings per share - basic & diluted (Rupees)	(2.84)	13.40

MIRPURKHAS SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	December 31, 2023	September 31, 2023
	(Unaudited)	(Audited)
	----- (Rupees in '000) -----	
<u>ASSETS</u>		
NON-CURRENT ASSETS		
Property, plant and equipment	6,786,078	6,846,091
Long-term investments	2,523,811	2,362,945
Long-term loans and deposits	5,882	27,654
	9,315,771	9,236,690
CURRENT ASSETS		
Stores, spare parts and loose tools	863,088	739,189
Stock-in-trade	4,448,950	2,407,741
Trade debts	993,309	667,539
Loans and advances	354,461	219,379
Trade deposits and short-term prepayments	70,747	50,383
Other receivables	262,426	282,317
Short-term investments	31,254	31,254
Tax refunds due from the Government	149,894	154,574
Cash and bank balances	82,967	34,879
TOTAL CURRENT ASSETS	7,257,096	4,587,255
TOTAL ASSETS	16,572,867	13,823,945

MIRPURKHAS SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

<u>EQUITY AND LIABILITIES</u>	December 31, 2023	September 31, 2023
	(Unaudited)	(Audited)
	----- (Rupees in '000) -----	
EQUITY		
Share capital	465,579	465,579
Reserves	2,982,770	2,964,938
Surplus on revaluation of property, plant & equipment	661,496	661,496
	4,109,845	4,092,013
NON-CURRENT LIABILITIES		
Long-term financing	2,105,281	2,183,659
Long-term lease liabilities	12,054	11,845
Deferred liabilities	628,180	618,976
Government grant	228,303	246,622
	2,973,818	3,061,102
CURRENT LIABILITIES		
Trade and other payables	1,454,455	969,935
Accrued mark-up	338,887	381,562
Short-term borrowings	7,131,098	4,772,246
Current portion of long-term financing	480,048	458,964
Current portion of long-term lease liabilities	9,690	11,941
Current portion of government grant	67,309	68,429
Unclaimed dividend	7,717	7,753
TOTAL CURRENT LIABILITIES	9,489,204	6,670,830
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	16,572,867	13,823,945



CURRENT ISSUES OF THE SUGAR INDUSTRY OF PAKISTAN



1. The Government of Sindh has increased the minimum support price for the season 2023/24 to Rs. 425 per maund as against Rs. 302 per maund for the previous season. This in addition to quality premium will increase the cost of production in season 2023/24, whereas sugar prices have seen a decline due to availability of excess stock.
2. The sugar industry is not allowed to export surplus sugar, will obviously have a significantly negative impact on the revenues and costs of the Company.
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.



Thank You