

CORPORATE BRIEFING SESSION

27th January 2023



Shahtaj Sugar Mills Ltd.

PROFILE OF COMPANY

Shahtaj Sugar Mills Ltd. is a SHAHNAWAZ GROUP company. It was incorporated in Pakistan on 27 March 1965 as a public limited company under the Companies Act, 1913 (Now Companies Act 2017). Sugar manufacturing & sale is the core business of the Company whereas molasses and bagasse are its significant by-products. It is one of the renowned sugar mills of the Punjab province and contributing to the economy since its inception. Company has also taken an initiative to enter into renewable energy project for generation & sale of electricity.

Head Office

72/C-1, M.M. Alam Road,
Gulberg-III, Lahore.
Phone : +92 42 3571 0482-84

Registered Office

19, Dockyard Road,
West wharf, Karachi.
Phone : +92 21 3231 3934-38

Production Facility

Mandi Bahauddin
Phone : +92 546 501 147-49



VISION, MISSION & CORPORATE STRATEGY

Our Vision

To succeed and grow to the utmost satisfaction of the customers, employees and shareholders.

Our Mission

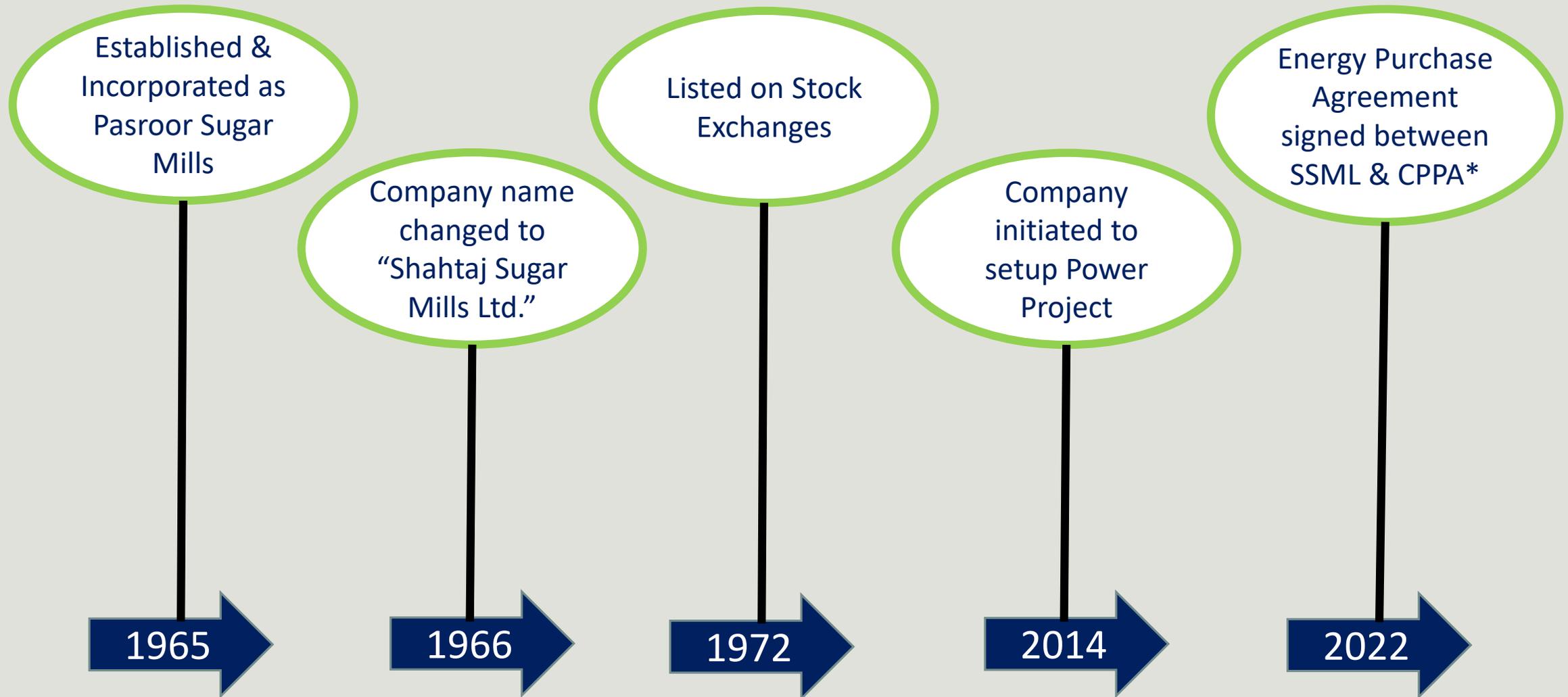
To strive for still higher levels of efficiency, productivity, cost effectiveness, profitability, customer satisfaction, congenial employees relations, profit sharing with shareholders and hence gaining further strength to continue to succeed and grow.

Our Corporate Strategy

To maximize effective utilization of men, material and machines, by encouraging, supporting and rewarding the employees, eliminating any waste, reducing costs, aiming and establishing Shahtaj Sugar Mills Limited as the most trusted, efficient and successful name among all stakeholders and customers.



COMPANY INFORMATION



*Central Power Purchasing Agency (Guarantee) Ltd.

Shahtaj Sugar Mills Ltd.

CORPORATE SOCIAL RESPONSIBILITIES

Corporate Philanthropy

In recognition of its social responsibility towards mankind Company is regularly contributing reasonably to the various organizations and associations who have complete servicing infrastructure to serve the humanity and other living species.

Energy Conservation

In our continued quest to achieve optimum efficiency levels, all possible measures like intensive vapor bleeding, recycling of utilities, installation of various speed drives at centrifuges and cane carrier etc. are adopted, in order to conserve energy. Concerned technical personnel are regularly encouraged to participate in the seminars on energy conservation.

Environmental Protection Measures

Being conscious to this social responsibility, company has undertaken following measures:

- ❖ Used water is recycled for irrigation purposes within and outside the Mills lands.
- ❖ Tree plantation at Mills lands to better the surrounding environment.
- ❖ Imported state of art oil skimmer has been installed to skim oil from effluent water.

CORE BUSINESS ACTIVITIES

Sugarcane Crushing
(Installed Capacity)
12,000 M. Tons / day

KPIs	Unit	2022	2021	2020	2019	2018
Sugarcane Crushed	M.Tons	1,031,923	842,079	630,074	750,785	940,405
Sugar Production	M.Tons	91,603	81,181	59,204	74,585	90,756
Sugar Recovery	%	8.88	9.64	9.41	9.94	9.65
Duration	Days	126	118	102	97	110

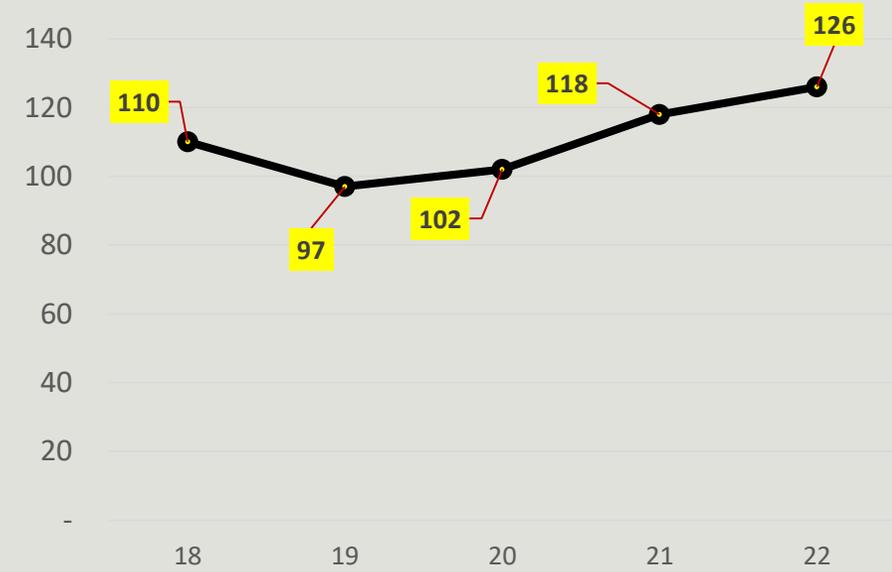


CORE BUSINESS ACTIVITIES

Sugarcane Crushing (M. Tons)

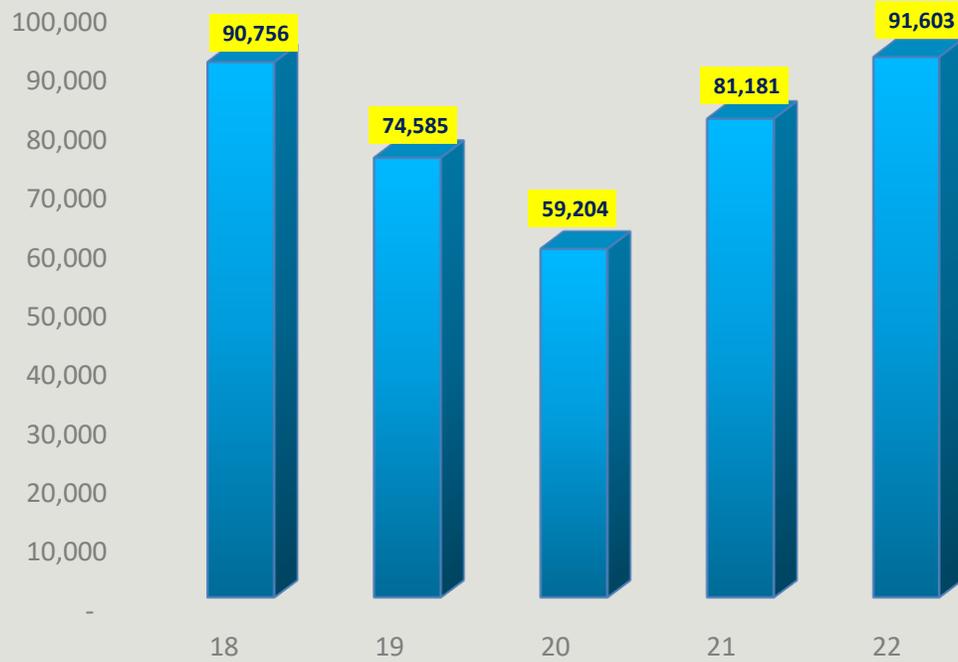


Duration Days



CORE BUSINESS ACTIVITIES

Sugar Production (M. Tons)



Sugar Recovery (%)



UPDATE ON POWER PROJECT

Year wise Evolution on 32 MW Bagasse based Power Generation Project

- GoP announced framework “Power Cogeneration 2013 Bagasse and Biomass” 2013
- Shahtaj Sugar Mills Ltd. opted to install power plant under the framework 2014
- Alternate Energy Development Board (AEDB) issued Letter to Intent to SSML 2014
- Issuance of Generation License to SSML by National Electric Power Regulatory Authority 2016
- NEPRA approved Upfront Tariff for SSML 2017
- AEDB issued Letter of Support to SSML 2017
- NEPRA approved Energy Purchase Agreement 2017
- Cabinet Committee on Energy (CCOE) dis-allowed our power project 2018
- SSML filed a writ petition before Islamabad High Court against the decision of CCOE 2018
- The aforesaid decision was modified by CCOE 2019
- Revision of Upfront Tariff by NEPRA 2022 - Jan
- Notification of Tariff in National Gazette of Pakistan 2022- Sep
- EPA was signed between SSML and CPPA (Central Power Purchasing Agency) 2022- Dec
- Finalization of Implementation Agreement (Expected) 2023- Feb
- Commercial Operation Date (Expected) 2023- Dec

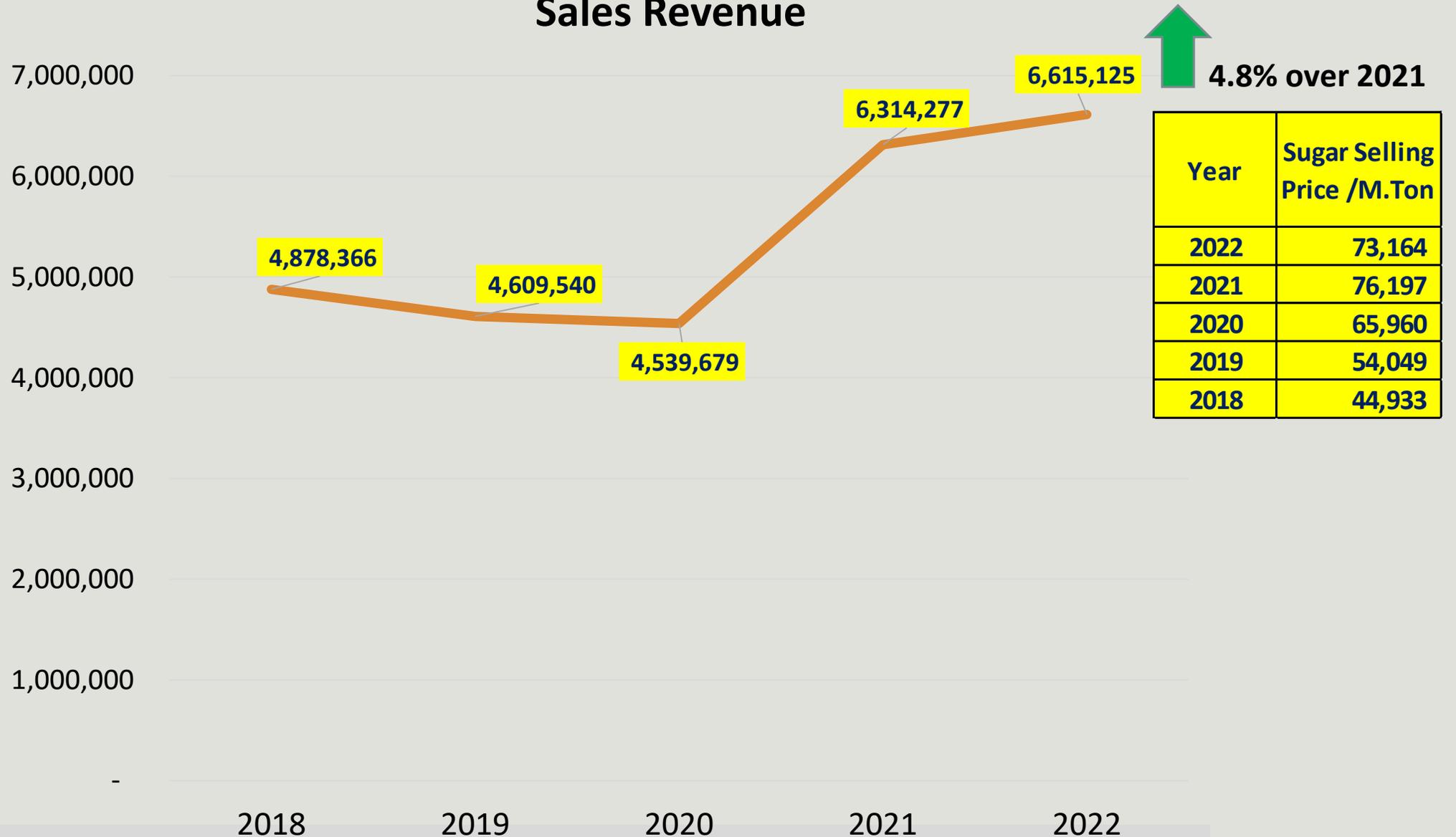
FINANCIAL INFORMATION

	2022	2021	2020	2019	2018
	----- (Rupees in Thousand) -----				
Sales Revenue	6,615,125	6,314,277	4,539,679	4,609,540	4,878,366
Cost of Sales	(5,841,353)	(5,503,573)	(4,151,015)	(4,189,472)	(5,009,896)
Gross Profit (Loss)	773,772	810,705	388,664	420,068	(131,530)
Distribution, Administrative, Other expenses & Other Income	(292,339)	(262,994)	(248,338)	(227,704)	(231,942)
Finance Cost	(431,282)	(264,412)	(138,785)	(129,610)	(55,803)
Share of profit of associate	35,265	30,957	10,958	25,235	8,068
Profit (Loss) / before taxation	85,416	314,256	12,499	87,989	(411,207)
Taxation	(84,339)	(109,429)	(70,950)	(54,746)	2,362
Profit (Loss) / after taxation	1,077	204,827	(58,451)	33,243	(408,845)



GRAPHICAL HIGHLIGHTS

Sales Revenue

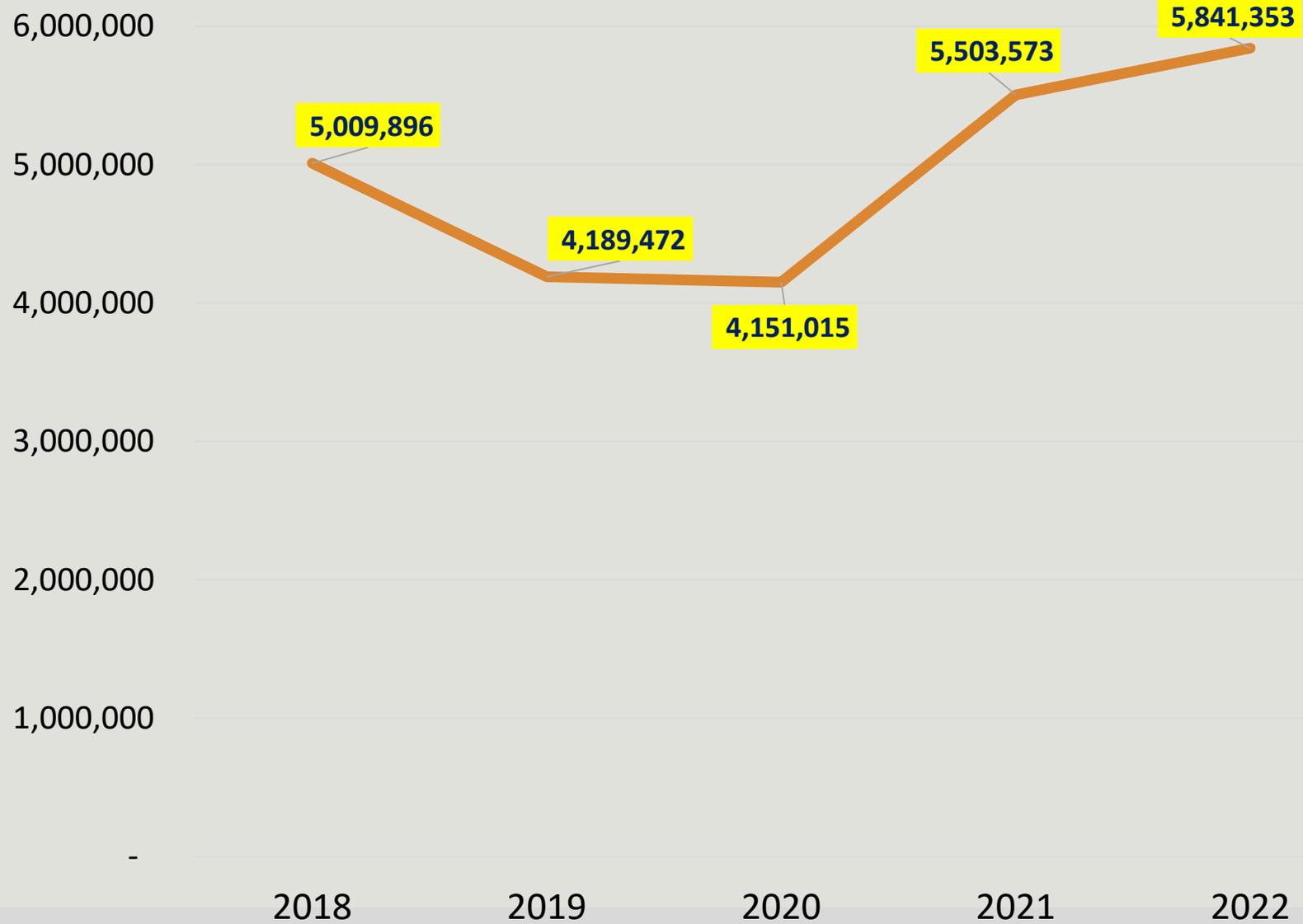


Year	Sugar Selling Price /M.Ton
2022	73,164
2021	76,197
2020	65,960
2019	54,049
2018	44,933



GRAPHICAL HIGHLIGHTS

Cost of Sales



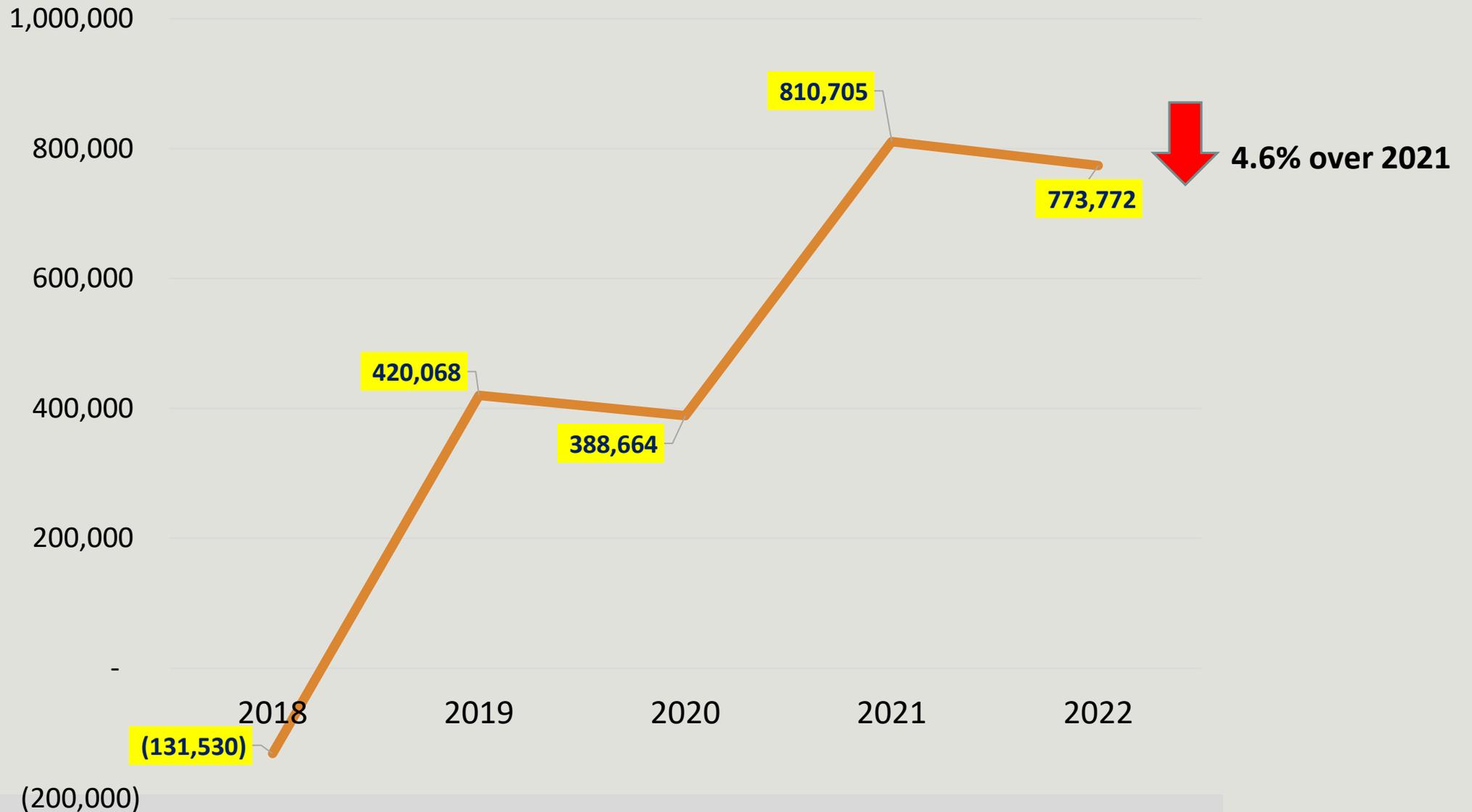
 6.1% over 2021

Sugarcane Procurement		
Year	Cost per 40 Kg	Govt. Support Price / 40 kg
2022	240.83	225.00
2021	268.79	200.00
2020	233.07	190.00
2019	193.09	180.00
2018	173.80	180.00

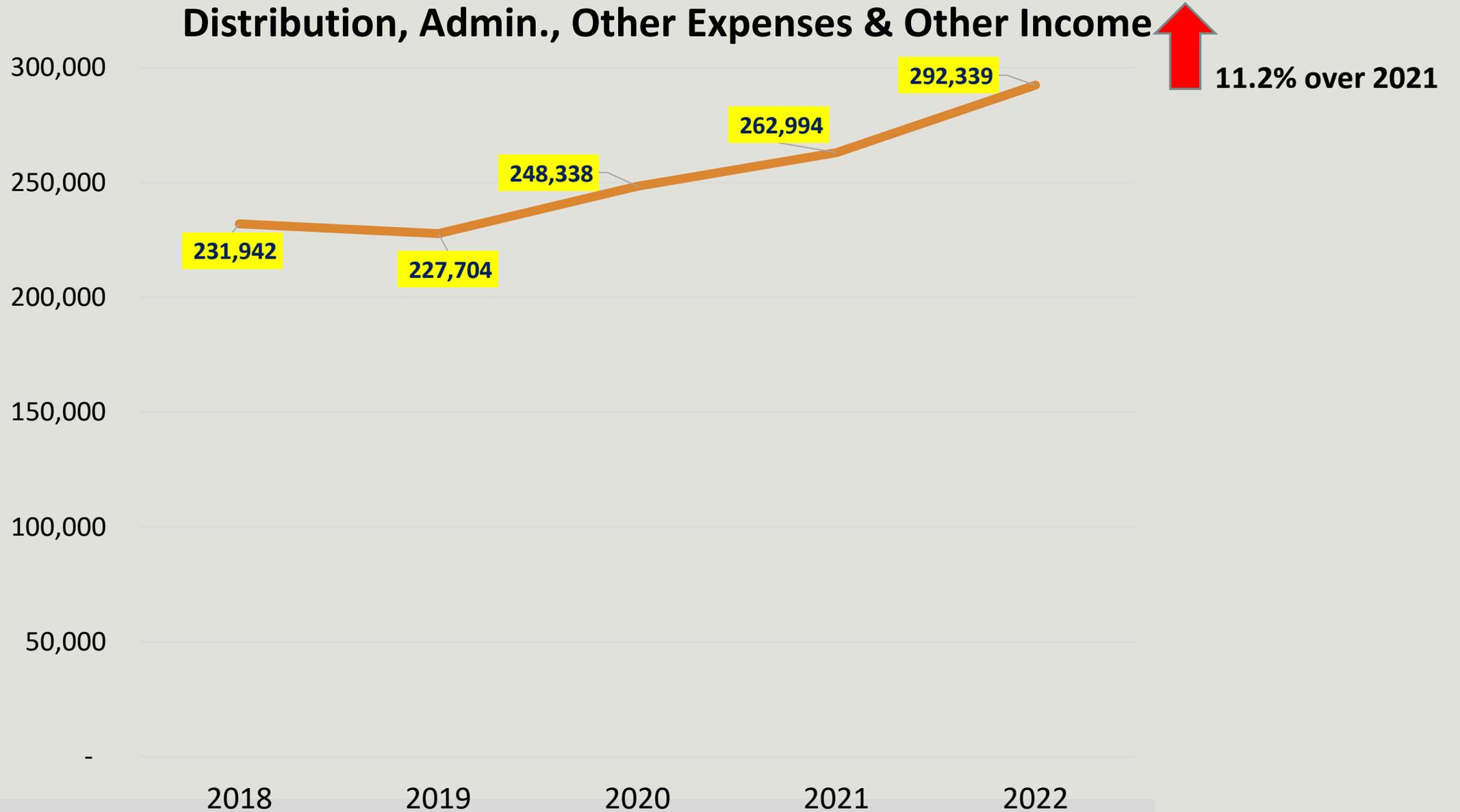


GRAPHICAL HIGHLIGHTS

Gross Profit

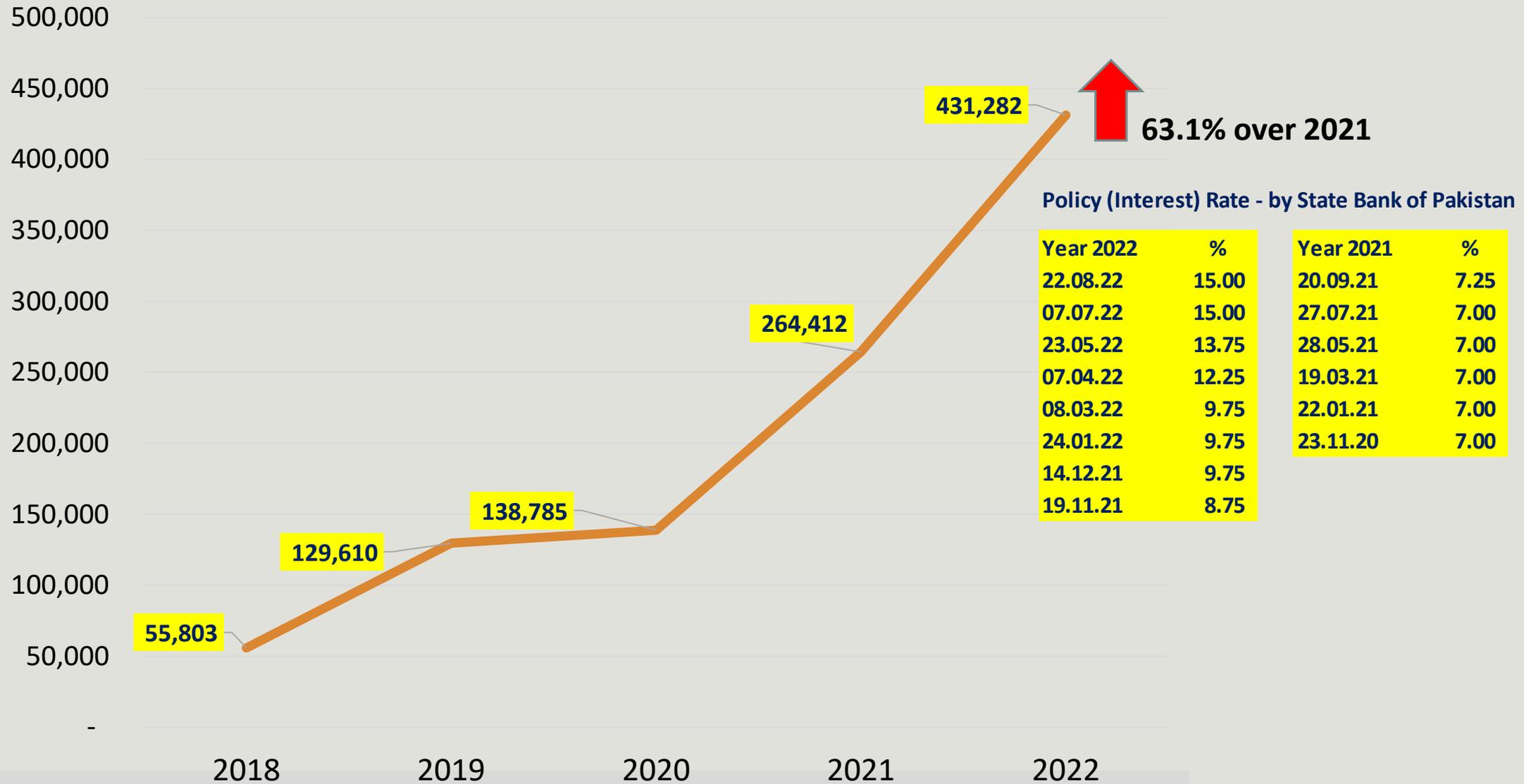


GRAPHICAL HIGHLIGHTS



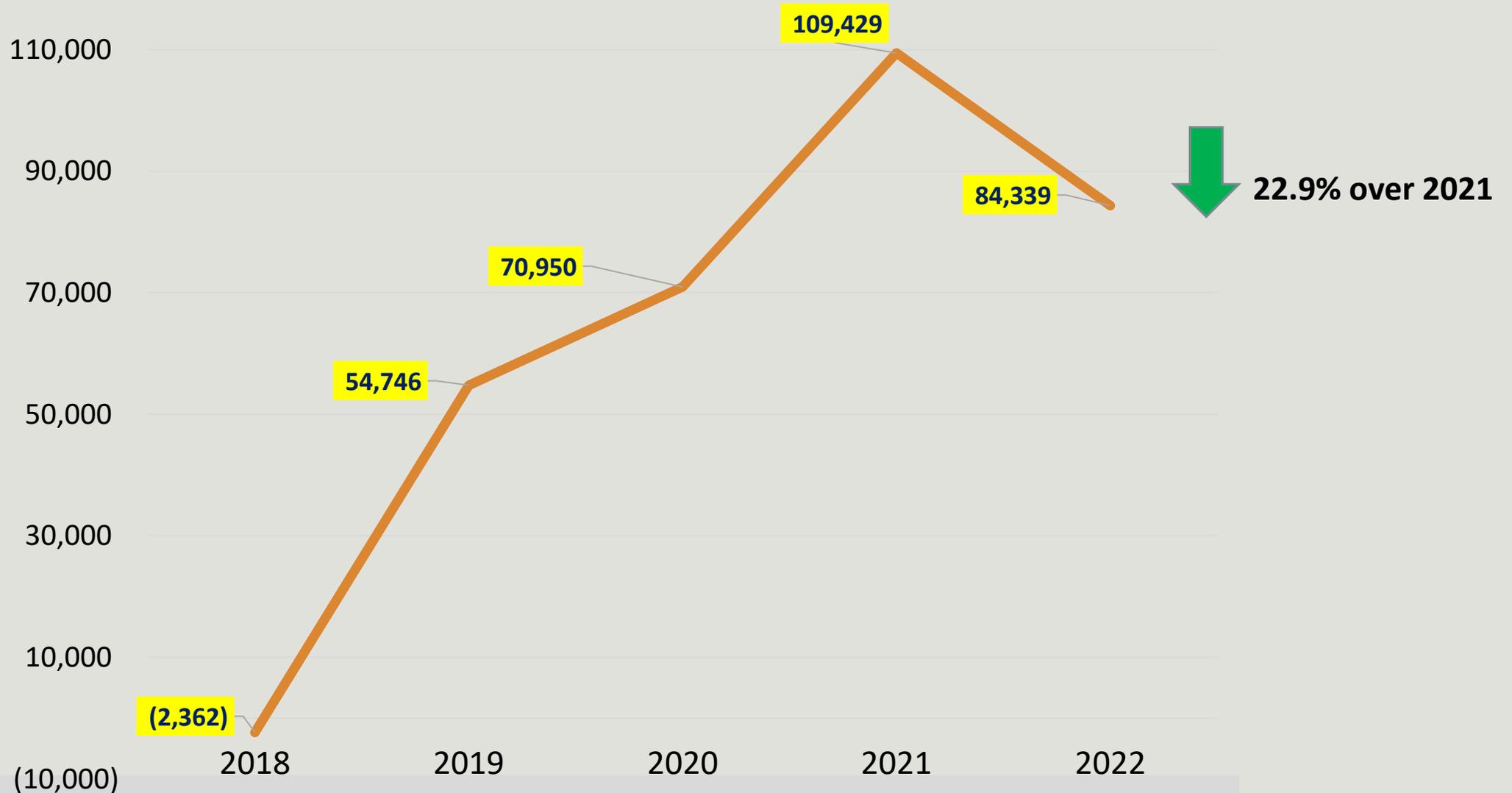
GRAPHICAL HIGHLIGHTS

Finance Cost



GRAPHICAL HIGHLIGHTS

Taxation



RISKS & UNCERTANITIES

The company is exposed to the following risks and uncertainties:

- Increased competition in local market due to price war among neighboring mills.
- Hike in the oil and electricity prices.
- Increase in prices of raw and packing material.
- Increased rate of markup.
- Market disruption due to changes in tax laws and regulations.
- Increased volume of legal cases.

Company takes these risks as a challenge with the confidence that it has the ability to mitigate the impact of these risks.

FUTURE OUTLOOK

Keeping in view the economic and political condition of the country the year 2022-23 will be a difficult year for the sugar industry.

According to GAIN research report, the year 2022-23 sugarcane harvested area is slightly reduced due to the impacts of the recent flooding in the Province of Sind. Therefore, the forecast for sugarcane crop is lowered to 82.4 million tons. Similarly, with the expected decline in sugarcane output, the sugar production for the season 2022-23 would be lowered to 7 Million tons. The forecast for sugar consumption for 2022-23 is unchanged, in line with population growth, but a more stagnant domestic food processing sector, consumption is expected to grow at about 1.5%. This is a reduction from the 2.5% growth estimated in 2021-22.

More challenging economic conditions are expected to slow consumption growth in 2022-23. Ending stocks for 2022- 23 are expected to remain at about 2.7 million tons. This assumes export of 1 million tons. The PSMA has requested to export 1.2 million tons. But so far, the Government has allowed export of only 250,000 tons which is a negligible quantity.

DISCLAIMER

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Thank you



YOUR QUESTIONS

