



CORPORATE BRIEFING SESSION

on Annual Report 2021



سانگھڑ شوگر ملز لمیٹڈ
Sanghar Sugar Mills Limited

Company Information

BOARD OF DIRECTORS

Mr. Ghulam Dastagir Rajar (Chairman)
Mr. Ghulam Hyder (Chief Executive)
Haji Khuda Bux Rajar
Mr. Shahid Aziz
Mr. Rahim Bux
Mr. Muhammad Qasim
Mr. M. Abdul Jabbar
Ms. Nazia Azam

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Rahim Bux (Chairman)
Mr. Shahid Aziz
Mr. M. Abdul Jabbar

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rahim Bux (Chairman)
Mr. Ghulam Hyder
Mr. M. Abdul Jabbar

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. Nazia Azam
Syed Rehan Ahmad Hashmi

RISK MANAGEMENT COMMITTEE

Mr. Shahid Aziz (Chairman)
Haji Khuda Bix Rajar
Mr. Ghulam Dastagir Rajar

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
E-mail: 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Sanghar Sugar Mills Limited is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 and now the Companies Act, 2017.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.

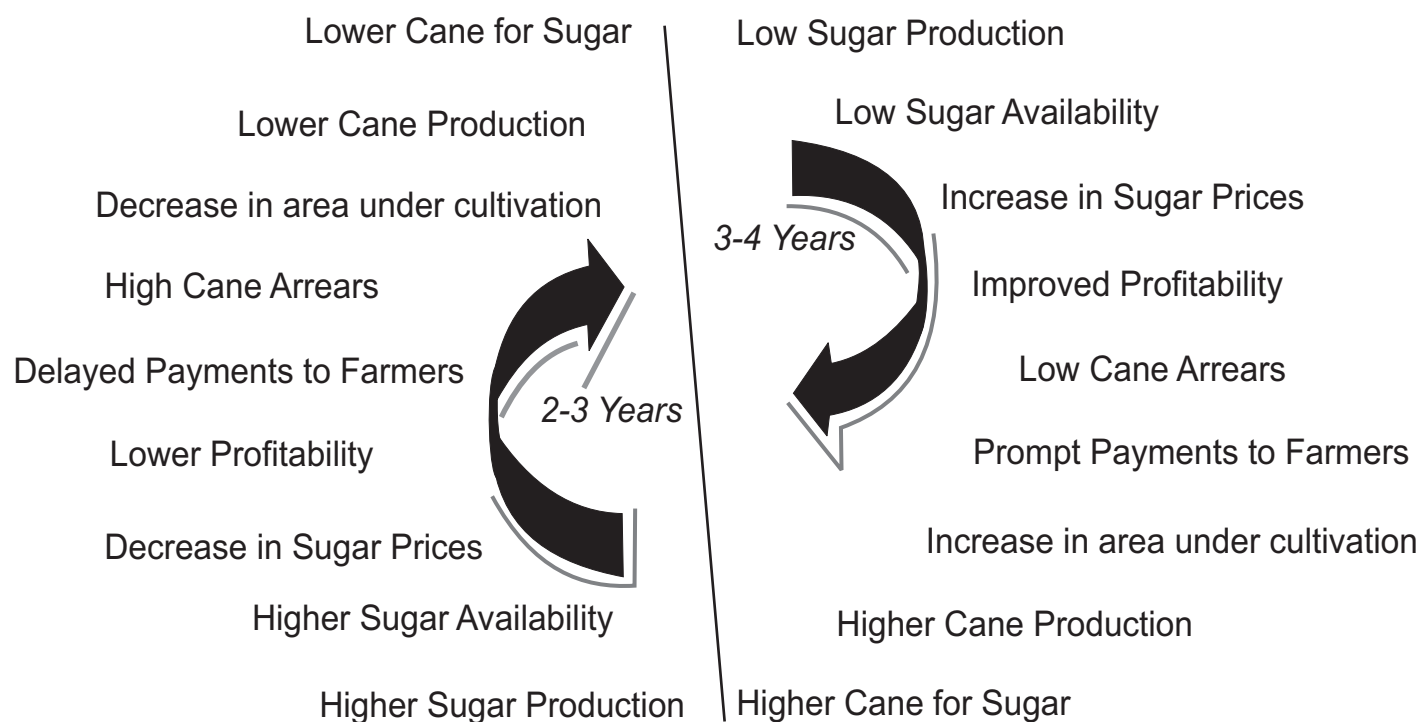
ABOUT THE ECONOMY & INDUSTRY:

Pakistan's economy witnessed improvements as against the negative impacts of Covid-19 pandemic and lockdown situation in the country last year. Drastic increase in raw material prices and higher costs of operations due to continuous rupee devaluation and disruption in international supply chain routes are hindering the businesses and the economic activities.

The global growth for 2021 and 2022 is projected at 6% and 4.9% respectively, which is far stronger than earlier projections made by the International Monetary Fund (IMF). This growth will be made possible by additional fiscal support, anticipated vaccine-powered recovery and continued reopening of economic activities. However, the another wave will possibly slow down economic growth with the spreading of the previous variant ravaging economies across the globe.

The policy rate remained unchanged throughout the year under review, which improved business sentiments thus stimulating economic activities. IMF has acknowledged that the government policies have been critical in supporting the economy and saving lives and livelihoods with the aggressive intervention of the State Bank of Pakistan.

The Cycle of Sugar Sector is as follows:



Pakistan has two planting seasons for Sugar Cane Crop i.e. Spring (February-March) and Autumn (September-November). Harvesting of each season is conducted beyond 10 months after plantation. Over the past five years, sugarcane crop has witnessed two opposing trends on an average basis, decline in area under cultivation and increase in overall production. While cultivated area has been reduced and the sugar cane production has been increased, over the past five years. Major reason is attributed to increase in yield / hectare.

The Sugar Industry is subject to variant cost structures due to different recovery ratios of cane type, technology used economies of scale, conversion cost and purchase price of sugarcane. Due to this, even mills located in same area may have different cost structures. Most highly efficient mills are the ones which have maximum recovery ratio and other economies of scale due to larger capacity and better technology. The inefficient mills are the ones with obsolete technology, low recovery ratios and high conversion cost. Sugar recovery rates vary from ~8% to ~12%. In Pakistan the cost of cane varies from 65% to 95% of the cost of production of sugar for different mills, which demonstrates an excessively high share of sugarcane - often with low sucrose content.

The production of sugar for the season 2020-21 was 5.65 million tons as compared to 4.88 million tons of previous season. With estimated consumption close to 6.00 million tons and in order to address the shortfall, the Government has allowed TCP to import 300 thousand tons of sugar without duties and taxes. The prices of sugar continued to remain under pressure for several reasons, including registration of various cases against brokers / dealers by the Government agencies regarding increase in sugar prices and bulk storage. High sugarcane procurement prices mainly due to intense competition between the sugar manufacturers particularly in lower Sindh which have resulted in significant pressure on the profitability of sugar producers. Better returns to growers in last two seasons have resulted in improvement of plantation of sugarcane.

Currently, Provincial Governments fix minimum price of sugar cane at the beginning of crushing season which serves as the floor price at which mills may procure raw material from growers. Over the years, this has resulted in steep rise in sugarcane price, which has made it highly remunerative crop for growers. The Law prescribed mandatory crushing, which means that the mills must crush all the harvested cane for so long as growers in the local area demands to sell at minimum support price.

Given that sugarcane prices are fixed by the government and sugar prices are determined by market forces, which is exhibiting a declining trend, the same may result in a cost-price mismatch, whereby change in retail sugar prices may not correspond with the change in raw material costs including other overheads as well.

OPERATING RESULTS & ITS REVIEW

	2020-2021	2019-2020
Season started on	05-11-2020	15-11-2019
Season completed on	20-02-2021	02-03-2020
Duration of crushing days	108	109
Sugarcane crushed (Metric Tons)	451,275.963	387,302.875
Average daily crushing (Metric Tons)	4,178.48	3,553.24
Cane sugar produced (Metric Tons)	45,239.50	39,804.25
Sucrose recovery (%)	10.012	10.263

Your Company is able to crush 451,275.963 M. Tons of Sugar cane compared with 387,302.875 M. Tons of Sugar cane in the last crushing season resulting an increase of 16.52% in crushing & producing 45,239.50 M. Tons of sugar, resulting an increase of 13.65% of Sugar, when compared with production of 39,804.25 M. Tons of last season. During the crushing period, supply of cane was not regular due to cane procurement war in the province, resulting in increased cane prices and intermittent supply also results in low recovery due to frequent stoppages etc. Lower recovery is also attributed to the impact of supply of cane from areas to the south of mills which were affected by torrential rain that resulted in stagnation of water in cane fields.

FINANCIAL RESULTS & ITS REVIEW

The key financial figures of the Company for the year ended September 30, 2021 along with the comparatives for the corresponding year are summarized as under:

	2021	2020
	(Rupees in '000)	
Loss before taxation	(16,094)	(98,846)
Taxation	13,732	19,909
Loss after taxation	<u>(29,826)</u>	<u>(118,755)</u>
Loss per share-basic and diluted (Rupees)	<u>(2.50)</u>	<u>(9.94)</u>

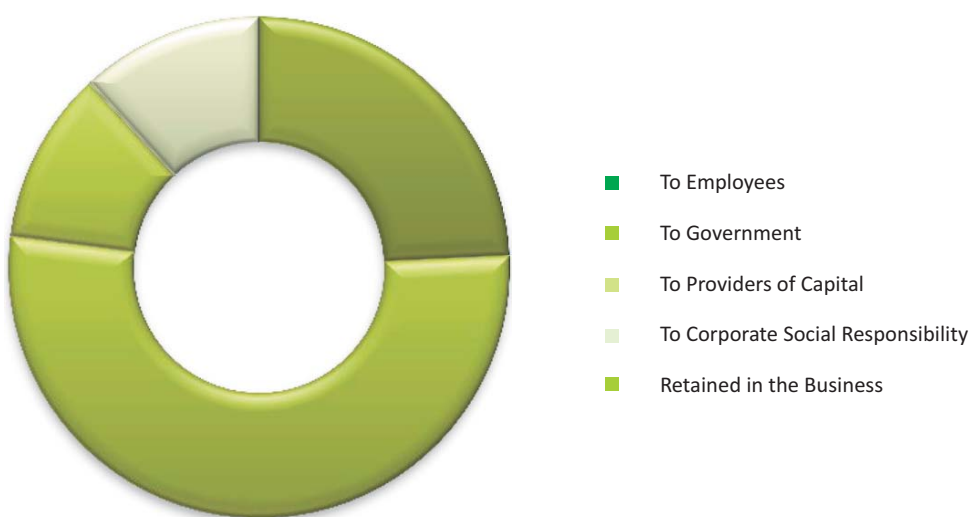
During the year, Company's loss before taxation was Rs. 16,094 thousand compared with loss before taxation of Rs. 98,846 thousand in last year. During the year, we managed to keep the cane procurement cost on the lower side when compared to the adjoining mills, gradually reduced the tenure of utilization of short term borrowings for a short span of time to keep the markup cost on lower side 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. Despite our efforts the results are still in negative, mainly due to increased cost of production as compared to the selling price of sugar of the Company except during the last quarter, which compensate the losses to some extent.

Statement of Value Addition and its Distribution

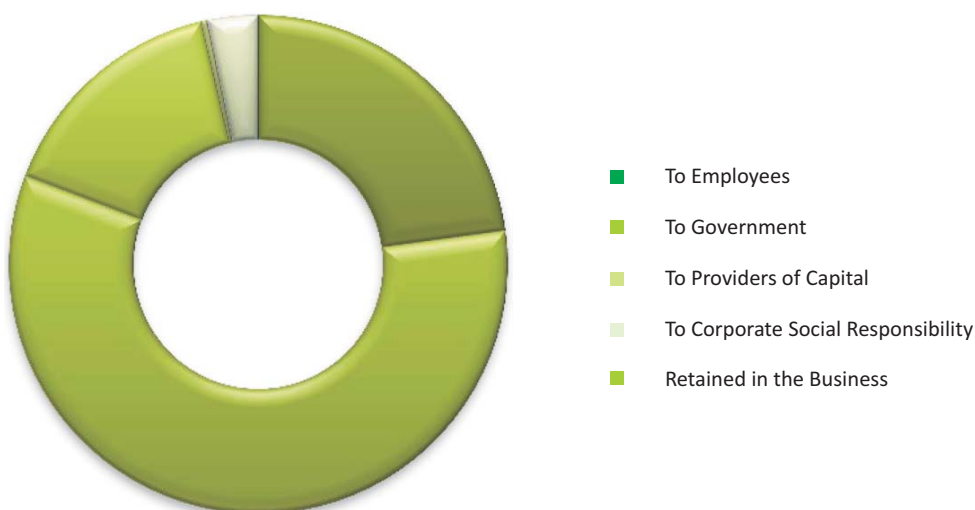
 2021 2020		
Value Addition	(Rs. '000)	%	(Rs. '000)	%
Turnover Gross	3,812,159	95.321	3,790,779	99.856
Other Income	187,106	4.679	5,463	0.144
	<u>3,999,265</u>	<u>100.000</u>	<u>3,796,242</u>	<u>100.000</u>
Cane Procurement and related expenses	3,276,747	109.262	2,252,663	80.161
Other Expenses	(277,774)	(9.262)	557,504	19.839
	<u>2,998,973</u>	<u>100.000</u>	<u>2,810,167</u>	<u>100.000</u>
	<u>1,000,292</u>	<u>25.012</u>	<u>986,075</u>	<u>25.975</u>
Value Distribution				
Distributed as follows				
To Employees				
– Remuneration	242,461	24.239	225,244	22.842
	<u>242,461</u>		<u>225,244</u>	
To Government				
– Sales Tax & Others	521,470	52.132	543,488	55.116
– Income Tax	38,037	3.803	50,522	5.124
– Deferred Tax	(38,855)	(3.884)	(29,112)	(2.952)
– Cess & Fees	7,333	0.733	6,293	0.638
	<u>527,985</u>		<u>571,191</u>	
To Providers of Capital				
– Finance Cost	111,140	11.111	153,446	15.561
	<u>111,140</u>		<u>153,446</u>	
To Corporate Social Responsibility				
– Charity & Donations	1,438	0.144	3,968	0.402
	<u>1,438</u>		<u>3,968</u>	
Retained in the Business				
– Depreciation & Amortization	147,093	14.705	150,981	15.311
– Loss for the year	(29,826)	(2.982)	(118,755)	(12.043)
	<u>117,267</u>		<u>32,226</u>	
	<u>1,000,292</u>	<u>100.000</u>	<u>986,075</u>	<u>100.000</u>

Graphical Presentation of Value Distribution

Value Distribution - 2021



Value Distribution - 2020

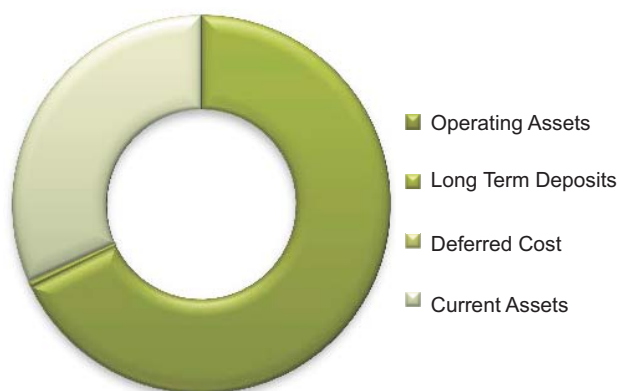


KEY OPERATING & FINANCIAL HIGHLIGHTS

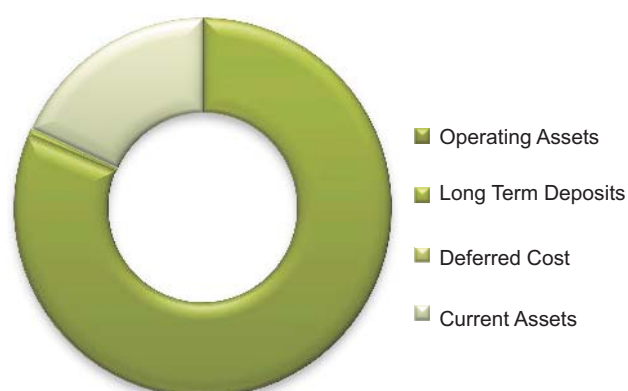
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
OPERATIONAL DATA										
Duration of Season (Days)	108	109	100	142	133	117	137	151	121	109
Cane crushed (Tons)	451,275.963	387,302.875	490,932	712,124	625,237	563,617	630,317	738,209	542,289	483,352
Sucrose Recovery (%)	10.012	10.263	10.76	10.37	10.12	10.20	10.19	9.81	9.77	9.62
Sugar Made (Tons)	45,239.50	39,804.25	52,799.25	73,776	63,380	57,387.5	64,271	72,530	52,823	46,516
Molasses (Tons)	18,720	16,802	23,590	42,017	30,300	27,040	34,299	39,260	27,460	26,503
All figures are in Rs in '000										
PROFIT OR LOSS RESULTS										
Turnover - Net	2,855,344	2,938,182	2,770,439	3,405,535	2,583,232	2,832,657	2,869,164	3,196,951	2,771,454	3,005,261
Gross Profit / (Loss)	28,204	156,161	131,778	98,520	(70,660)	151,582	257,087	213,749	148,572	195,512
Operating Profit / (Loss)	(92,060)	49,137	24,059	146,802	(165,398)	59,919	170,905	135,446	94,580	95,814
(Loss) / Profit before taxation	(16,094)	(98,846)	(148,608)	24,868	(259,678)	11,060	89,783	36,091	14,271	(424)
(Loss) / Profit after taxation	(29,826)	(118,755)	(98,855)	19,426	(287,104)	13,953	57,400	8,732	6,901	(6,554)
ASSETS EMPLOYED										
Operating Assets	2,615,681	2,712,815	2,807,695	2,909,416	1,745,965	1,465,348	1,167,508	1,146,845	729,685	747,116
Long Term Deposits	20,581	20,231	17,323	18,823	20,961	15,467	10,966	9,478	45,300	36,369
Deferred Cost	—	—	—	8,771	17,543	28,885	33,373	—	—	—
Current Assets	1,220,197	606,939	815,755	1,131,843	1,302,916	915,207	688,656	670,133	461,593	935,108
Total Assets Employed	3,856,459	3,339,985	3,640,773	4,068,853	3,087,385	2,424,907	1,900,503	1,826,456	1,236,578	1,718,593
FINANCED BY										
Shareholder's equity	1,080,845	1,108,108	1,223,854	1,330,699	569,165	863,437	860,635	798,148	501,566	490,172
Long Term Liabilities	114,145	247,536	145,670	250,863	345,291	262,532	103,640	23,174	75,242	64,908
Deferred Liabilities	483,704	508,584	519,916	603,790	300,074	295,067	325,349	320,838	210,011	217,741
Current Liabilities	2,177,765	1,475,757	1,751,333	1,883,501	1,872,855	1,003,871	610,879	684,296	449,759	945,772
Total Fund Invested	3,856,459	3,339,985	3,640,773	4,068,853	3,087,385	2,424,907	1,900,503	1,826,456	1,236,578	1,718,593

Graphical Presentation of Financial Highlights

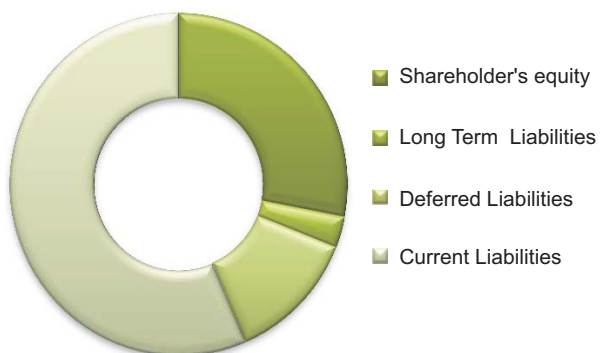
Total Assets Employed - 2021



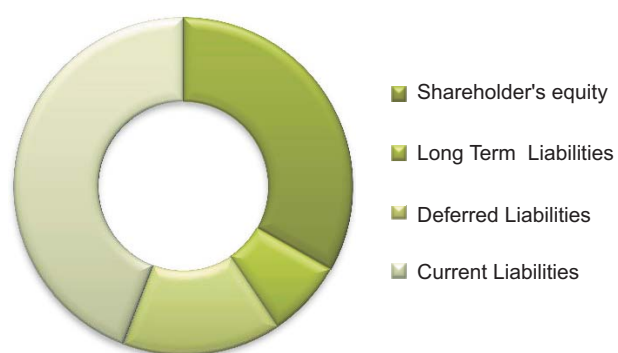
Total Assets Employed - 2020



Total Fund Invested - 2021



Total Fund Invested - 2020



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 give high priority. Annual, half yearly and quarterly reports are distributed to the shareholders and provided to other users with in 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 help 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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Profitability Ratios										
Gross Profit Ratio (%)	0.99	5.31	4.76	2.89	(2.74)	5.35	8.96	6.69	5.36	6.51
Net Profit to Sales (%)	(1.04)	(4.04)	(3.57)	0.57	(11.11)	0.49	2.00	0.27	0.25	(0.22)
Return on Capital Employed (%)	8.79	4.93	1.97	11.03	(85.28)	12.82	37.87	36.52	36.52	42.17
Turnover Ratios										
Inventory Turnover Ratio	5.50	6.51	3.78	3.51	3.12	4.59	5.21	8.01	6.19	3.08
Fixed Assets Turnover Ratio	109.16	108.31	98.67	117.05	147.96	193.37	245.93	278.88	383.94	403.72
Investor Information										
Price Earning Ratio	(6.49)	(1.74)	(3.15)	15.36	(1.55)	36.39	5.31	34.89	39.47	(44.91)
Market Value per Share	16.20	17.34	26.05	24.98	37.35	42.50	41.74	25.50	22.89	24.70
Book Value per Share	90.48	92.76	102.45	111.39	54.02	46.68	37.78	31.04	29.70	27.62
(Loss) / Earning per Share	(2.50)	(9.94)	8.28	1.63	(24.03)	1.17	4.80	0.73	0.58	(0.55)
Liquidity Ratios										
Current Ratio	0.56	0.41	0.47	0.60	0.69	0.91	1.13	0.98	1.03	0.99
Capital Structure Ratios										
Debt Equity Ratio	0.97	0.68	0.86	1.05	3.10	1.11	0.53	0.69	1.05	2.06
Interest Cover Ratio	0.86	0.36	0.14	1.20	(1.75)	1.23	2.11	1.36	1.18	1.00

Vertical Analysis of Financial Statements

	2021	2021	2020	2020	2019	2019	2018	2018	2017	2017
	Rupees in 000	%	Rupees in 000	%	Rupees in 000	%	Rupees in 000	%	Rupees in 000	%
Financial Position										
Total Non-Current Assets	2,636,262	68.36	2,733,046	81.83	2,825,018	77.59	2,937,010	72.18	1,784,469	57.80
Total Current Assets	1,220,197	31.64	606,939	18.17	815,755	22.41	1,131,843	27.82	1,302,916	42.20
Total Assets	3,856,459	100.00	3,339,985	100.00	3,640,773	100.00	4,068,853	100.00	3,087,385	100.00
Total Equity & Surplus on revaluation	1,080,845	28.03	1,108,108	33.18	1,223,854	33.62	1,330,699	32.70	569,165	18.44
Total Non-Current Liabilities	597,849	15.50	756,120	22.64	665,586	18.28	854,653	21.00	645,365	20.90
Total Current Liabilities	2,177,765	56.47	1,475,757	44.18	1,751,333	48.10	1,883,501	46.29	1,872,855	60.66
Total Equity & Liabilities	3,856,459	100.00	3,339,985	100.00	3,640,773	100.00	4,068,853	100.00	3,087,385	100.00
Profit or Loss										
Sales	2,855,344	100.00	2,938,182	100.00	2,770,439	100.00	3,405,535	100.00	2,583,232	100.00
Cost of sales	(2,827,140)	(99.01)	(2,782,021)	(94.69)	(2,638,661)	(95.24)	(3,307,015)	(97.11)	(2,653,892)	(102.74)
Gross Profit / (Loss)	28,204	0.99	156,161	5.31	131,778	4.76	98,520	2.89	(70,660)	(2.74)
Trading activities	—	—	—	—	—	—	3,553	0.10	—	—
Distribution cost	(766)	(0.03)	(710)	(0.02)	(12,698)	(0.46)	(41,879)	(1.23)	(796)	(0.03)
Administrative cost	(114,239)	(4.00)	(99,630)	(3.39)	(91,136)	(3.29)	(90,971)	(2.67)	(84,937)	(3.29)
Other operating cost	(5,259)	(0.18)	(6,684)	(0.23)	(6,364)	(0.23)	(7,812)	(0.23)	(11,622)	(0.45)
Other income	187,106	6.55	5,463	0.19	2,479	0.09	185,391	5.44	2,617	0.10
Operating Profit / (Loss)	95,046	3.33	54,600	1.86	24,059	0.87	146,802	4.31	(165,398)	(6.40)
Finance cost	(111,140)	(3.89)	(153,446)	(5.22)	(172,667)	(6.23)	(121,934)	(3.58)	(94,280)	(3.65)
(Loss) / Profit before taxation	(16,094)	(0.56)	(98,846)	(3.36)	(148,608)	(5.36)	24,868	0.73	(259,678)	(10.05)
Taxation	(13,732)	(0.48)	19,909	0.68	(49,753)	(1.80)	(5,442)	(0.16)	(27,426)	(1.06)
(Loss) / Profit after taxation	(29,826)	(1.04)	(118,755)	(4.04)	(98,855)	(3.57)	19,426	0.57	(287,104)	(11.11)

Horizontal Analysis of Financial Statements

	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
	Rupees in 000					Variance in %				
Financial Position										
Total Non-Current Assets	2,636,262	2,733,046	2,825,018	2,937,010	1,784,469	(3.54)	(3.26)	(3.81)	64.59	18.20
Total Current Assets	1,220,197	606,939	815,755	1,131,843	1,302,916	101.04	(25.60)	(27.93)	(13.13)	42.36
Total Assets	3,856,459	3,339,985	3,640,773	4,068,853	3,087,385	15.46	(8.26)	(10.52)	31.79	27.32
Total Equity & Surplus on revaluation	1,080,845	1,108,108	1,223,854	1,330,699	569,165	(2.46)	(9.46)	(8.03)	133.80	(34.08)
Total Non-Current Liabilities	597,849	756,120	665,586	854,653	645,365	(20.93)	13.60	(22.12)	32.43	15.74
Total Current Liabilities	2,177,765	1,475,757	1,751,333	1,883,501	1,872,855	47.57	(15.74)	(7.02)	0.57	86.56
Total Equity & Liabilities	3,856,459	3,339,985	3,640,773	4,068,853	3,087,385	15.46	(8.26)	(10.52)	31.79	27.32
Profit or Loss										
Sales	2,855,344	2,938,182	2,770,439	3,405,535	2,583,232	(2.82)	6.05	(18.65)	31.83	(8.81)
Cost of sales	(2,827,140)	(2,782,021)	(2,638,661)	(3,307,015)	(2,653,892)	1.62	5.43	(20.21)	24.61	(1.01)
Gross Profit / (Loss)	28,204	156,161	131,778	98,520	(70,660)	81.94	(18.50)	(33.76)	239.43	146.62
Trading activities	—	—	—	3,553	—	—	—	(100.00)	100.00	(100.00)
Distribution cost	(766)	(710)	(12,698)	(41,879)	(796)	7.89	(94.41)	(69.68)	5,161.18	52.49
Administrative cost	(114,239)	(99,630)	(91,136)	(90,971)	(84,937)	14.66	9.32	0.18	7.10	8.89
Other operating cost	(5,259)	(6,684)	(6,364)	(7,812)	(11,622)	(21.32)	5.03	(18.54)	(32.78)	(47.57)
Other income	187,106	5,463	2,479	185,391	2,617	3,324.97	120.37	(98.66)	6,984.10	(61.78)
Operating Profit / (Loss)	95,046	54,600	24,059	146,802	(165,398)	(74.08)	(126.94)	83.61	188.76	376.04
Finance cost	(111,140)	(153,446)	(172,667)	(121,934)	(94,280)	(27.57)	(11.13)	41.61	29.33	92.96
(Loss) / Profit before taxation	(16,094)	(98,846)	(148,608)	24,868	(259,678)	83.72	33.49	697.59	109.58	2,447.90
Taxation	(13,732)	(19,909)	49,753	(5,442)	(27,426)	(31.03)	(140.02)	(1,014.24)	(80.16)	(1,048.01)
(Loss) / Profit after taxation	(29,826)	(118,755)	(98,855)	19,426	(287,104)	74.88	(20.13)	608.88	106.77	2,157.65

Statement of Financial Position

As At September 30, 2021

	September 30 2021	September 30 2020	Variance	Percentage
(Rupees in '000)			%
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	2,615,681	2,712,815	(97,134)	(3.58)
Long term deposits	20,581	20,231	350	1.73
	2,636,262	2,733,046	(96,784)	(3.54)
CURRENT ASSETS				
Stores, spare parts and loose tools	54,659	51,573	3,086	5.98
Stock-in-trade	778,811	249,959	528,852	211.58
Trade Debts	144,240	27,924	116,316	100.00
Loans and advances	122,931	125,193	(2,262)	(1.81)
Trade deposits & short term prepayments	6,948	10,526	(3,578)	(33.99)
Other receivables	47,080	47,080	-	-
Income tax refundable - net of provision	10,710	25,260	(14,550)	(57.60)
Cash and bank balances	54,818	69,424	(14,606)	(21.04)
	1,220,197	606,939	613,258	101.04
TOTAL ASSETS	3,856,459	3,339,985	516,474	15.46
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
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	24,683	3,397	21,286	626.61
Surplus on revaluation of property, plant & equipment	936,702	985,251	(48,549)	(4.93)
	1,080,845	1,108,108	(27,263)	(2.46)
NON CURRENT LIABILITIES				
Long term financing	80,476	187,091	(106,615)	(56.99)
Lease Liabilities	33,625	59,741	(26,116)	(43.72)
Deferred liabilities	483,704	508,584	(24,880)	(4.89)
Deferred Government grant	44	704	(660)	(93.75)
	597,849	756,120	(158,271)	(20.93)
CURRENT LIABILITIES				
Trade and other payables	1,205,791	922,401	283,390	30.72
Accrued finance cost	34,299	38,677	(4,378)	(11.32)
Short term borrowings	770,819	389,019	381,800	98.14
Unclaimed dividend	4,696	4,713	(17)	(0.36)
Current portion of long term financing	125,528	77,922	47,606	61.09
Current portion of lease liabilities	35,202	41,473	(6,271)	(15.12)
Current portion of deferred Government grant	1,430	1,552	(122)	(7.86)
	2,177,765	1,475,757	702,008	47.57
CONTINGENCIES AND COMMITMENTS	—	—	—	—
TOTAL EQUITY AND LIABILITIES	3,856,459	3,339,985	516,474	15.46

Statement of Profit or Loss

For the year ended September 30, 2021

	September 30 2021	September 30 2020	Variance	Percentage
(Rupees in '000)			%
Sales	2,855,344	2,938,182	(82,838)	(2.82)
Cost of sales	2,827,140	2,782,021	45,119	1.62
Gross Profit	28,204	156,161	(127,957)	(81.94)
Trading activities	—	—	—	—
Distribution cost	766	710	56	7.89
Administrative cost	114,239	99,630	14,609	14.66
Other operating cost	5,259	6,684	(1,425)	(21.32)
	120,264	107,024	13,240	12.37
Operating (Loss) / Profit	(92,060)	49,137	(141,197)	(287.35)
Other income	187,106	5,463	181,643	3,324.97
	95,046	54,600	40,446	74.08
Finance cost	111,140	153,446	(42,306)	(27.57)
Loss before taxation	(16,094)	(98,846)	82,752	(83.72)
Taxation	13,732	19,909	(6,177)	(31.03)
Loss after taxation	(29,826)	(118,755)	88,929	(74.88)
Loss per share - Basic and diluted (Rupees)	(2.50)	(9.94)	7.44	(74.88)

Notes to Profit or Loss

For the year ended September 30, 2021

	September 30 2021	September 30 2020	Variance	Percentage
(Rupees in '000)			%
SALES				
Local Sales	3,347,071	3,465,585	(118,514)	(3.42)
Less : Brokerage and Commission	(386)	(148)	(238)	161.08
Sales Tax	(491,341)	(527,255)	35,914	(6.81)
	(491,727)	(527,403)	35,676	(6.76)
	<u>2,855,344</u>	<u>2,938,182</u>	<u>(82,838)</u>	<u>(2.82)</u>
COST OF SALES				
Sugar cane consumed	3,276,747	2,252,663	1,024,084	45.46
Salaries, wages and staff benefits	166,694	159,240	7,454	4.68
Stores, spare parts & loose tools consumed	105,201	106,615	(1,414)	(1.33)
Fuel, power & utilities	13,118	12,263	855	6.97
Insurance	10,151	12,344	(2,193)	(17.77)
Repairs and maintenance	5,512	8,896	(3,384)	(38.04)
Vehicle running expenses	8,289	7,902	387	4.90
Depreciation	123,911	133,633	(9,722)	(7.28)
Depreciation on right-of use assets	11,505	7,674	3,831	49.92
Other expenses	10,695	10,474	221	2.11
	<u>3,731,823</u>	<u>2,711,704</u>	<u>1,020,119</u>	<u>37.62</u>
Sale of Electric Power	—	23,638	(23,638)	(100.00)
Sugar -in-process				
– Opening	1,542	1,268	274	21.61
– Closing	(667)	(1,542)	875	(56.74)
	875	(274)	1,149	(419.34)
	<u>3,732,698</u>	<u>2,687,792</u>	<u>1,044,906</u>	<u>38.88</u>
Sale of Molasses	359,857	250,847	109,010	43.46
Inventory adjustment for molasses	16	(93)	109	(117.37)
	359,873	250,754	109,119	43.52
Sale of Baggasse	15,976	10,229	5,747	56.18
Inventory adjustment for bagasse	3,084	(979)	4,063	(415.02)
	19,060	9,250	9,810	106.05
Cost of goods manufactured	<u>3,353,765</u>	<u>2,427,788</u>	<u>925,977</u>	<u>38.14</u>
Finished sugar				
– Opening stock	247,853	602,086	(354,233)	(58.83)
– Closing stock	(774,478)	(247,853)	(526,625)	212.47
	(526,625)	354,233	(880,858)	(248.67)
	<u>2,827,140</u>	<u>2,782,021</u>	<u>45,119</u>	<u>1.62</u>
TRADING ACTIVITIES				
Sales	89,255	40,480	48,775	120.49
Less: Sales Tax	(1,760)	(753)	(1,007)	133.76
	87,495	39,727	47,768	120.24
Less: Purchases & other expenses thereon	(87,495)	(39,727)	(47,768)	120.24
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Sanghar Sugar Mills Limited

	September 30 2021	September 30 2020	Variance	Percentage
(Rupees in '000)			%
DISTRIBUTION COST				
Handling and Stacking	766	710	56	7.89
	<u>766</u>	<u>710</u>	<u>56</u>	<u>7.89</u>
ADMINISTRATIVE COST				
Salaries, wages and staff benefits	75,767	66,004	9,763	14.79
Rent, rates and taxes	2,600	2,883	(283)	(9.82)
Communication	813	808	5	0.62
Repairs and maintenance	1,581	2,678	(1,097)	(40.96)
Utilities	540	528	12	2.27
Entertainment	585	575	10	1.74
Subscription	1,786	1,617	169	10.45
Cartage	19	39	(20)	(51.28)
Printing and stationery	1,919	1,671	248	14.84
Insurance	3,384	4,115	(731)	(17.76)
Legal and professional charges	5,224	2,895	2,329	80.45
Conveyance and traveling	5,021	4,077	944	23.15
Depreciation	11,676	9,674	2,002	20.69
Others	3,324	2,066	1,258	60.89
	<u>114,239</u>	<u>99,630</u>	<u>14,609</u>	<u>14.66</u>
OTHER OPERATING COST				
Auditors' remuneration	2,187	1,566	621	39.66
Corporate social responsibility costs	1,438	3,968	(2,530)	(63.76)
Provision for slow moving and obsolete items	850	1,150	(300)	(26.09)
Impairment allowances against dormant bank account	784	—	784	100.00
	<u>5,259</u>	<u>6,684</u>	<u>(1,425)</u>	<u>(21.32)</u>
Auditors' remuneration				
Statutory Auditors - Kreston Hyder Bhimji and Co.				
Audit fee	1,260	1,125	135	12.00
Half yearly review fee	135	120	15	12.50
Code of corporate governance certification	100	90	10	11.11
Certification of Free Float of Shares & reconciliation	130	115	15	13.04
Sindh Sales Tax on Services	130	116	14	12.07
	<u>1,755</u>	<u>1,566</u>	<u>189</u>	<u>12.07</u>
Cost Auditors - A.D. Akhawala & Co.				
Cost Audit Fee	400	—	400	100.00
Sindh Sales Tax on Services	32	—	32	100.00
	<u>432</u>	<u>—</u>	<u>432</u>	<u>100.00</u>
	<u>2,187</u>	<u>1,566</u>	<u>621</u>	<u>39.66</u>

Sanghar Sugar Mills Limited

	September 30 2021	September 30 2020	Variance	Percentage
(Rupees in '000)			%
OTHER INCOME				
Income from non financial assets:				
Gain on sale of property, plant & equipment	3,947	1,022	2,925	286.23
Government grant recognized as income	3,249	313	2,936	938.02
Others - Rent & related receipts	18	30	(12)	(40.00)
	7,214	1,365	5,849	428.52
Income from others:				
Liabilities written back				
Reversal of cane growers payable Season 2014-15	157,579	—	157,579	100.00
In respect of Nara Canal Area Water Board	14,699	—	14,699	100.00
Others	7,424	3,924	3,500	89.20
	179,702	3,924	175,778	4,479.57
Reversal of Provision of doubtful growers advances	190	173	17	9.83
Others	—	1	(1)	(100.00)
	187,106	5,463	181,643	3,324.96
FINANCE COST				
Mark-up / profit on long term financing	25,824	19,255	6,569	34.12
Mark-up / profit on short-term borrowings	75,096	120,891	(45,795)	(37.88)
Financial charges on lease liabilities	8,978	11,649	(2,671)	(22.93)
Bank charges	1,242	1,651	(409)	(24.77)
	111,140	153,446	(42,306)	(27.57)
TAXATION				
Current year	52,587	49,021	3,566	7.27
Deferred	(38,855)	(29,112)	(9,743)	33.47
	13,732	19,909	(6,177)	(31.03)
	September 30 2021	September 30 2020	Variance	Percentage %
LOSS PER SHARE - Basic and Diluted				
Loss after taxation (Rupees '000)	(29,826)	(118,755)	88,929	(74.88)
Weighted average number of ordinary shares	11,946,000	11,946,000	—	—
Loss per share - (Rupees)	(2.50)	(9.94)	7.44	(74.88)
CASH AND CASH EQUIVALENTS				
.....(Rupees in '000)				
Cash and cash equivalent comprise of the following items				
Cash and bank balances	54,818	69,424	(14,606)	(21.04)
Less: Short term borrowings	(770,819)	(389,019)	(381,800)	98.14
	(716,001)	(319,595)	(396,406)	124.03

FUTURE OUTLOOK

Federal Board of Revenue directed the sugar mills to install "Video Analytics for Electric Monitoring of Sugar Production" vide its SRO 889(I) / 2020 dated September 21, 2020 of Video Analytics Rules, 2020 for the season 2020-21. However, due to some uncertain circumstances, the same was not implemented and subsequent to the year ended 2021, Track & Trace System was implemented for the Season 2021-22 and became part of this Tax System.

We appreciate the reduction of minimum turnover tax rate to 1.25% from 1.5% in the budget and this will surely help the sugar industry.

Due to increase in area under cultivation, your management see an increase in crushing of sugar cane as well as increase in production of sugar for the ensuing season. Cane growers also expecting prices above the minimum prices announced by the Government of Sindh and has deliberately slowed down the harvesting of cane to increase the price of cane. We expect that all the stakeholders will keep the cost of sugarcane in-line with the selling price of sugar and urge the Government to take the necessary steps to ensure the price of sugar adequately reflects the cost of production and other related expenses. We would also request the Government to resolve the issue of pending subsidies and disburse them as this will be the instrumental to the Company's liquidity.

The federal government is expecting surplus sugar, but the situation in Sindh in terms of retail price of the commodity is unlikely to be changed. There are actually four forces which affect the commodity prices one way or the other. They are: Centre, province, dealers and market forces. If anyone fails to play its role that failure would ultimately affect the prices.

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 like juice heaters, lotus rollers, variable frequency drives and quintuple effects. Also 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

KEY FACTORS TO BE CONSIDERED

- Higher procurement cost of sugarcane due to lower availability
- Increase in minimum support price by the Provincial Government
- Delay in efficiency improvement measures
- Low sugar recovery
- Taxes & Duties

Questions & Answers Session



Thank
you!



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