



# **Habib Sugar Mills Limited**

## **Corporate Briefing Session**

**February 22, 2023**



# Management Information

## Board of Directors

Asghar D. Habib	Chairman
Khursheed A. Jamal	Chief Executive
Murtaza Habib	Executive Director
Hasnain Habib	Non Executive Director
Muhammad Salman Husain Chawala	Non Executive Director
Farouq Habib Rahimtoola	Independent Director
Sohail Hussain Haji	Independent Director
Tyaba Muslim Habib	Independent Director

## Management

Amir Bashir Ahmed	Chief Financial Officer
Imran Amin Virani	Company Secretary



# Management Information (cont'd)

## Audit Committee

Farouq Habib Rahimtoola	Chairman
Sohail Hussain Haji	Member
Tyaba Muslim Habib	Member

## Human Resource and Remuneration Committee

Tyaba Muslim Habib	Chairperson
Hasnain Habib	Member
Khursheed A. Jamal	Member

## Auditors

Grant Thornton Anjum Rahman	Chartered Accountants
Reanda Haroon Zakaria & Co	Chartered Accountants



# Brief Overview

## **Habib Sugar Mills Limited:**

Habib Sugar Mills Limited was incorporated as a public limited company in 1962 with its Head Office in Karachi and mills located at Nawabshah, 300 kilometers north east of Karachi under the umbrella of Habib Group. Details of Divisions are as follows:



# Brief Overview (cont'd)

## **Sugar Division:**

The mill commenced its production in January 1964 and was the second sugar mill in the province of Sindh. The capacity of the plant at its inception was 1,500 tons of sugarcane crushing per day. Presently, mill capacity has enhanced to 11,000 tons per day.



# Brief Overview (cont'd)

## **Distillery Division:**

In 1967, Distillery division was added to produce ethanol from sugarcane molasses having a capacity of 52 tons per day. Presently, capacity has been enhanced to 113 tons per day. In 2009, production of Liquidified Carbon dioxide commenced and its present capacity is 60 tons per day.

Habib Sugar Mills Limited also has a Terminal at Keamari, Karachi for handling and storage of bulk liquid cargo such as molasses, edible oils, ethanol and other products.



# Brief Overview (cont'd)

## **Textile Division:**

In 1979, Textile Division was added to house hold textiles, viz terry towel products. Presently, the division has the capacity of producing 560,000 Kgs per annum.

## **Trading Division:**

The Company also undertakes trading of commodities such as Sugar, Molasses, Chemicals and Textiles as and when opportunity arises.



# Our Products

Sugar



CO<sub>2</sub> (Gas)



Ethanol



Terry Towels







# Profitability, Cash & Stock Dividend

## a) **Profitability**

By the grace of Allah, Company has enjoyed an outstanding track record of profitability and its performance remained extremely satisfactory as proved by the trend of efficiency, growth and profitability.

## b) **Cash & Stock Dividend to its Members**

Shareholders have been adequately rewarded through a consistent policy of payment of cash and stock dividend. The detail of profit earned and dividend paid to the shareholders is as shown below:



# Cash / Stock Dividend (cont'd)

Years	Profit	Cash Dividend	%	Nominal Value of Bonus Shares in Rs.	%
1962	-	-	-	-	-
1963	-	-	-	-	-
1964	(407,978)	-	-	-	-
1965	2,294,645	-	-	-	-
1966	7,125,927	2,640,000	16.00	-	-
1967	4,062,052	1,750,000	10.00	-	-
1968	4,467,671	2,450,000	14.00	-	-
1969	5,216,390	2,450,000	14.00	-	-
1970	6,974,733	2,625,000	12.00	8,750,000	50.00
1971	8,004,824	4,758,030	18.00	-	-
1972	(111,664)	-	-	-	-
1973	5,705,588	5,286,700	20.00	-	-



# Cash / Stock Dividend (cont'd)

Years	Profit	Cash Dividend	%	Nominal Value of Bonus Shares in Rs.	%
1974	6,230,727	5,286,700	20.00	-	-
1975	(1,234,993)	-	-	-	-
1976	8,672,863	6,608,375	25.00	-	-
1977	7,779,761	6,608,375	25.00	-	-
1978	10,924,272	7,930,050	30.00	-	-
1979	6,574,466	6,608,375	25.00	-	-
1980	14,270,602	6,608,375	25.00	2,643,350	10.00
1981	13,357,871	7,269,213	25.00	4,846,140	16.67
1982	29,380,905	11,873,046	35.00	6,077,010	17.91
1983	28,064,538	12,000,000	30.00	5,000,000	12.50
1984	15,343,271	11,250,000	25.00	-	-
1985	12,737,000	16,200,000	30.00	-	-



# Cash / Stock Dividend (cont'd)

Years	Profit	Cash Dividend	%	Nominal Value of Bonus Shares in Rs.	%
1986	44,945,000	21,600,000	40.00	6,000,000	11.11
1987	50,106,000	15,000,000	25.00	10,000,000	16.67
1988	36,950,000	24,500,000	35.00	-	-
1989	52,026,000	31,150,000	40.00	-	-
1990	92,266,000	44,100,000	52.50	-	-
1991	53,472,000	16,800,000	20.00	6,000,000	7.14
1992	73,388,000	36,000,000	40.00	-	-
1993	50,731,000	-	-	20,000,000	22.22
1994	35,840,000	24,000,000	20.00	-	-
1995	44,089,000	24,000,000	20.00	-	-
1996	58,861,000	-	-	24,000,000	20.00
1997	21,576,000	-	-	18,000,000	12.50



# Cash / Stock Dividend (cont'd)

Years	Profit	Cash Dividend	%	Nominal Value of Bonus Shares in Rs.	%
1998	41,779,000	32,400,000	20.00	-	-
1999	56,915,000	32,400,000	20.00	-	-
2000	72,598,000	40,500,000	25.00	-	-
2001	83,919,000	40,500,000	25.00	-	-
2002	(2,391,000)	-	-	-	-
2003	46,442,000	32,400,000	20.00	-	-
2004	143,867,000	64,800,000	40.00	-	-
2005	162,340,000	32,400,000	20.00	54,000,000	33.33
2006	215,589,000	43,200,000	20.00	72,000,000	33.33
2007	216,213,000	57,600,000	20.00	72,000,000	25.00
2008	403,747,000	90,000,000	25.00	120,000,000	33.33
2009	489,816,000	168,000,000	35.00	120,000,000	25.00



# Cash / Stock Dividend (cont'd)

Years	Profit	Cash Dividend	%	Nominal Value of Bonus Shares in Rs.	%
2010	534,535,000	150,000,000	25.00	150,000,000	25.00
2011	755,016,000	375,000,000	50.00	-	-
2012	781,150,000	375,000,000	50.00	-	-
2013	777,558,000	375,000,000	50.00	-	-
2014	797,091,000	375,000,000	50.00	-	-
2015	815,230,000	375,000,000	50.00	-	-
2016	824,962,000	412,500,000	55.00	-	-
2017	557,417,000	262,500,000	35.00	-	-
2018	901,276,000	412,500,000	55.00	-	-
2019	1,202,276,000	412,500,000	55.00	-	-
2020	694,295,000	412,500,000	55.00	-	-
2021	989,736,000	450,000,000	60.00	-	-
2022	1,289,761,000	525,000,000	70.00	-	-



# Authorised and Paid up Capital

Authorized Share Capital of Rs. 5 each		Number of shares in '000'	Amount in '000'
Authorized Share Capital		150,000	750,000
Issued subscribed and paid up Capital		Number of shares in '000'	Amount in '000'
Ordinary shares of Rs. 5/- each			
Fully paid in Cash		10,137	50,684
Issued as Bonus Shares		139,863	699,316
<b>Total</b>		<b>150,000</b>	<b>750,000</b>



# Financial Highlights

As at September 30			
Position Statement	2022	2021	Increase (Decrease)
(Amount in '000')			
Non – Current Assets	4,546,544	5,325,909	(779,365)
Current Assets	8,986,899	6,509,222	2,477,677
Total Assets	13,533,443	11,835,131	1,698,312
Non – Current Liabilities	178,395	174,722	3,673
Current Liabilities	3,835,046	2,400,315	1,434,731
Total Liabilities	4,013,441	2,575,037	1,438,404
Total Equity	9,520,002	9,260,094	259,908





# Financial Highlights (cont'd)

Details of Non-Current Assets	As at September 30		
	2022	2021	Increase (Decrease)
	(Amount in '000')		
Property, Plant and Equipment	2,357,465	2,496,633	(139,168)
Long-term Investments	2,155,805	2,806,226	(650,421)
Long-term Loans	14,828	7,443	7,385
Long-term Deposits	3,972	3,948	24
Right-of-use assets	14,474	11,659	2,815
<b>Total Non-Current Assets</b>	<b>4,546,544</b>	<b>5,325,909</b>	<b>(779,365)</b>



# Financial Highlights (cont'd)

Details of Long Term Investment	As at September 30		Increase (Decrease)
	2022	2021	
	(Amount in ‘000’)		
Investments in related parties - Quoted	1,335,617	1,706,867	(371,250)
Investments in related parties – Un-quoted	12,788	133,809	(121,021)
Investments in other companies - Quoted	807,400	965,550	(158,150)
Total Long Term Investments	2,155,805	2,806,226	(650,421)



# Financial Highlights (cont'd)

**As at September 30, 2022**  
**(Amount in '000')**

## **Movement of Long Term Investments**

Investments as on Oct 1, 2021	2,806,226
Additions / Deletions (Net)	116,527
Transferred to Short Term Investments	(116,391)
Increase in Fair value of Investments - Net	(650,557)
Investments as on Sep 30, 2022	2,155,805



# Financial Highlights (cont'd)

Details of Current Assets	As at September 30		
	2022	2021	Increase (Decrease)
	(Amount in '000')		
Stores & Spare Parts	274,960	195,024	79,936
Stock-in-trade	5,004,293	1,894,571	3,109,722
Trade Debts	324,143	407,453	(83,310)
Loans and Advances	76,069	50,430	25,639
Short-term investments	2,705,738	3,542,585	(836,847)
Others	55,724	150,296	(94,572)
Cash & Bank Balance	545,972	268,863	277,109
<b>Total Current Assets</b>	<b>8,986,899</b>	<b>6,509,222</b>	<b>2,477,677</b>




# Financial Highlights (cont'd)

Details of Current Liabilities	As at September 30		Increase (Decrease)
	2022	2021	
	(Amount in ‘000’)		
Trade and Other payables	1,890,513	1,813,802	76,711
Advance from Customers	1,810,835	482,464	1,328,371
Unclaimed dividends	105,162	97,731	7,431
Taxation	20,607	-	20,607
Current Portion of Lease Liability	7,929	6,318	1,611
Total Current Liabilities	3,835,046	2,400,315	1,434,731



# Financial Highlights (cont'd)



Statement of Profit or Loss	For the year ended September 30		Increase (Decrease)
	2022	2021	
	(Amount in ‘000’)		
Revenue	13,006,818	9,912,679	3,094,139
Cost of Sales	(10,796,106)	(8,552,280)	(2,243,826)
Gross Profit	2,210,712	1,360,399	850,313
Selling and distribution expenses	(283,144)	(210,750)	(72,394)
Administrative expenses	(255,040)	(226,599)	(28,441)
Other operating expenses	(375,186)	(86,468)	(288,718)
Other income	393,920	268,007	125,913
Operating Profit	1,691,262	1,104,589	586,673
Finance (cost) Income - net	(66,501)	95,147	(161,648)
Taxation	(335,000)	(210,000)	(125,000)
Profit after taxation	1,289,761	989,736	300,025
Earnings per Share – Basic and diluted	Rs. 8.60	Rs. 6.60	RS. 2.00



# Financial Highlights (cont'd)

- The Company's revenue comprises of both local and export sales. Local and export sales constitutes of 53% and 47% respectively of total revenue of the Company. Further, the Company earns revenue from multiple business lines which operates as distinct business units with significant volume of revenue transactions.



# Quantitative Data

## Sugar Division

		2022	2021
<b>Crushing duration</b>	<b>Days</b>	<b>125</b>	<b>108</b>
<b>Sugarcane crushed</b>	<b>M. Tons</b>	<b>1,126,516</b>	<b>761,667</b>
<b>Average sucrose recovery</b>	<b>(%)</b>	<b>10.61</b>	<b>10.36</b>
<b>Sugar production</b>	<b>M. Tons</b>	<b>119,531</b>	<b>78,910</b>





# Divisions Operating Results

Sugar Division	For the year ended September 30		Increase (Decrease)
	2022	2021	
	(Amount in ‘000’)		
Revenue	6,299,115	5,469,373	829,742
Cost of Sales	(5,628,732)	(4,961,051)	(667,681)
Gross Profit	670,383	508,322	162,061
Selling and Distribution Expenses	(77,676)	(58,628)	(19,048)
Administrative Expenses	(229,917)	(205,780)	(24,137)
Operating Profit	362,790	243,914	118,876



# Quantitative Data

Distillery Division		2022	2021
Ethanol			
Days of Operation		312	335
Molasses processed	M. Tons	163,346	126,512
Average recovery	(%)	18.95	19.17
Ethanol production	M. Tons	30,956	24,251
Liquidified Carbon Dioxide (CO <sub>2</sub> )			
Days of Operation		236	264
Liquidified Carbon dioxide (CO <sub>2</sub> ) production	M. Tons	8,725	8,477



# Divisions Operating Results

Distillery Division	For the year ended September 30		Increase (Decrease)
	2022	2021	
	(Amount in ‘000’)		
Revenue	5,757,806	3,851,774	1,906,032
Cost of Sales	(4,349,785)	(3,035,906)	(1,313,879)
Gross Profit	1,408,021	815,868	592,153
Selling and Distribution Expenses	(190,217)	(128,130)	(62,087)
Administrative Expenses	(17,303)	(14,009)	(3,294)
Operating Profit	1,200,501	673,729	526,772



# Quantitative Data

## Textile Division

		2022	2021
Days of operation		313	344
Yarn consumed	Kgs	514,355	850,107
Finished goods production		461,114	732,011



# Divisions Operating Results

Textile Division	For the year ended September 30		Increase (Decrease)
	2022	2021	
	(Amount in ‘000’)		
Revenue	441,730	564,819	(123,089)
Cost of Sales	(442,181)	(532,342)	90,161
Gross Profit / (Loss)	(451)	32,477	(32,928)
Selling and Distribution Expenses	(14,757)	(23,992)	9,235
Administrative Expenses	(7,050)	(6,304)	(746)
Operating Profit	(22,258)	2,181	(24,439)



# Divisions Operating Results

Trading Division	For the year ended September 30		Increase (Decrease)
	2022	2021	
	(Amount in ‘000’)		
Revenue	508,167	26,713	481,454
Cost of Sales	(375,408)	(22,981)	(352,427)
Gross Profit	132,759	3,732	129,027
Selling and Distribution Expenses	(494)	-	(494)
Administrative Expenses	(770)	(506)	(264)
Operating Profit	131,495	3,226	128,269



# Contribution to National Exchequer

- Your Company contributed an amount of Rs. 1,454.08 million to the Government treasury in the shape of taxes, levies, sales-tax and excise duty in addition to precious foreign exchange earned, equivalent to Pak Rupees 6,131.57 million (US\$ 32.40 million) during the year under review from exports of ethanol and household textiles.



# Pattern of shareholding

Shareholders' Categories	%	Number of Shares	
		2022	2021
Associated Companies, undertakings and related parties	9.93%	14,896,001	14,896,001
NIT and ICP	4.89%	7,327,484	7,632,484
Directors, CEO and their spouses and minor children	6.99%	10,490,407	10,233,987
Public sector Companies and Corporations	25.53%	38,298,982	38,215,433
Banks, DFIs, NBFIs, Insurance Companies, Takaful Modarabas and Pension Funds	9.32%	13,974,339	14,230,839
General Public	33.73%	50,593,888	50,386,357
Charitable and Other Trusts	9.61%	14,408,922	14,294,922
Societies & Government Institution	-	9,977	9,977
<b>Total</b>	<b>100.00%</b>	<b>150,000,000</b>	<b>150,000,000</b>





# Free Float

Description	As on Sep 30	
	2022	2021
Total Outstanding shares	150,000,000	150,000,000
Less:		
Physical shares	72,823,776	74,222,983
Government holdings	13,880,826	14,185,826
Directors, Sponsors & Senior Management Officers and their Associates	1,944,718	1,688,249
Associated companies / Group companies (Cross Holdings)	13,864,070	13,864,070
<b>Free Float Shares</b>	<b>47,486,610</b>	<b>46,038,872</b>
<b>Percentage of free float</b>	<b>31.65%</b>	<b>30.69%</b>



# Future Prospects

## **Sugar Division:**

- The sugar division of the Company commenced crushing operations on November 29, 2022 and upto February 14, 2023 crushed 775,671 M. Tons of sugarcane with average sucrose recovery of 10.86% and sugar production of 84,285 M. Tons including stock in process.
- The Government of Sindh on November 23, 2022 issued a notification fixing the minimum sugarcane support price at Rs. 302 per 40 kgs for the crushing season 2022-23 as against Rs.250 per 40 kgs for the crushing season 2021-2022. In addition, as per notification issued by the government of Sindh, mills are also required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the benchmark of 8.7%.

## **Distillery Division:**

- During the period upto February 14, 2023, the distillery division produced 12,723 M. Tons of ethanol and 3,009 M. Tons of liquidified carbon dioxide. The increase in molasses price is likely to affect the profitability of the division.



**Thank you**

**Q / A**