



Habib Sugar Mills Limited

**CORPORATE BRIEFING SESSION
FOR THE YEAR ENDED SEPTEMBER 30, 2024
At the Institute of Chartered Accountants of Pakistan (ICAP)
Wednesday 19 February, 2025**



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		
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	✓	✓
Khursheed A. Jamal	Chief Executive		✓

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
Shahroz Rao	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 Textiles Operations
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:

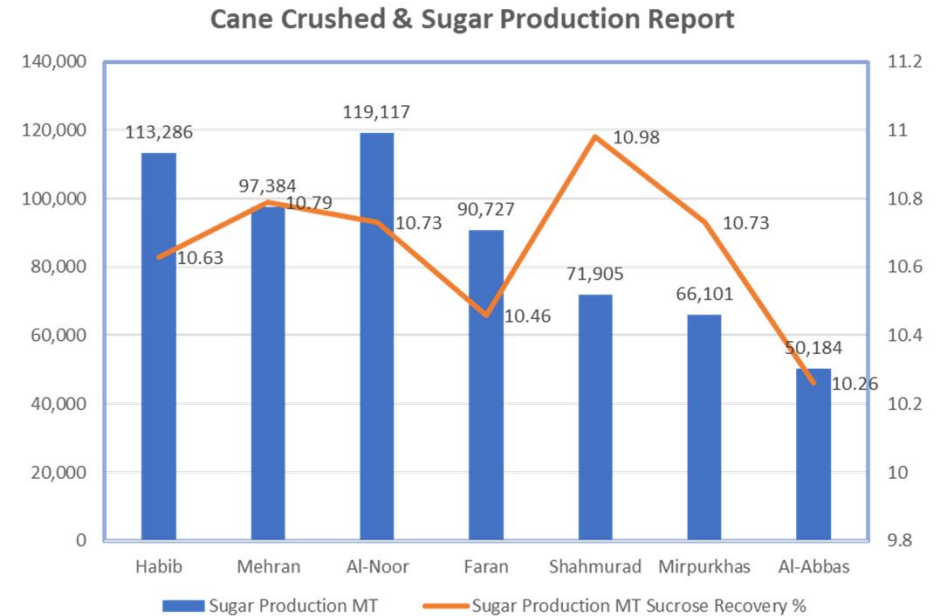
The Company also undertakes trading of commodities mainly Sugar and Molasses as and when opportunity arises.





Habib Sugar Mills – Crushing, production and recovery

2023-24	Cane Crushed MT	Sugar Production MT	Sucrose Recovery %
Habib	1,065,705	113,286	10.63
Mehran	902,931	97,384	10.79
Al-Noor	1,109,983	119,117	10.73
Faran	867,332	90,727	10.46
Shahmurad	654,604	71,905	10.98
Mirpurkhas	616,103	66,101	10.73
Al-Abbas	489,122	50,184	10.26

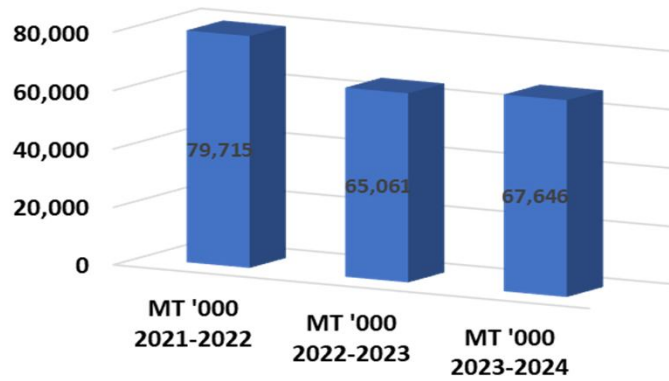


Source: PSMA

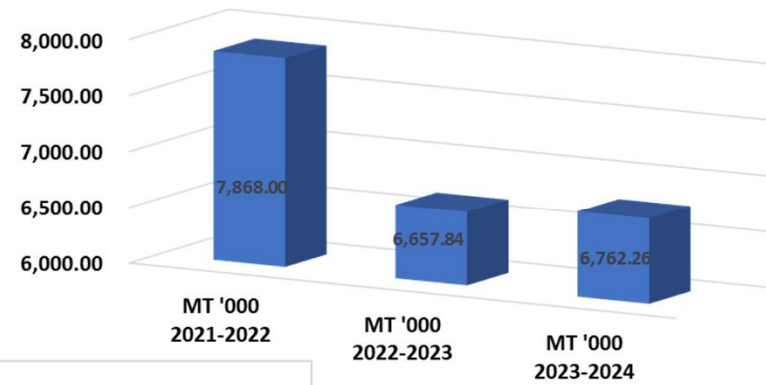


Pakistan – Cane crushing, production and recovery

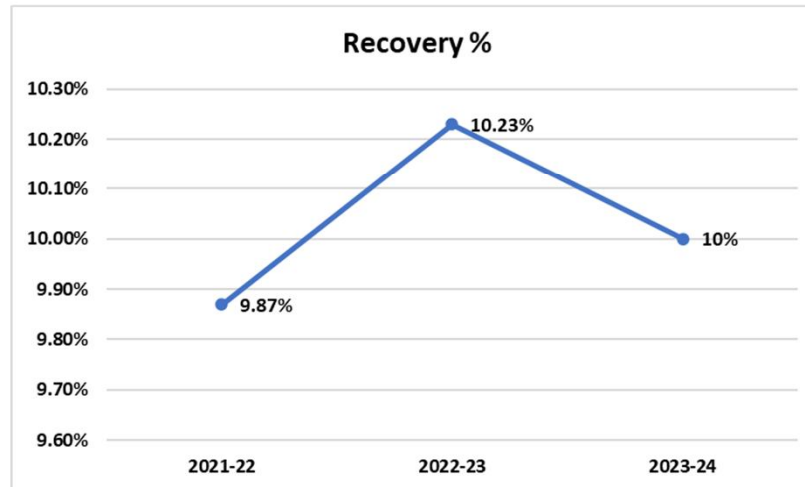
Crushing



Sugar production



Recovery %

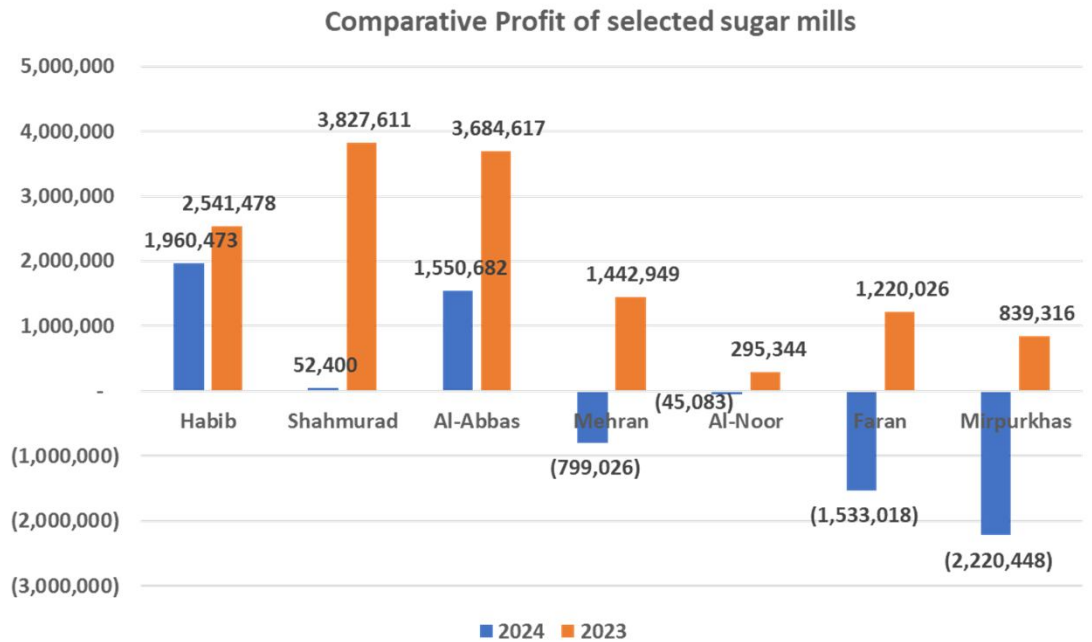


Source: PSMA



Habib Sugar Mills – Comparative Profit/(Loss) of Selected Sugar Mills

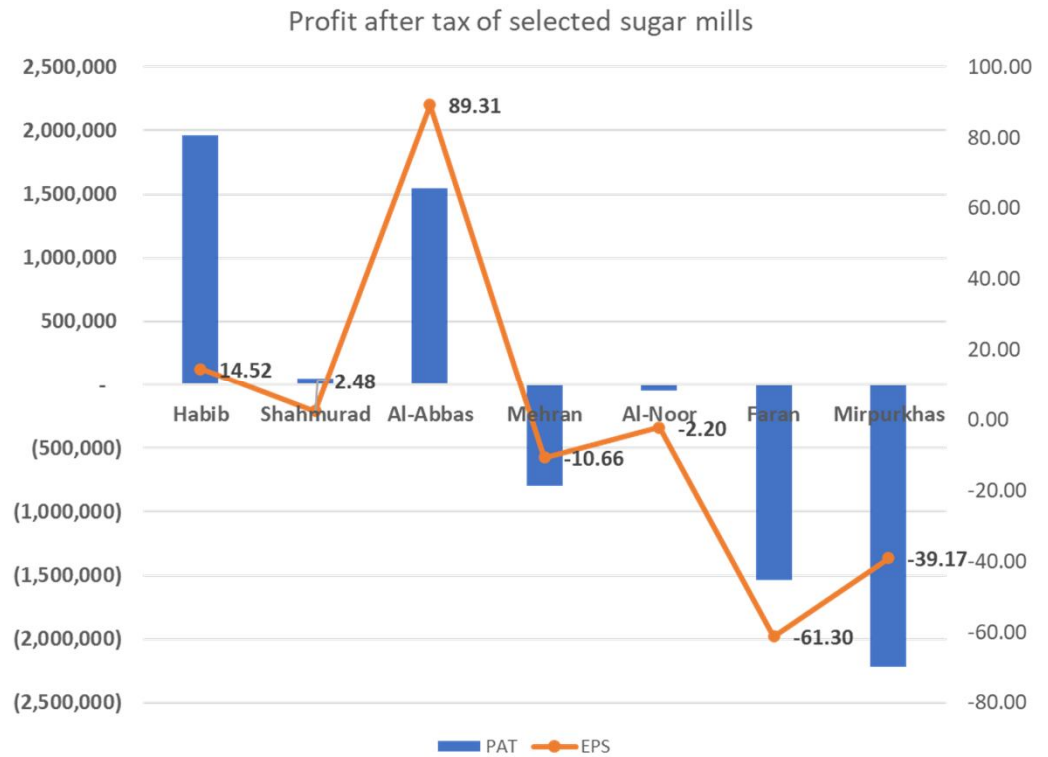
Name	2024	2023
Habib	1,960,473	2,541,478
Shahmurad	52,400	3,827,611
Al-Abbas	1,550,682	3,684,617
Mehran	(799,026)	1,442,949
Al-Noor	(45,083)	295,344
Faran	(1,533,018)	1,220,026
Mirpurkhas	(2,220,448)	839,316





Habib Sugar Mills – Profit/(Loss) after tax & EPS of Selected Sugar Mills

2023-24	PAT	EPS
Habib	1,960,473	14.52
Shahmurad	52,400	2.48
Al-Abbas	1,550,682	89.31
Mehran	(799,026)	-10.66
Al-Noor	(45,083)	-2.20
Faran	(1,533,018)	-61.30
Mirpurkhas	(2,220,448)	-39.17





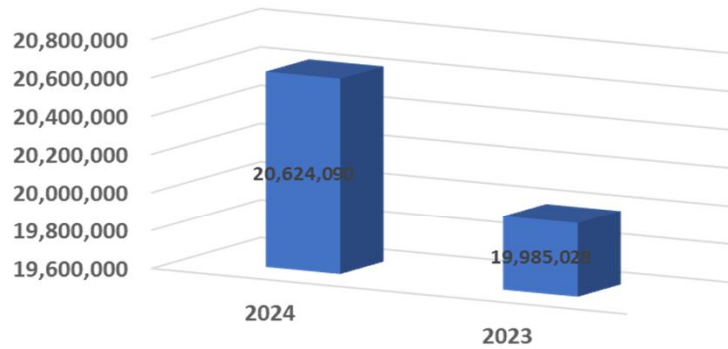
Financial Information – Statement of Profit or Loss

		2024	2023	Increase/ (Decrease) %
Net sales	Rs' 000	20,624,090	19,985,028	3%
Gross profit	Rs' 000	2,512,686	3,940,866	-36%
Operating profit	Rs' 000	2,747,885	3,294,875	-17%
Profit before tax	Rs' 000	2,715,473	3,266,478	-17%
Profit after tax	Rs' 000	1,960,473	2,541,478	-23%
Earnings per share (face value Rs. 5)	Rs.	14.52	16.94	-14%
Cash dividend	%	120	120	0%
Break-up value per share	Rs.	97.58	75.44	29%

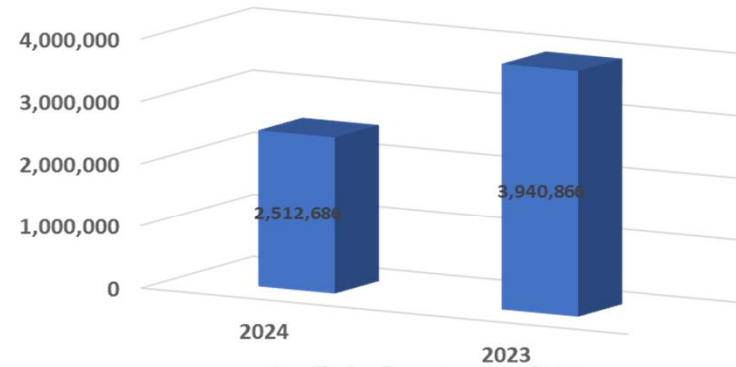


Financial Information

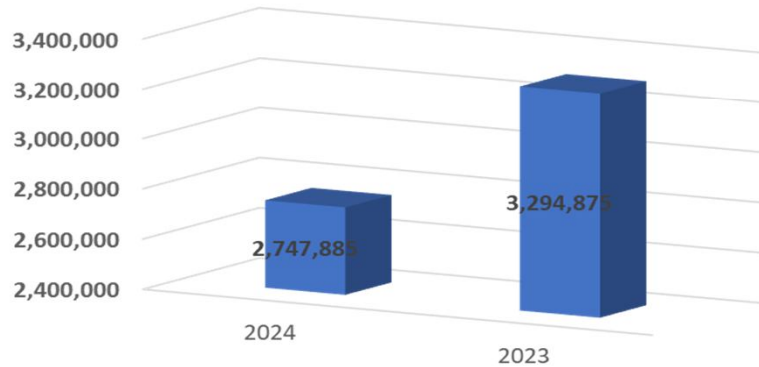
Net Sales Rs. '000



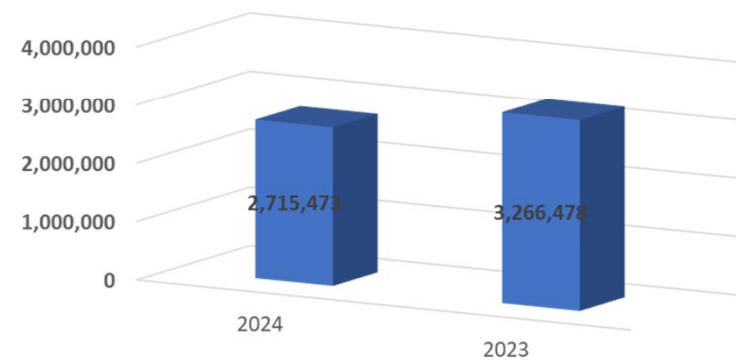
Gross Profit Rs. '000



Operating Profit Rs. '000



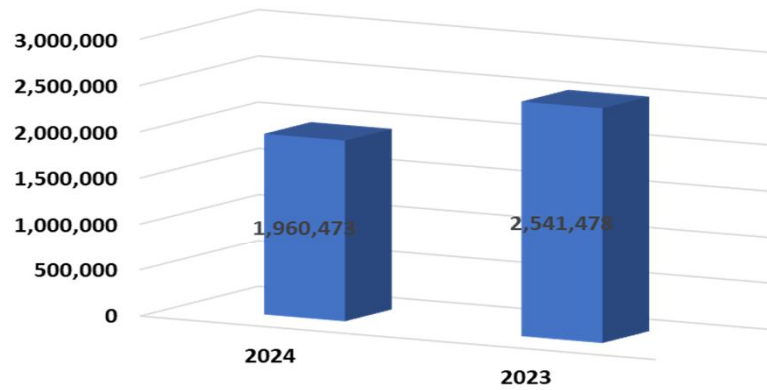
Profit before tax Rs. '000



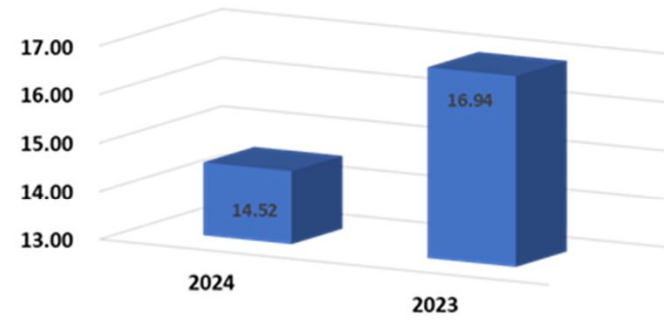


Financial Information

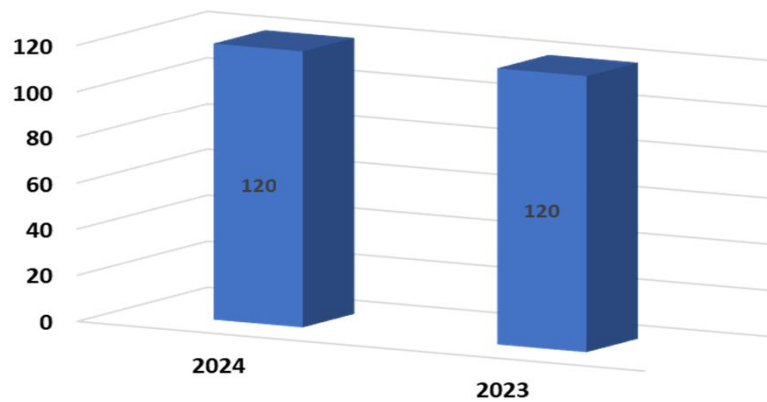
Profit after tax Rs. '000



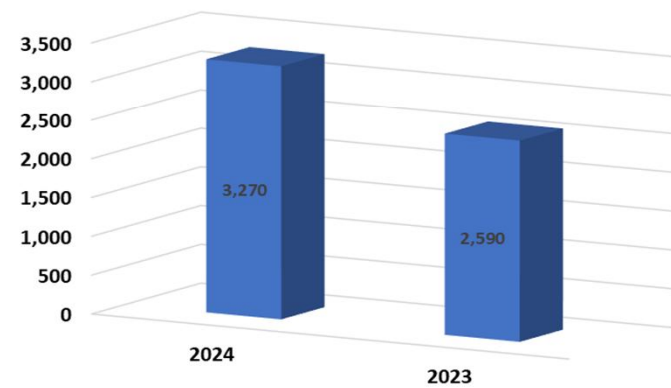
EPS Rs.



Cash Dividend %



Contribution to National Exchequer Rs. 'Million





Segment operating results

		Sugar			Distillery			Textile			Trading		
		2024	2023	%	2024	2023	%	2024	2023	%	2024	2023	%
Net sales	Rs' 000	11,770,556	10,535,722	12%	6,789,345	7,777,277	-13%	652,003	596,478	9%	1,409,475	1,075,551	31%
Gross profit	Rs' 000	1,298,237	1,256,934	3%	1,062,279	2,351,662	-55%	60,289	70,576	-15%	91,881	261,694	-65%
Operating Profit	Rs' 000	844,469	857,714	-2%	784,193	2,055,602	-62%	14,943	40,270	-63%	81,773	258,999	-68%



Financial Information – Non-Current Assets

		2024	2023	%
Fixed assets	Rs' 000	2,092,699	2,284,432	-8%
Long-term investments	Rs' 000	3,542,201	1,908,277	86%
Other Non-current assets	Rs' 000	34,080	28,738	19%
Total Non-current assets	Rs' 000	5,668,980	4,221,447	34%



Financial Information – Current Assets

		2024	2023	%
Stores and spare parts	Rs' 000	353,120	387,261	-9%
Stock-in-trade	Rs' 000	5,389,802	3,957,133	36%
Trade debts	Rs' 000	859,516	1,160,742	-26%
Loans and advances	Rs' 000	774,407	186,108	316%
Trade deposits and short-term prepayments	Rs' 000	43,537	64,087	-32%
Profit accrued	Rs' 000	534	32,793	-98%
Other receivables	Rs' 000	18,315	12,753	44%
Short-term investments	Rs' 000	5,780,392	6,412,471	-10%
Cash and bank balance	Rs' 000	1,101,319	1,274,264	-14%
Total current assets	Rs' 000	14,320,942	13,487,612	6%



Financial Information – Equity & Liabilities

		2024	2023	%
Shareholder's equity	Rs' 000	13,173,094	11,315,406	16%
Non-current liabilities	Rs' 000	339,298	251,932	35%
Current liabilities:				
Trade and other payables	Rs' 000	3,092,874	2,956,821	5%
Advance from customers	Rs' 000	2,115,996	1,615,781	31%
Short-term borrowings	Rs' 000	906,732	1,156,626	-22%
Other current liabilities	Rs' 000	361,928	412,493	-12%
Total current liabilities	Rs' 000	6,477,530	6,141,721	5%



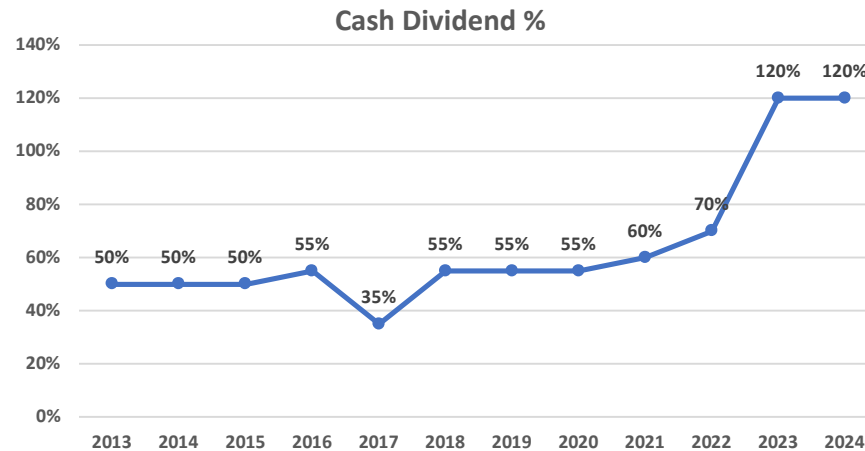
Ratios

	2024	2023	Variance
Gross profit ratio	12%	20%	-40%
Net profit ratio	10%	13%	-23%
Current ratio	2.2	2.2	0%
Quick ratio	1.1	1.3	-15%
Cash to current liabilities	0.2	0.2	0%
Payables turnover ratio	6	5	20%
Dividend per share Rs.	6	6	0%
Dividend payout ratio	0.41	0.35	17%
Return on equity	15%	22%	-32%



Dividend History

	2024	2023	2022	2021	2020	2019
Cash dividend %	120	120	70	60	55	55
	2018	2017	2016	2015	2014	2013
	55	35	55	50	50	50





Future outlook – Economic Conditions

The new Government has placed a strong emphasis on economic stability and growth. Notably, it successfully negotiated a new IMF program and secured a long-term IMF agreement: a 36-month Extended Fund Facility worth approximately USD 7 billion. This program aims to support the Government’s efforts to stabilize the economy and create conditions for stronger, more inclusive, and resilient growth. Additionally, recent inflation and interest rates show a declining trend for the first time in three years, suggesting the potential for a further decline in the upcoming fiscal year. Under the above scenario, the Company is focusing on new strategies for optimum use of assets of the Company in an efficient manner to achieve better results and to utilize surplus liquid funds of the Company to ensure better returns.



Taxation of Income from Export

Through the Finance Act 2024, a major amendment was made regarding the taxation of income from exports, which will have a major impact on the export business of the Company. Previously, the income from exports was taxable @ 1% on export proceeds under the Final Tax Regime (FTR). After the above amendment, income from exports is now taxable at the normal tax rate of 39% (i.e., Income Tax @ 29% and Super Tax @ 10%).

The above amendment is applicable w.e.f. July 1, 2024, and the Company has, therefore, charged tax @ 39% on income from exports for the last quarter ended on September 30, 2024, whereas for the first three quarters ended on June 30, 2024, the tax on export income had been charged @ 1% on export proceeds under the FTR.



Future outlook - Sugar Division

The sugar division of the Company commenced crushing operations on November 20, 2024, and up to January 31, 2025, crushed 588,186 M. Tons of sugarcane with average sucrose recovery of 9.69% and sugar production of 57,005 M. Tons. Unlike the previous practice, the Sindh Government has not issued a notification for fixing a minimum support price for the purchase of sugarcane for the crushing season 2024-25. The PSMA has also requested the Government to fully de-regulate the sugar sector at Federal and provincial levels so that the sector operates freely under the market mechanism. In light of the above scenario, the Company is procuring sugarcane from growers at the prevailing market rates.



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