

Chairman's Review

Dear Shareholders,

On behalf of the Board of Directors, I would like to present the Annual Report of the Sanghar Sugar Mills Limited (the Company) for the year ended September 30, 2022 and to share with you the overall performance and effectiveness of the role played by the Board.

During the year 2021-22, the Company has faced the rising raw material prices, depreciating Pakistani rupee, increasing interest rates were some of the challenges and again this year was very difficult and challenging year in respect of intense competition amongst the mills for sugarcane procurement which resulted in high sugarcane procurement cost. The selling price of sugar improved during the first quarter of the financial year, which contribute in alleviate the losses of the Company and enhanced cash-flows. Against the backdrop of multi faceted challenges and constraints, the Company has achieved highest ever sales value i.e. Rs. 3,872,185 thousand in the history of the Company.

As informed to you previously, the Company has taken steps to modernize its manufacturing facilities to ensure reliability and safety as well as enhanced integration with current technologies which resulted in sale of surplus Baggasse. Due to this higher off takes, increase in cost efficient operations, the Company has earned Rs. 70,466 thousand higher profitability before tax as compared to loss before tax of Rs. 16,094 thousand for the previous year.

The alignment between the Board and the management team has made this results possible and I am pleased to have such an engaged Board and guidance to the management teams have been a pivotal part of such financial results.

The Board is knowledgeable about the Company's current business activities including strengths and weaknesses and has an effective process for tracking activity with performance. The Board has completed its self evaluation and also assessed the performance of the Chief Executive Officer for the year 2021-22 and I would like to inform you that the overall evaluation and performance measured on the basis of approved criteria for the year was satisfactory.

The Board has performed its duties and responsibilities diligently and contributed effectively in guiding the Company in strategic and governance matters. All Board members, including directors, fully participated in and contributed to the decision making process of the Board. The Board has established policies that covers all major areas of Board responsibilities and operations of the Company.

I am also delighted to report that the Corporate Social Responsibility efforts supported the flood effected families of the Sanghar and areas nearby.

The Audit Committee and the Human Resource & Remuneration Committee were chaired by the independent director, indicating our commitment to the highest levels of governance and transparency. The Audit Committee has continued to supervise the financial reporting processes and ensuring timely and accurate communication of information to all stakeholders.

The Board has a fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and transparent reporting to shareholders.

I have strong confidence that the Company will continue to grow and Board will play its strategic role in assuring sustainable growth of the business and to maximize return for its shareholders.

I would like to place on record, my sincere appreciation for devotion of duty, loyalty and hard work of the executives, officers, staff members and workers for smooth running of the Company's affairs and hope that they will continue for enhancement of productivity with great zeal and spirit under the blessings of Almighty Allah. And thanks to all the Government functionaries, banking and non-banking financial institutions, suppliers and shareholders for their continued support and cooperation for the betterment and prosperity of the Company.

Ghulam Dastagir Rajar
Chairman

Karachi: December 31, 2022