

# Faran Sugar Mills Limited

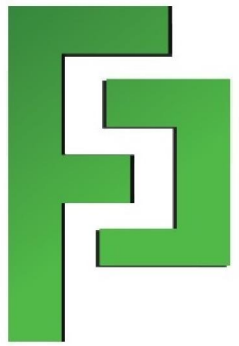
## Corporate Breifing Session 2024

The smartest way forward



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# COMPANY PROFILE



Date of Incorporation	November 3, 1981
Commencement of Commercial Production	Season - 1983 - 84
Location of Mills	Shaikh Bhrikio District Tando Muhammad Khan
Head Office	Bungalow no. 43-1-E(B), Block 6, P.E.C.H.S., Karachi
Board of Directors	Mr. Muhammad Omar Amin Bawany Mr. Ahmed Ali Bawany Mr. Hamza Omar Bawany Mr. Bilal Omar Bawany Mr. Mohammed Altamash Bawany Mr. Ahmed Ghulam Hussain Mr. Irfan Zakaria Bawany Mr. Khurram Aftab Ms. Tasneem Yusuf
Auditor	Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants
Chief Financial Officer & Company Secretary	Mr. Muhammad Ayub

Initial Crushing Capacity	2,000 TCD
Current Crushing Capacity	12,000 TCD
Ethanol Business	<p>Distillery - Unicol Limited - JV arrangement with capacity 200,000 ltrs or 160 m.tons / day.</p> <p>During 2022-23 Unicol acquired all assets of “<b>Popular Sugar Mills Limited</b>” entering in Punjab province and successfully operated its first crushing season in 2023-2024</p>
Halal Certification	SANHA Halal Association Pakistan Pvt. Limited
Credit Rating	A- / A-2 by VIS Credit Rating Company Limited



1981

• Incorporation of the company

1983

• Commencement of Commercial Production at Mill 1 with 2,000 TCD

1984

• Listed on Karachi & Lahore Exchanges

1988

• Crushing Capacity enhance to 2,700 TCD

1990

• Crushing Capacity further enhanced to 3,700 TCD

1994

• Second Line started and Capacity enhance to 6,500 TCD

2004

• De-Bottle Necking at Mill I & II to increase capacity to 7,500 TCD / Investment in UNICOL Limited, a distillery unit with Joint Venture of two other sugar mills

2012

• Completed the Modernization and Expansion of plant initiated in 2011 which resulted Crushing Capacity to enhance to 9,000 TCD

2017

• Achieved Highest crushing of 993,309 M.tons and Production of 106,318 M.tons

2018

• Achieved Highest Export Sugar Sales of 89,761 M.tons

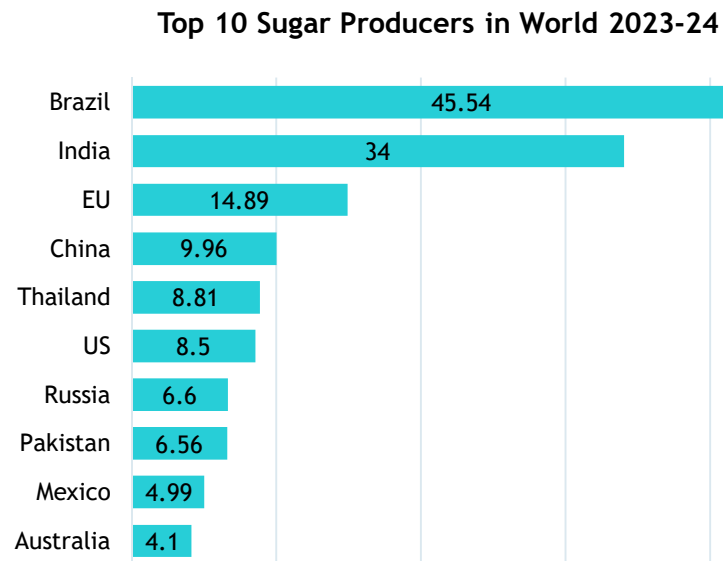
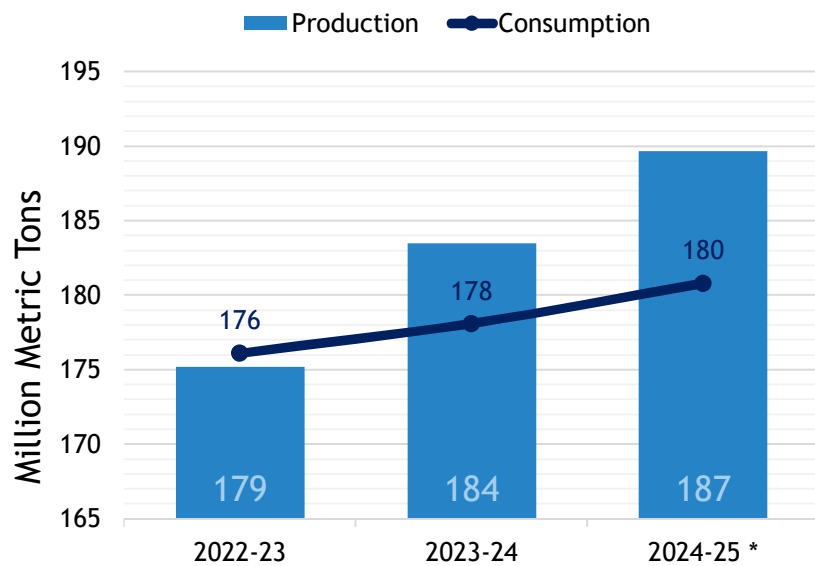
2022

• Successfully installed energy efficient VKT - Vertical Continuous Pan, FFE - Falling Film Evaporator to immensely improve plant efficiency

# GLOBAL SUGAR OUTLOOK



# GLOBAL SUGAR PRODUCTION & CONSUMPTION



- The global sugar production was around 184 million metric tons in 2023-24 and is estimated to increase to 187 million metric tons in 2024-25
- Brazil was the largest producer of sugar with 45.54 million metric tons followed by India with 34 million metric tons sugar
- India had the highest sugar consumption worldwide with 29.5 million metric tons followed by European Union and China

Source - USDA

\* - Estimated

# PAKISTAN SUGAR INDUSTRY OVERVIEW



# KEY ATTRIBUTES

## Dynamic of sugar industry 2023-24

Number of Mills: 90  
Operated: 78

Listed Sugar  
Companies: 28

Province	Mills	Operated
Punjab	46	40
Sindh	38	32
KPK	6	6

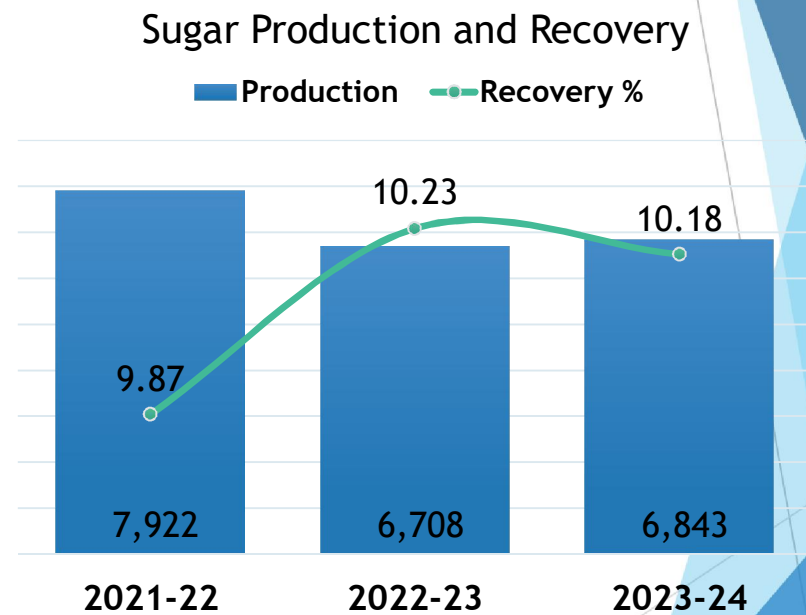
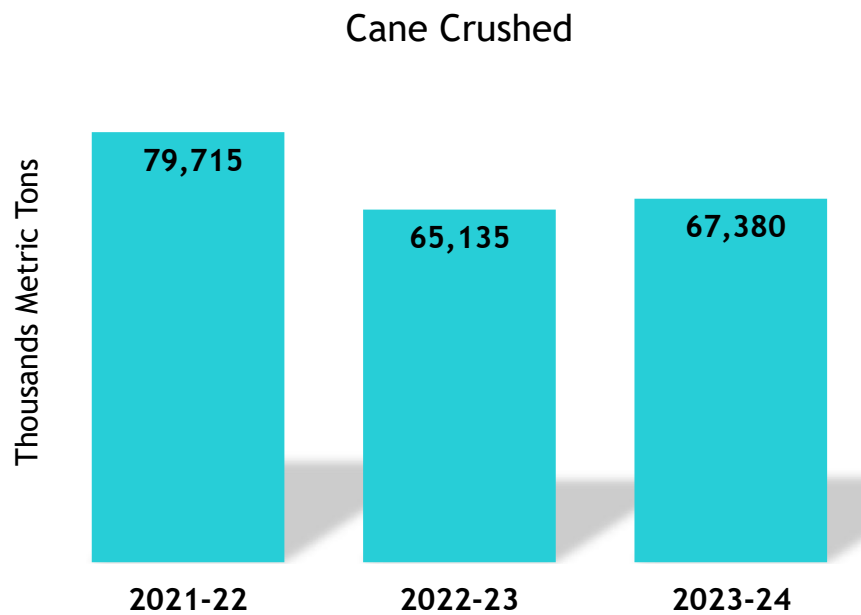
Sugar Cane  
Crushing:  
67.38 million  
tons

Sugar  
Production: 6.8  
million tons

Sugar Recovery:  
10.18%

Sugar  
Consumption:  
6.3 - 6.6 million  
tons

# SUGAR INDUSTRY OVERVIEW OF SEASON 2023-24



Source: PSMA - Sindh Zone

# SUGAR INDUSTRY

## OVERVIEW OF SEASON 2023-24

- Minimum support price for sugarcane at Rs. 425 per maund (40 kgs.) - Rs. 123 jump from the previous season for season 2022-23. Policy rate also increased to 22% which caused significant increase in cost of sugar produced.
- The Province of Sindh produced 2.2 million tons refined sugar against 1.7 million tons produced in the previous season, up by 29%.
- There was carry over stock of 1.1 million tons of sugar at the start of season 2023-24 and the industry produced further 6.8 million ton aggregated around 7.9 million tons which was more than total domestic Consumption of the country.
- The Industry demanded permission to export surplus sugar. However, the Government inordinately delayed the decision allowed export of only 750,000 tons for the country (Sindh Quota: 225,000 tons).

# SUGAR INDUSTRY

## OVERVIEW OF SEASON 2023-24

- Under the Finance Act 2024-25, the Government has imposed Federal Excise Duty (FED) of Rs. 15/kg on sales along with increase in the rate of Withholding Tax rate u/s 236(g) for non-filers from 0.2% to 2%.
- Therefore Sugar prices remained depressed throughout the year resulting in losses to the industry.
- Prices and demand of Ethanol in international remained depressed keeping prices of molasses under pressure.



FARAN SUGAR MILLS LIMITED



# FINANCIAL INFORMATION

For the year ended September 30, 2024

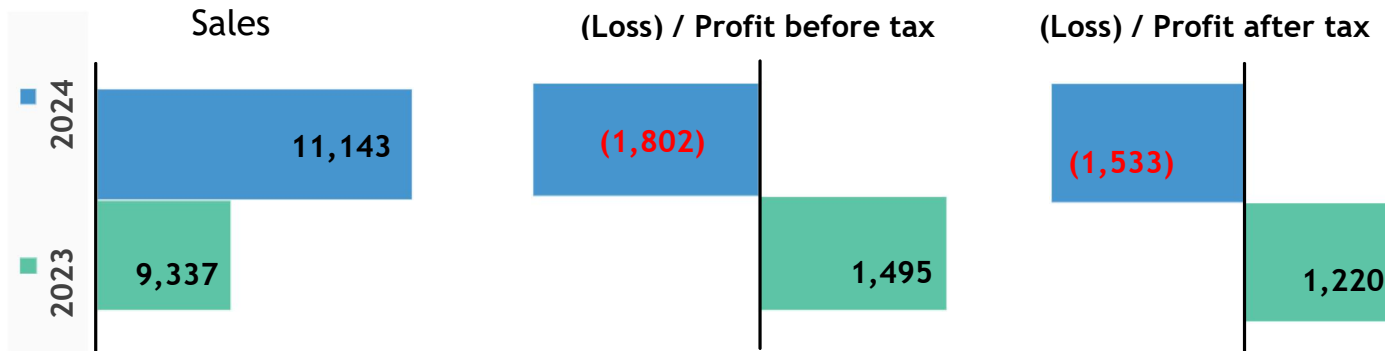


# FINANCIAL HIGHLIGHTS

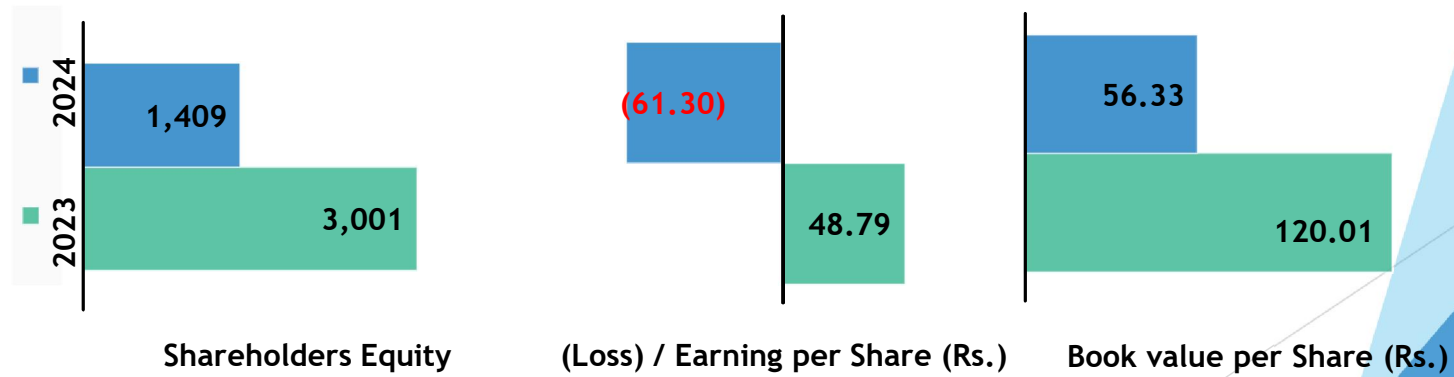
	UOM	2024	2023	%	+ / -
Sales	Rs. In Million	11,143	9,337	19.35%	+
Gross Profit	Rs. In Million	541	1,550	-65.06%	-
Operating Profit	Rs. In Million	266	1,363	-80.49%	-
(Loss) / Profit Before Tax	Rs. In Million	(1,802)	1,495	-220.53%	-
(Loss) / Profit After Tax	Rs. In Million	(1,533)	1,220	-225.65%	-
(Loss) / Earnings per Share	Rupees	(61.30)	48.79	-225.65%	-
Shareholders' Equity	Rs. In Million	1,409	3,001	-53.06%	-
Book Value per Share	Rupees	56.33	120.01	-53.06%	-
Property, Plant & Equipment	Rs. In Million	3,052	2,988	2.15%	+

----- Rupees in Millions -----

Business Growth



Shareholder Value Accretion



# PROFITABILITY RATIOS

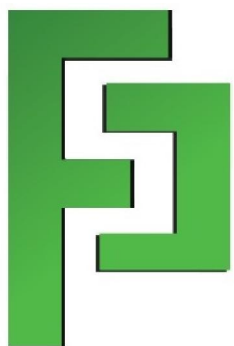
		2024	2023
Gross Profit Ratio	%	4.86	16.60
Net Profit / Ratio	%	(13.76)	13.07
Earning before Interest & Tax Margin	%	2.39	14.60
Return on Share Holder Equity	%	(108.82)	40.65
Return on Capital Employed	%	13.72	38.14

# FINANCIAL RATIOS

		2024	2023
Current Ratio	Times	0.68	0.79
Quick Ratio	Times	0.10	0.13
Debt to Equity Ratio	%	0.38	0.19
Interest Cover	Times	0.19	1.75
Market value per share (year end)	Rs.	44.00	52.50

## FACTORS CONTRIBUTING TO SUBSTANTIAL LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2024

- ▶ **High Inflation:** Increase in Minimum Cane Support price by 41% from Rs. 302 to Rs. 425 per 40 kgs, compounded by additional cane cost due to competition and exorbitant commodity inflation. The High inflation in Pakistan has also led to substantial increase in overheads and administrative costs.
- ▶ **Finance Cost:** Steep rise in KIBOR rate making it second highest cost component after cost.
- ▶ **Government policies :** Inconsistent export policies and delay in export quota decisions led to market oversupply, pushing down domestic prices far below production costs.
- ▶ **Grey Market Activity and Ineffective Monitoring:** The inefficiency of the Track & Trace System (T&TS) for monitoring sugar sales facilitated unauthorized sales, impacting legitimate market prices and margins.
- ▶ **Pending Subsidies:** Long-outstanding Government subsidies amounting Rs. 388 Million caused to increase our financial cost.
- ▶ **Utility Stores Corporation (USC) Closure:** The Government's sudden announcement to close the Utility Stores Corporation and halt its subsidies further exacerbated our financial situation. With USC stopping payments to its suppliers, including our company amounting Rs. 529 Million and halted further lifting valuing Rs. 579 Million caused significant liquidity problems and increased our finance costs. However, USC payment received subsequently except for bid money.



QUARTER ENDED  
DECEMBER 31, 2024



# FINANCIAL HIGHLIGHTS

	UOM	Dec 31, 2024	Dec 31, 2023
Sales	Rs. In Million	3,616.87	2,454.47
Gross Profit	Rs. In Million	266.40	276.69
Operating Profit	Rs. In Million	205.77	215.28
Finance Cost	Rs. In Million	(155.30)	(128.86)
Profit Before Taxes	Rs. In Million	53.95	97.19
Profit After Taxes	Rs. In Million	9.17	66.85
Earning per Share	Rupees	0.37	2.67



# STRATEGICAL & OPERATION DEVELOPMENTS

- ▶ The Company is in process to install further 600 KW solar power along with 248.5 KW solar power already installed, Total Capacity will be 848.5 KW for self consumption.
- ▶ To improve the working capital requirements of the Company, FSML issued 58% Right Shares @ Rs.35/- per share amounting to Rs. 507 million.
- ▶ FSML has also received export freight subsidy amounting to Rs. 304.730 million in January 2025 .
- ▶ FSML has received a major portion of the overdue amounting to over Rs. 400 million from Utility Stores Corporation.



# SEASON 2024-25 - OVERVIEW



## Season 2024-25 - Overview

1. As per IMF conditions, the provincial governments has not fix minimum sugarcane price, the industry is pursuing the Government to completely deregulate the sugar sector but so far there is no decision on this front.
2. Yield per acre and rate of recovery from cane is lower, the anticipated production of sugar in 2024-25 will be significantly lower in comparison from last year,
3. Actual production up to February 15, 2025 is 4.795 million tons which is approximately 10%-12% lower in comparison with last year.
4. FSML started crushing on November 18, 2024 and produced 51,439.150 tons refined sugar by crushing 543,241.362 tons cane with average recovery of 9.707% up to 1<sup>st</sup> fortnight of February 2025.

## Season 2024-25 - Overview

5. We are optimistic the positive outcomes in the ongoing season due to following:
- ✓ Ease in cash flow constraints by issuance of Right shares and received freight subsidy and overdue amount from USC.
  - ✓ Decline in policy rate which will ultimately reduce our finance cost by huge amount.
  - ✓ The installation of further solar power system will reduce our cost of production.
  - ✓ The full-fledged operation of VKT & FFE will save a significant quantity of bagasse, the selling price of which has almost doubled since the last season, thus increasing our revenue.
  - ✓ The installation of a new T&TS system will hopefully reduce the movement in Country.

# QUESTIONS & ANSWERS

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THANK YOU

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