



Habib Sugar Mills Limited

CORPORATE BRIEFING SESSION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

At the Institute of Chartered Accountants of Pakistan (ICAP)

Wednesday 21 February, 2024



Agenda

Company Profile

Sugar Industry Analysis

Financial Information

Future Outlook

Questions & Answers



Company Profile

Habib Sugar Mills Limited was incorporated as a public limited company in 1962 with its Registered office in Karachi and mills located at Nawabshah, Shaheed Benazirabad District, Sindh. The Company has the following divisions:

- Sugar Division**
- Distillery Division**
- Textile Division**
- Trading Division**



Management Information

	Board of Directors	Audit Committee	Human Resource & Remuneration Committee
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	✓	✓

Auditors

Grant Thornton Anjum Rahman, Chartered Accountants

Statutory Auditors

Reanda Haroon Zakaria & Co, Chartered Accountants

Cost Auditors



Management Information

Amir Bashir Ahmed	Chief Financial Officer
Imran Amin Virani	Company Secretary
Abdul Haque	GM Accounts & Finance
Imran Ali Khan	Head of Human Resources
Azeem Aziz	Head of Internal Audit
Hasan Iqbal	Resident Director
Rafique Ahmed Mangi	Director Distillery Operations
Arif Raza Khan	Director Technical
Israr Jaffery	Director Production, Sugar
Ali Ather	Director Operations, Textiles
Asad Ali Rehmani	GM Terminal Operations



Segment Information

Sugar Division - Nawabshah:

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, mills capacity has enhanced to 11,000 tons per day.





Segment Information

Distillery Division - Nawabshah:

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 January 2009, production of Liquidified Carbon dioxide commenced with the capacity of 40 tons per day. 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, ethanol and other products.





Segment Information

Textile Division - Karachi:

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

Trading Division:

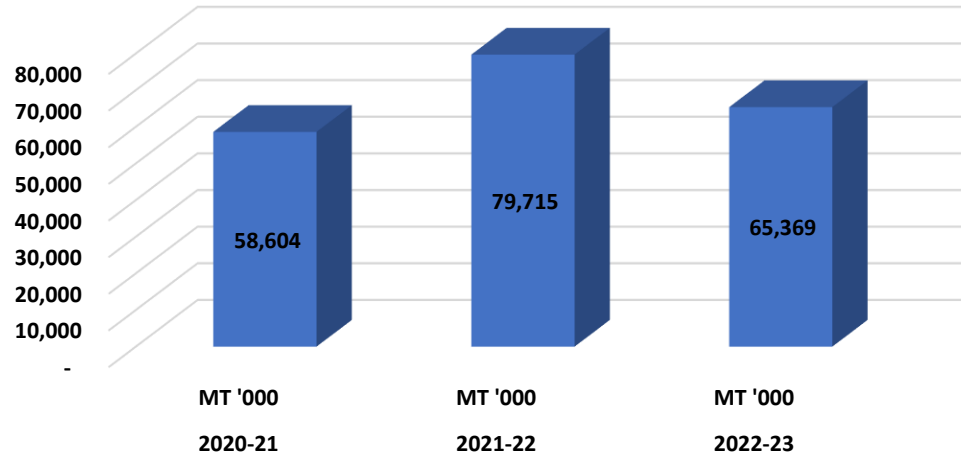
The Company also undertakes trading of commodities mainly Sugar and Molasses as and when opportunity arises.



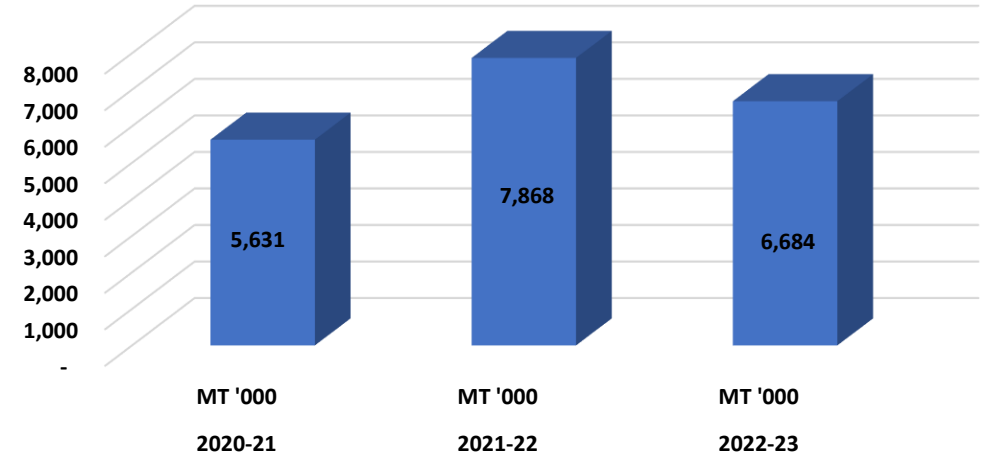


Pakistan – Cane crushing, production and recovery

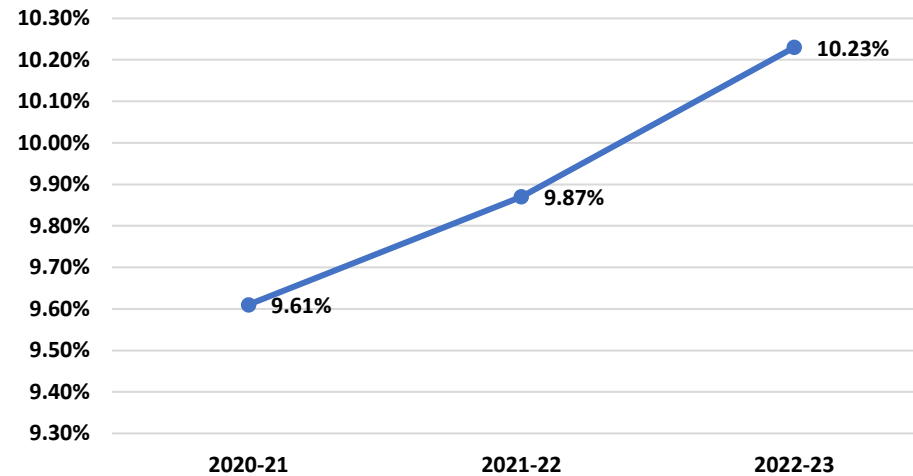
Crushing



Sugar production



Recovery %

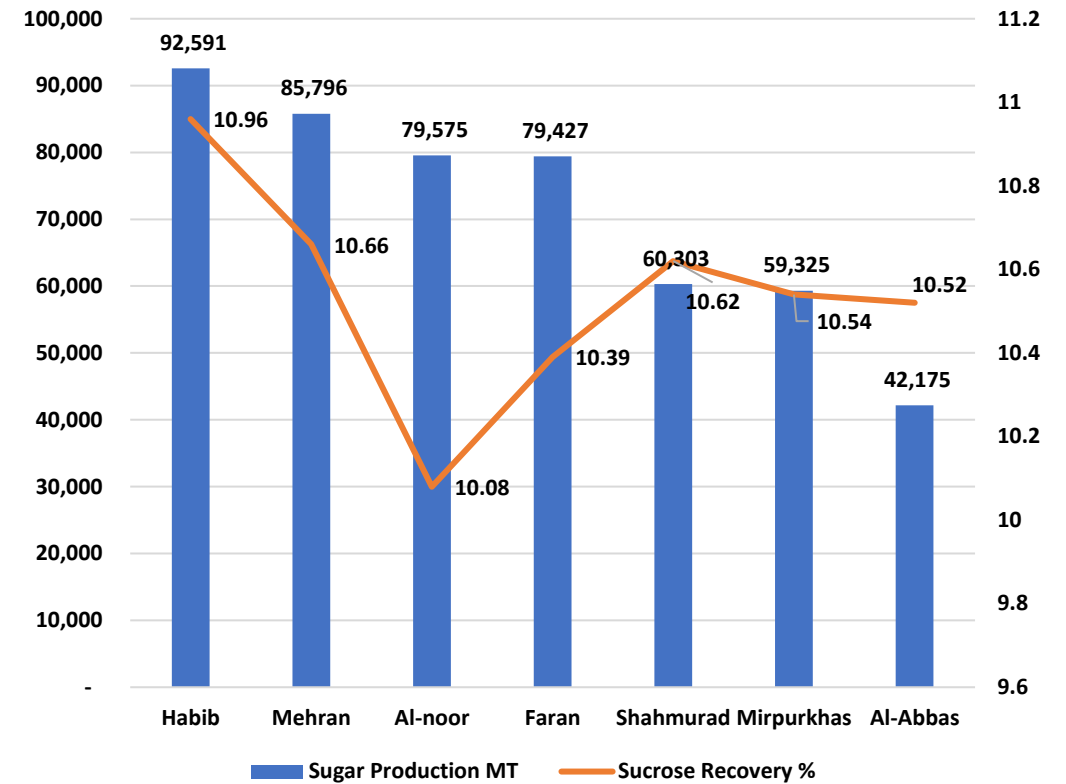


Source: PSMA



Habib Sugar Mills – Crushing, production and recovery

2022-23	Cane Crushed MT	Sugar Production MT	Sucrose Recovery %
Habib	844,841	92,591	10.96
Mehran	804,872	85,796	10.66
Al-Noor	789,713	79,575	10.08
Faran	764,606	79,427	10.39
Shahmurad	567,913	60,303	10.62
Mirpurkhas	562,641	59,325	10.54
Al-Abbas	400,820	42,175	10.52





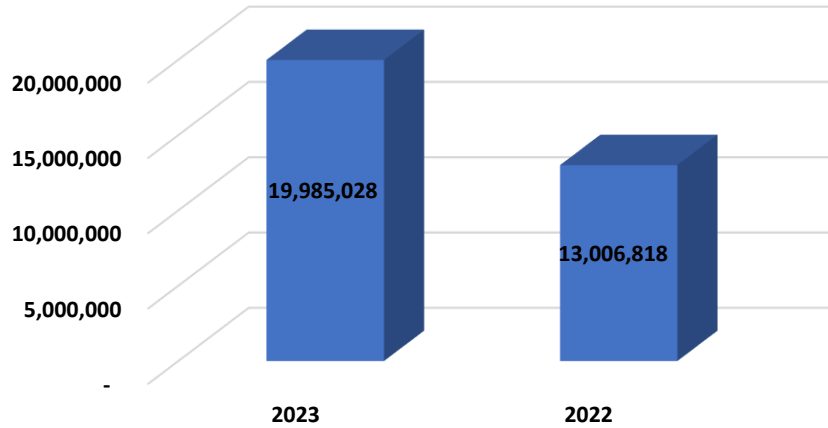
Financial Information – Statement of Profit or Loss

		2023	2022	% Increase
Net sales	Rs' 000	19,985,028	13,006,818	54%
Gross profit	Rs' 000	3,940,866	2,210,712	78%
Operating profit	Rs' 000	3,294,875	1,691,262	95%
Profit before tax	Rs' 000	3,266,478	1,624,761	101%
Profit after tax	Rs' 000	2,541,478	1,289,761	97%
Earnings per share (face value Rs. 5)	Rs.	16.94	8.60	97%
Cash dividend	%	120	70	71%
Break-up value per share	Rs.	75.44	63.47	19%

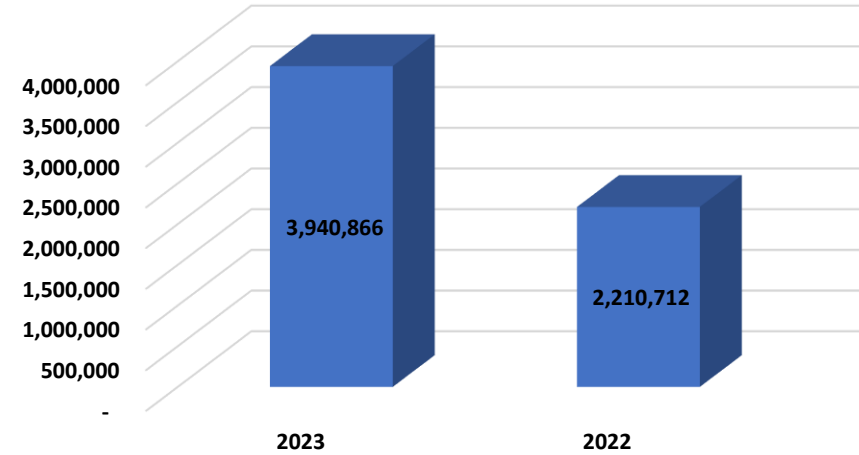


Financial Information

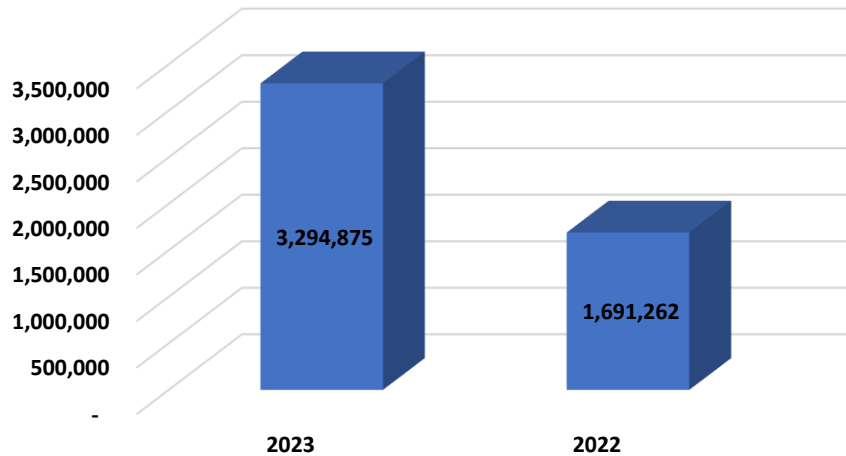
Net sales Rs' '000



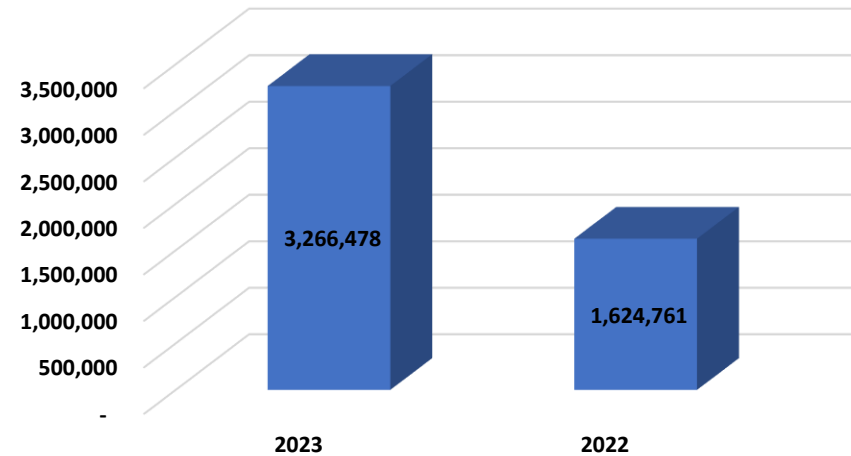
Gross profit Rs. '000



Operating profit Rs. '000



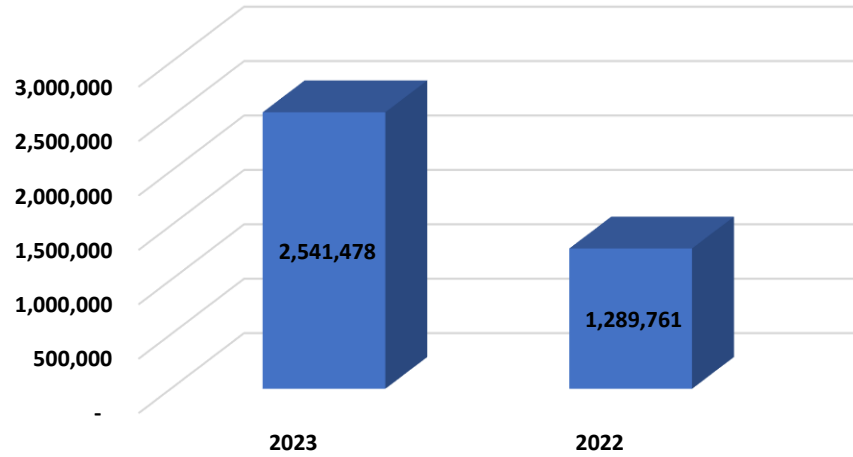
Profit before tax Rs. '000



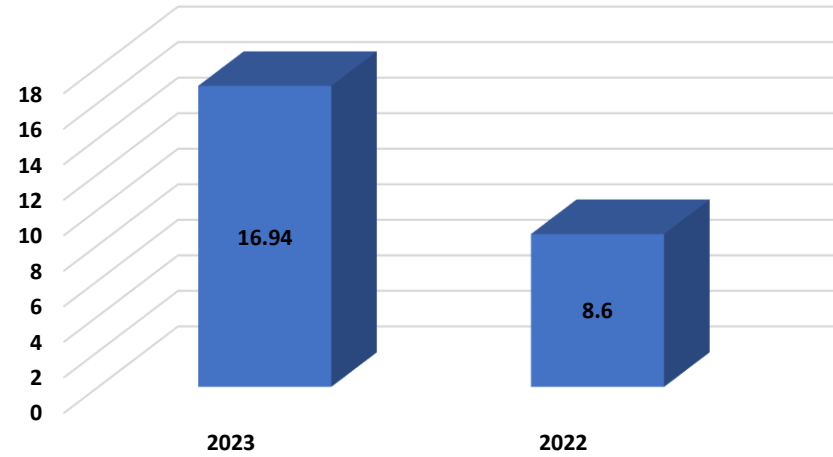


Financial Information

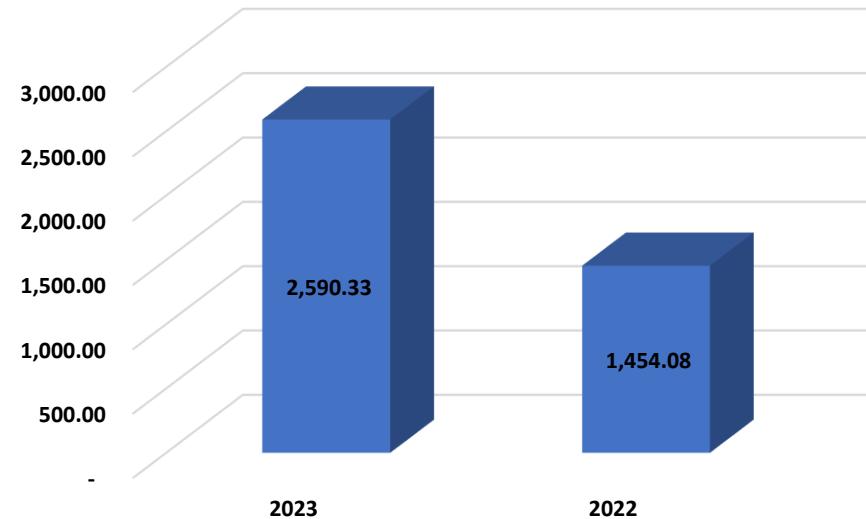
Profit after tax Rs. '000



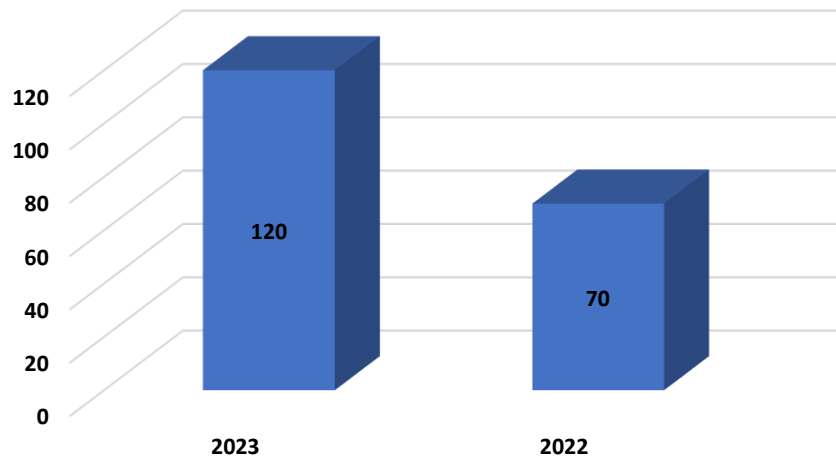
EPS Rs.



Contribution to National Exchequer Rs. 'Million



Cash Dividend %





Segment operating results

		Sugar			Distillery			Textile			Trading		
		2023	2022	%	2023	2022	%	2023	2022	%	2023	2022	%
Net sales	Rs' 000	10,535,722	6,299,115	67%	7,777,277	5,757,806	35%	596,478	441,730	35%	1,075,551	508,167	112%
Gross profit	Rs' 000	1,256,934	670,383	87%	2,351,662	1,408,021	67%	70,576	(451)	+100%	251,694	132,759	90%
Profit / (loss) before other operating expenses & other income	Rs' 000	857,714	362,790	136%	2,055,602	1,200,501	71%	40,270	(22,258)	281%	258,999	131,495	97%



Financial Information – Non-Current Assets

		2023	2022	%
Fixed assets	Rs' 000	2,284,432	2,357,465	(3%)
Long-term investments	Rs' 000	1,908,277	2,155,805	(11%)
Other Non-current assets	Rs' 000	28,738	33,274	(14%)
Total Non-current assets	Rs' 000	4,221,447	4,546,544	(7%)



Financial Information – Current Assets

		2023	2022	%
Stores and spare parts	Rs' 000	387,261	274,960	41%
Stock-in-trade	Rs' 000	3,957,133	5,004,293	(21%)
Trade debts	Rs' 000	1,160,742	324,143	258%
Loans and advances	Rs' 000	186,108	76,069	145%
Trade deposits and short-term prepayments	Rs' 000	64,087	20,483	213%
Profit accrued	Rs' 000	32,793	23,964	37%
Other receivables	Rs' 000	12,753	11,277	13%
Short-term investments	Rs' 000	6,412,471	2,705,738	137%
Cash and bank balance	Rs' 000	1,274,264	545,972	133%
Total current assets	Rs' 000	13,487,612	8,986,899	50%



Financial Information – Equity & Liabilities

		2023	2022	%
Shareholder's equity	Rs' 000	11,315,406	9,520,002	19%
Non-current liabilities	Rs' 000	251,932	178,395	41%
Current liabilities:				
Trade and other payables	Rs' 000	2,956,821	1,890,513	56%
Advance from customers	Rs' 000	1,615,781	1,810,835	(11%)
Short-term borrowings	Rs' 000	1,156,626	-	100%
Other current liabilities	Rs' 000	412,493	133,698	209%
Total current liabilities	Rs' 000	6,141,721	3,835,046	60%



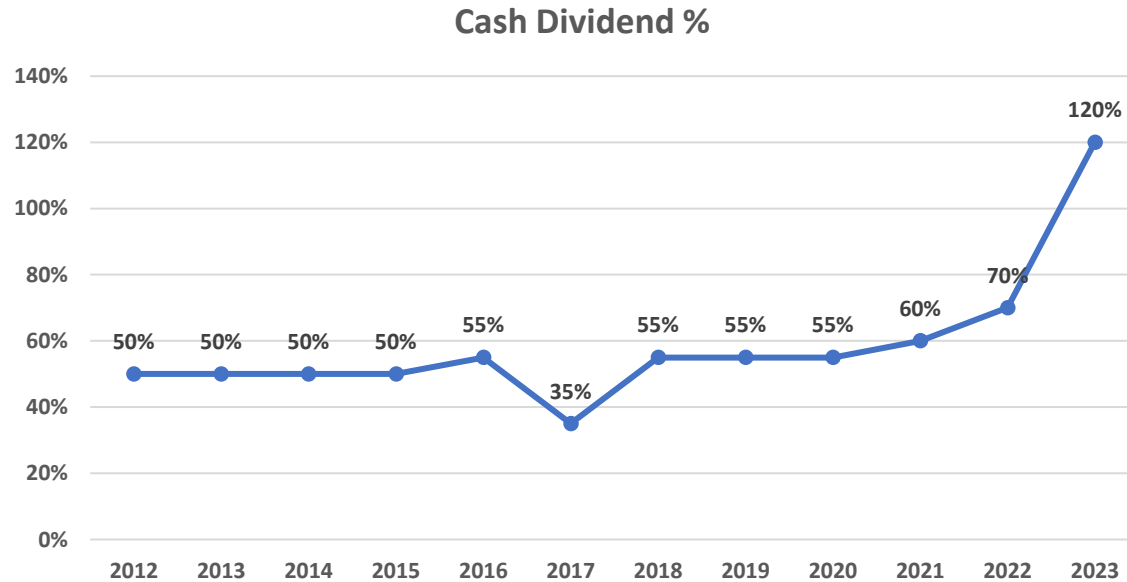
Ratios

	2023	2022	Variance
Gross profit ratio	20%	17%	3%
Net profit ratio	13%	10%	3%
Current ratio	2.2	2.3	(0.1)
Quick ratio	1.3	0.8	0.4
Cash to current liabilities	0.2	0.1	0.1
Payables turnover ratio	5	6	(1)
Dividend per share Rs.	6.0	3.5	2.5
Return on equity	22%	14%	8%



Dividend History

	2023	2022	2021	2020	2019	2018
Cash dividend %	120	70	60	55	55	55
	2017	2016	2015	2014	2013	2012
	35	55	50	50	50	50





Future outlook – Economic Conditions

The deteriorating economic conditions and reduction in Pakistan’s forex reserves continue to put inflationary pressure on the economy and it is therefore expected that the Company’s operating environment will remain challenging. Going forward, the Country’s economic outlook is expected to be shaped by its relationship with the IMF, including IMF programs, restoration of political stability, and support from friendly countries along with the willingness of the new Government to continue to implement reforms aimed at stabilizing the economy on a sustainable basis. Given these challenges, the Company is focusing on strategies to reduce the negative impacts of interest rates, low economic growth and dollar rupee parity.



Future outlook - Sugar Division

The crushing season 2023-24 commenced on November 15, 2023 and upto January 31, 2024 sugarcane of 808,951 M. Tons was crushed by the Company with average sucrose recovery of 10.37% and sugar production of 82,670 M. Tons.

The government of Sindh on August 16, 2023 issued a notification fixing minimum sugarcane support price at Rs. 425 per 40 kgs for the crushing season 2023 – 24 against Rs. 302 per 40 kgs for the crushing season 2022 – 23. An increase of Rs. 123 per 40 kgs (i.e., 40.73%)

Cane price in Punjab is lower than Sindh Rs. 402 per 40 kgs. Sugar mills in Punjab will benefit because of the lower price and larger crop area.



Future outlook – Distillery Division

During the current financial year, the ethanol prices in the international market showed a downward trend coupled with devaluation of foreign currencies against Pak Rupee. On the other side, cost of raw material was not reduced correspondingly with the international prices of ethanol. If these factors persist for long, it may affect the performance of the division.

Last year was an exceptional year for the distillery division. Better Ethanol selling prices in the international market and devaluation of Pakistani Rupee against foreign currencies and availability of raw material at reasonable rates played a pivotal role in the results of the division.



Future outlook – Textile & Trading Division

Textile Division

The division will continue its sales policy preferring signing FOB contracts instead of CNF contracts will have a positive impact on the performance of the division. In addition, focus is being made on the contracts having better margins instead of sales volume to get better results for the division

Trading Division

Considering the current market sentiments and prevailing prices, the Company will avail trading opportunity of molasses and sugar which will Inshallah contribute positively in the profitability of the division.



Habib Sugar Mills Limited

Questions & Answers



Habib Sugar Mills Limited

Thank You