

# **ADAM SUGAR MILLS LIMITED**



## **QUARTERLY REPORT**

**FOR THE THIRD QUARTER ENDED  
30 June, 2023  
(UN-AUDITED)**



# **ADAM SUGAR MILLS LIMITED**

**IN THE NAME OF ALLAH  
THE BENEFICENT, THE MERCIFUL**

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# ADAM SUGAR MILLS LIMITED

## VISION

To be the leader in sugar industry by building the company's image through quality improvement, competitive prices and meeting social obligations.

## MISSION

- Endeavour to be the market leader by offering high quality sugar to our customers at competitive prices.
- To continue improving operating performance and profitability thereby ensuring growth for the company while serving best interest of shareholders.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

MR. JAWAID AHMED - CHAIRMAN  
MR. GHULAM AHMED ADAM - CHIEF EXECUTIVE  
MR. JUNAID G. ADAM  
MR. OMAR G. ADAM  
MRS. NABIAH OMAR ADAM  
MRS. HUMERA DIWAN  
MS. SARAH ADAM

### AUDIT COMMITTEE

CHAIRPERSON  
MEMBER  
MEMBER

MRS. HUMERA DIWAN  
MR. JUNAID G. ADAM  
MS. SARAH ADAM

### HUMAN RESOURCES AND REMUNERATION COMMITTEE

CHAIRMAN  
MEMBER  
MEMBER

MRS. NABIAH OMAR ADAM  
MR. JUNAID G. ADAM  
MR. OMAR G. ADAM

### DIRECTOR FINANCE / CORPORATE SECRETARY

QAMAR RAFI KHAN

### CHIEF FINANCIAL OFFICER

FAISAL HABIB

### HEAD OF INTERNAL AUDIT

NOMAN IQBAL

### REGISTERED OFFICE

HAJI ADAM CHAMBERS, ALTAF HUSSAIN ROAD,  
NEW CHALLI, KARACHI-2  
TEL NO. 32417812 & 32401139-43  
WEBSITE: [www.adam.com.pk/adamsugar.html](http://www.adam.com.pk/adamsugar.html)

### FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN DISTRICT  
BAHAWALNAGAR

### STATUTORY AUDITORS

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ  
CHARTERED ACCOUNTANTS

### COST AUDITOR

A.D. AKHAWALA & CO.  
CHARTERED ACCOUNTANTS

### SHARE REGISTRARS

C & K MANAGEMENT ASSOCIATES (PVT) LTD  
4TH FLOOR, 404 TRADE TOWER, ABDULLAH HAROON  
ROAD, KARACHI  
TEL NO. 35685930  
FAX NO. 35687839



# ADAM SUGAR MILLS LIMITED

## DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present you the unaudited financial statements of the Company for the nine months ended June 30, 2023.

### Overview

The comparative summary of operating performance of your Company is as follows:

<b>Operational Highlights</b>	<b>Nine Months Ended June 30, 2023 Season 2022-23</b>	<b>Nine Months Ended June 30, 2022 Season 2021-22</b>
Crushing commenced	<b>27/11/2022</b>	15/11/2021
Crushing ends	<b>12/03/2023</b>	05/04/2022
Operating duration	<b>106 Days</b>	142 Days
Sugar cane crushed	<b>590,048 M.Ton</b>	833,340 M.Ton
Sugar produced	<b>57,790 M.Ton</b>	82,039 M.Ton
Recovery	<b>9.79%</b>	9.84%
Minimum support price - Punjab Zone	<b>Rs.300/40Kg</b>	Rs.225/40Kg

VIS Credit Rating Company Limited has done 1<sup>st</sup> Annual Review in June 2023 after Credit Rating was first done in May 2022 and maintained our rating at a favorable Long Term and Short Term Credit Rating of A- and A2 respectively.

As reported in our Half Yearly Review Report, crushing season concluded on 106<sup>th</sup> day in comparison to previous year's 142 days thus the sugar cane crushing season was significantly shorter, yield was low country wide due to erratic weather and flooding.

A shorter season was the main reason for lower production due to which fixed costs were not fully absorbed, further global inflation has raised overall costs. The surge in KIBOR rates in recent periods to 22% to 23% has also significantly increased the cost. Sugar Industry is fully dependent on Cash Finance Facility from Banks for purchase of sugar cane from grower and with this hike in KIBOR Rates plus premium above it has jeopardize all the future projections as the average sale price of sugar was also not increased in relation to the raw material and other input costs.

### Future Outlook

IMF Executive Board's recent approval of USD 3Billion Stand-By Arrangement for Pakistan is a breather for the time being. Improvement has been witnessed as other friendly countries have also rollover their deposits/loan for future dates. Temporarily it has also brought down USD/PKR parity, restrictions on letter of credits has withdrawn and other positive indicators. However, all these factors depend solely on future political conditions and trends in global markets. As the Government of Pakistan has announced general elections in coming months therefore a lot more depends upon the future elected Government that how their team stewards Pakistan from current troubled economic waters and safely sailed to settled shore.

The performance of sugar industry is contingent upon the sugarcane yield along with setting of minimum support price by representative provincial governments coupled with the increase



## ADAM SUGAR MILLS LIMITED

in sugar prices by the authorities. Sugar retail prices are also lower than international prices. The price of white crystalline sugar in international market is also on the higher side at approx. FOB value of USD 630 per M.Ton, which when translated into PKR with all other import incidentals works out at approx. PKR 210 per Kg. Conversely, the prices of sugar can't be increased by the same margin due to government intervention. This is squeezing the margins of the industry and increasing the chances of smuggling of the commodity, hence need serious deliberation.

We understand that Government's interference in setting the retail price of sugar will affect the industry. Price should be decided by the market forces. Conducive atmosphere for business including strict measures to curb smuggling of sugar should be the Government's role.

The current price situation will not be improved until and unless the Government takes concrete steps to curb the smuggling of sugar to adjacent Afghanistan where price of sugar is two times of the local retail prices.

### Acknowledgement

We are pleased to place on record the appreciation for the devoted and dedicated services of the officers, staff and workers of the Company. We would also like to express our thanks to our bankers for their continued support and also grateful to our shareholders for their confidence in the Management team.

**On behalf of the Board of Directors**

**(GHULAM AHMED ADAM)**  
(CHIEF EXECUTIVE)

Karachi: July 27, 2023

**(OMAR G. ADAM)**  
(DIRECTOR)



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT JUNE 30, 2023

		June 30, 2023	September 30, 2022 (Re-stated)
	Note	Rupees	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	6,590,348,793	4,966,579,661
Long term advances		-	84,371,626
Long term deposits		4,306,481	4,306,481
		<u>6,594,655,274</u>	<u>5,055,257,768</u>
<b>Current assets</b>			
Stores and spares		191,410,700	112,739,378
Stock in trade	4	3,774,631,027	1,240,419,370
Short term investments		25,204,970	25,204,970
Trade debts - unsecured	5	9,172,408	317,686,918
Short term loans and advances	6	62,414,161	73,809,607
Short term prepayments		1,880,678	480,714
Others receivables		11,456,837	11,142,124
Cash and bank balances	7	37,620,513	64,817,637
		<u>4,113,791,292</u>	<u>1,846,300,718</u>
<b>Total assets</b>		<u>10,708,446,566</u>	<u>6,901,558,486</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<i>Authorized Capital</i>		250,000,000	250,000,000
Issued, subscribed and paid-up capital		172,909,620	172,909,620
<i>Capital reserves:</i>			
Surplus on revaluation of property, plant and equipment- net		3,812,116,335	2,569,437,845
Share premium		172,909,620	172,909,620
Capital contribution from director		18,601,691	18,601,691
		<u>4,003,627,646</u>	<u>2,760,949,156</u>
<i>Revenue reserves:</i>			
General reserve		200,000,000	200,000,000
Unappropriated profits		864,189,338	776,284,676
		<u>1,064,189,338</u>	<u>976,284,676</u>
<b>Total equity</b>		<u>5,240,726,604</u>	<u>3,910,143,452</u>
<b>Non-current liabilities</b>			
Subordinated loan from Chief Executive		19,923,564	18,458,845
Long term financing	8	343,255,794	107,667,302
Deferred liabilities		1,083,016,693	880,377,103
Provident fund payable		4,092,817	9,625,273
		<u>1,450,288,867</u>	<u>1,016,128,523</u>
<b>Current liabilities</b>			
Short term borrowings	9	2,082,909,400	963,244,526
Trade and other payables	10	1,679,359,018	781,452,669
Accrued markup		114,930,666	38,347,012
Current maturity of long term financing	8	78,444,169	116,074,971
Current maturity of deferred income - Government grant		2,392,940	2,664,988
Unclaimed dividend		5,814,711	5,207,966
Taxation-net		53,580,191	68,294,379
		<u>4,017,431,095</u>	<u>1,975,286,511</u>
<b>Contingencies and commitments</b>	11	-	-
<b>Total equity and liabilities</b>		<u>10,708,446,566</u>	<u>6,901,558,486</u>

  
GHULAM AHMED ADAM  
Chief Executive

  
MR. OMAR G. ADAM  
Director

  
FAISAL HABIB  
Chief Financial Officer



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2023

	Note	Nine Months period ended		Quarter ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		Rupees		Rupees	
Sales revenue - net	12	2,950,886,596	2,922,910,363	370,069,652	351,720,568
Cost of sales		(2,621,409,117)	(2,441,355,298)	(256,923,553)	(325,523,465)
<b>Gross profit</b>		<b>329,477,478</b>	<b>481,555,065</b>	<b>113,146,098</b>	<b>26,197,103</b>
Administrative expenses		(142,399,085)	(123,120,309)	(43,323,427)	(45,758,416)
Selling and distribution costs		(28,810,599)	(5,930,489)	(4,947,184)	(681,073)
<b>Operating profit</b>		<b>158,267,794</b>	<b>352,504,267</b>	<b>64,875,487</b>	<b>(20,242,386)</b>
Finance costs		(217,935,576)	(123,155,201)	(97,811,261)	(67,522,289)
Other income		23,168,694	8,445,263	11,815,485	4,871,574
Others		-	(16,407,809)	841,825	5,719,624
<b>(Loss) / Profit before taxation</b>		<b>(36,499,087)</b>	<b>221,386,521</b>	<b>(20,278,463)</b>	<b>(77,173,476)</b>
Taxation - net		79,956,623	(52,580,165)	193,563	21,322,590
<b>Profit / (Loss) after taxation</b>		<b>43,457,536</b>	<b>168,806,356</b>	<b>(20,084,900)</b>	<b>(55,850,886)</b>
<b>Earnings per share- basic and diluted</b>		<b>2.51</b>	<b>9.76</b>	<b>(1.16)</b>	<b>(3.23)</b>

  
GHULAM AHMED ADAM  
Chief Executive

  
MR. OMAR G. ADAM  
Director

  
FAISAL HABIB  
Chief Financial Officer



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2023

	Nine Months period ended		Quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	Rupees		Rupees	
Profit after taxation	43,457,536	168,806,356 (Re-stated)	(20,084,900)	(55,850,886) (Re-stated)
<b>Other comprehensive income / (loss) for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation on Fixed Assets	1,646,634,380	-	-	-
Less: Deferred Tax on above	(316,281,360)	-	-	-
	1,330,353,020	-	-	-
<b>Total comprehensive income for the period</b>	<b>1,373,810,556</b>	<b>168,806,356</b>	<b>(20,084,900)</b>	<b>(55,850,886)</b>

GHULAM AHMED ADAM  
Chief Executive

MR. OMAR G. ADAM  
Director

FAISAL HABIB  
Chief Financial Officer






# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2023

	Issued, subscribed and paid up capital	Capital reserves		Revenue reserves		Total	
		Surplus on revaluation of property, plant and equipment	Share premium	Capital contribution from Director	General reserve		Unappropriated profits / (losses)
Rupees							
<b>Balance as at September 30, 2021</b>	172,909,620	2,663,381,821	172,909,620	18,601,691	200,000,000	541,364,302	3,769,167,054
<i>Total comprehensive income for the year ended September 30, 2022</i>							
- Profit after tax - restated	-	-	-	-	-	173,846,935	173,846,935
- Other comprehensive income	-	-	-	-	-	1,711,387	1,711,387
	-	-	-	-	-	175,558,322	175,558,322
Transfer to unappropriated profits on account of incremental depreciation - net of deferred tax	-	(93,943,976)	-	-	-	93,943,976	-
<i>Transaction with owners</i>							
Final Cash dividend @ 20% for the year ended September 30, 2021	-	-	-	-	-	(34,581,924)	(34,581,924)
<b>Balance as at September 30, 2022 (restated)</b>	<b>172,909,620</b>	<b>2,569,437,845</b>	<b>172,909,620</b>	<b>18,601,691</b>	<b>200,000,000</b>	<b>776,284,676</b>	<b>3,910,143,452</b>
<i>Total comprehensive income for the period ended June 30, 2023</i>							
- Profit after tax	-	-	-	-	-	43,457,536	43,457,536
- Other comprehensive income	-	1,330,353,020	-	-	-	-	1,330,353,020
	-	1,330,353,020	-	-	-	43,457,536	1,373,810,556
Impact of revaluation of fixed assets							
Transfer to unappropriated profits on account of incremental depreciation - net of deferred tax	-	(87,674,530)	-	-	-	87,674,530	-
Final Cash dividend @ 25% for the year ended September 30, 2022	-	-	-	-	-	(43,227,405)	(43,227,405)
<b>Balance as at June 30, 2023</b>	<b>172,909,620</b>	<b>3,812,116,335</b>	<b>172,909,620</b>	<b>18,601,691</b>	<b>200,000,000</b>	<b>864,189,338</b>	<b>5,240,726,603</b>

  
GHULAM AHMED ADAM  
Chief Executive

  
MR. OMAR G. ADAM  
Director


  
FAISAL HABIB  
Chief Financial Officer



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2023

	Note	June-2023	June-2022 (Re-stated)
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / Profit before taxation		(36,499,087)	221,386,521
<i>Adjustments for non cash and other items:</i>			
- Depreciation on property, plant and equipment	4.1	198,450,643	114,997,430
- Deferred Government Grant amortization		(1,398,637)	(288,414)
- Gain on disposal of property, plant and equipment		(224,952)	(27,631)
- Provision for gratuity		1,635,098	792,019
- Unwinding of subordinated loan from director		1,464,719	883,047
- Finance cost		216,470,856	122,272,154
- Profit on term deposit receipts		(3,970,201)	(4,804,979)
- Profit on saving accounts		(1,243,357)	(1,598,748)
- Provision for Workers' Profit Participation Fund		-	11,889,716
- Provision for Workers' Welfare Fund		-	4,518,092
- Provision for provident fund		670,023	1,099,090
		<u>411,854,192</u>	<u>249,731,777</u>
<b>Cash generated from operating activities before working capital changes</b>		<b>375,355,105</b>	<b>471,118,297</b>
<b>Working capital changes:</b>			
<i>Decrease / (increase) in current assets</i>			
- Stores and spares		(78,671,322)	1,036,510
- Stock in trade		(2,534,211,657)	(3,010,054,482)
- Trade debts		308,514,511	365,123,356
- Short term loans and advances		11,395,446	25,389,393
- Trade deposits and short term prepayments		(1,399,964)	(681,661)
- Other receivables - considered good		(314,713)	2,868,711
<i>Increase / (decrease) in current liabilities</i>			
- Sales tax payable		(377,608,492)	324,098,524
- Trade and other payables		1,275,514,841	1,290,898,095
		<u>(1,396,781,350)</u>	<u>(1,001,321,554)</u>
<b>Cash used in operations</b>		<b>(1,021,426,245)</b>	<b>(530,203,256)</b>
- Financial costs paid		(139,887,202)	(60,506,847)
- Provident fund		(6,202,480)	(434,524)
- Gratuity		-	(78,737)
- Taxes		(48,907,844)	(66,155,704)
		<u>(194,997,526)</u>	<u>(127,175,812)</u>
<b>Net cash used in operating activities</b>		<b>(1,216,423,771)</b>	<b>(657,379,068)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
- Fixed Capital Expenditure		(175,760,440)	(227,879,940)
- Proceed from sale of operating fixed assets		400,000	150,000
- Long term advances		84,371,626	-
- Profit received on saving accounts		3,970,201	1,598,748
- Profit received on investment in term deposit receipts		1,243,357	4,804,979
<b>Net cash used in investing activities</b>		<b>(85,775,257)</b>	<b>(221,326,213)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
- Short term borrowings - net		1,219,687,620	821,429,536
- Dividend paid		(42,620,660)	(33,561,755)
- Long term loan obtained/(repaid)		197,957,690	(24,074,526)
<b>Net cash generated from financing activities</b>		<b>1,375,024,650</b>	<b>763,793,255</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>72,825,622</b>	<b>(114,912,026)</b>
Cash and cash equivalents at the beginning of the year		(109,899,237)	17,982,970
<b>Cash and cash equivalents at the end of the year</b>		<b>(37,073,615)</b>	<b>(96,929,056)</b>
Cash and cash equivalent comprise the following:			
- Cash and Bank Balances		37,620,513	77,733,573
- Short term investments		25,204,970	25,323,291
- Short term Borrowings - running finance		(99,899,097)	(199,985,920)
		<u>(37,073,615)</u>	<u>(96,929,056)</u>

  
GHULAM AHMED ADAM  
Chief Executive

  
MR. OMAR G. ADAM  
Director

  
FAISAL HABIB  
Chief Financial Officer



# ADAM SUGAR MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED JUNE 30, 2023

### 1. STATUS AND NATURE OF BUSINESS

Adam Sugar Mills Limited ('the Company') was incorporated in Pakistan in 1965 in the name of Bahawalnagar Sugar Mills Limited as a public limited company. In 1985, the name of the Company was changed to Adam Sugar Mills Limited. The shares of the Company are quoted on Pakistan Stock Exchange ("the Exchange"). The Company is principally engaged in the manufacturing and sale of white sugar.

The geographical location and address of Company's business units, including plant are as under:

**Head office:** The Company's registered office is situated at first floor, Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi.

**Mill:** The Company's plant is located at Chak #4, Fordwah, Chishtian, District Bahawalnagar, Punjab.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34 '*Interim Financial Reporting*' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, and directives issued under, the Companies Act, 2017.

Where the provisions of, and directives issued under, the Companies Act, 2017 differ with the requirements of IAS 34, the former have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the audited financial statements, and should be read in conjunction with Company's annual audited financial statements as at September 30, 2022.

#### 2.2 Basis of measurement of items in these condensed interim financial statements

These condensed interim financial statements have been prepared under the historical cost convention except for:

- a) freehold land, factory building, non-factory building and plant and machinery which are carried at revalued amounts less subsequent accumulated depreciation charged thereon.
- b) Staff retirement benefits which are carried at the present value of the defined benefit obligation.

#### 2.3 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional and presentation currency.



# ADAM SUGAR MILLS LIMITED

## 2.4 Judgements and sources of estimation uncertainty

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual financial statements of the Company as at and for the year ended September 30, 2022.

## 2.5 Significant accounting policies

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2022.

		(Un-audited) June 30, 2023	(Audited) September 30, 2022
	Note	Rupees	
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	3.1	6,590,227,059	4,825,029,489
Capital work in progress		121,734	141,550,172
		<u>6,590,348,793</u>	<u>4,966,579,661</u>
<b>3.1 Operating fixed assets</b>			
<i>Cost / revalued amount</i>			
Opening balance as at the beginning of the period / year	3.1.1	6,470,139,136	6,263,834,294
Additions during the period / year		317,188,879	208,813,082
Revaluation surplus of Land, Building & Plant and machinery		1,646,634,382	
Disposals during the period / year		(1,647,205)	(2,508,240)
		<u>8,432,315,192</u>	6,470,139,136
<i>Accumulated depreciation</i>			
Opening balance as at the beginning of the period / year		1,645,109,647	1,423,155,447
Charge for the period / year		198,450,643	224,218,383
Disposal during the period / year		(1,472,157)	(2,264,183)
		<u>1,842,088,133</u>	1,645,109,647
<b>Written down value at the end of period / year</b>		<u>6,590,227,059</u>	<u>4,825,029,489</u>
<b>3.1.1 Additions to operating fixed assets</b>			
Factory building on freehold land		17,445,225	4,402,919
Plant and Machinery		216,262,888	143,851,383
Vehicles		-	39,242,003
Computer and other equipments		1,368,703	1,086,754
Furniture and fixtures		2,558,436	1,010,856
Water connections and electrical installations		25,409,477	4,999,456
Solar panel System		52,267,101	
Tools and other equipment		1,877,049	12,788,099
Air conditioners and refrigerators		-	1,431,612
		<u>317,188,879</u>	<u>208,813,082</u>
<b>4. STOCK IN TRADE</b>			
Sugar / Molasses in process		4,339,864	4,175,664
Finished goods - Sugar		3,680,530,875	1,236,243,706
Finished goods - Molasses		89,760,288	-
		<u>3,774,631,027</u>	<u>1,240,419,370</u>



# ADAM SUGAR MILLS LIMITED

## 4.1 Correction of a prior period error

In its condensed interim financial statements for the nine months ended June 30, 2022 as well as the annual financial statements for the year ended September 30, 2022, the Company had, inadvertently, valued its closing stock of finished goods (i.e. sugar) by deducting, from the cost of goods manufactured, the total net realizable value of bagasse produced (including bagasse consumed internally into the production process) instead of deducting only a portion thereof representing the net realizable value of bagasse sold to external customers

In these condensed interim financial statements, the above error has been rectified retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and all the corresponding figures affected by the error have been restated. However, since these restatements had no effect on the statement of financial position as at the beginning of the earliest period presented (i.e. September 30, 2021), the same has not been presented in these condensed interim financial statements.

	(Un-audited) June 30, 2023	(Audited) September 30, 2022
<b>5. TRADE DEBTS - unsecured, considered good</b> <i>Note</i>	<b>Rupees</b>	
Receivable against sales of sugar	<u>9,172,408</u>	<u>317,686,918</u>
<b>6. SHORT TERM LOANS AND ADVANCES</b>		
Loan to staff	3,186,071	1,074,121
<i>Advances:</i>		
- to growers	<u>12,900,032</u>	56,321,215
- to contractors	<u>410,500</u>	4,680,005
- to suppliers	<u>35,879,561</u>	1,910,950
- against expenses	<u>379,760</u>	165,080
- others	<u>9,658,236</u>	9,658,236
	<u>59,228,090</u>	72,735,486
	<u>62,414,161</u>	<u>73,809,607</u>
<b>7. CASH AND BANK BALANCES</b>		
Cash in hand	616,843	49,226
Cash at bank:		
- Current accounts	<u>36,828,528</u>	60,128,574
- Deposit accounts	<u>175,142</u>	4,639,837
	<u>37,003,670</u>	64,768,411
	<u>37,620,513</u>	<u>64,817,637</u>
<b>8. LONG TERM FINANCING - secured</b>		
<i>From conventional banking companies</i>		
Habib Bank Limited	385,624,000	112,500,000
JS Bank Limited	-	44,444,445
	<u>385,624,000</u>	<u>156,944,445</u>
<i>From Islamic banking companies</i>		
AlBaraka Bank Pakistan Limited	<u>3,125,000</u>	31,250,000
Dubai Islamic Bank Pakistan Limited	<u>32,950,963</u>	35,547,828
	<u>36,075,963</u>	66,797,828
Current maturity shown under current liabilities	<u>(78,444,169)</u>	(116,074,971)
	<u>343,255,794</u>	<u>107,667,302</u>



# ADAM SUGAR MILLS LIMITED

		(Un-audited) June 30, 2023	(Audited) September 30, 2022
		Rupees	
<b>9.</b>	<b>SHORT TERM BORROWINGS</b>		
	<i>Unsecured - interest free</i>		
	- from Chief Executive	9.1 <b>32,164,394</b>	32,164,394
	- from Adam Lubricants Limited (a related party)	9.2 <b>862,500,000</b>	502,500,000
	<b>Secured</b>	<b>894,664,394</b>	534,664,394
	- from conventional banking companies		
	- JS Bank Limited	9.3 <b>99,899,097</b>	199,921,844
	- Habib Bank Limited	9.4 <b>305,924,154</b>	78,658,288
		<b>405,823,251</b>	278,580,132
	- from Islamic banking companies		
	- Askari Bank Limited	9.5 <b>326,000,000</b>	-
	- Al Baraka Bank (Pakistan) Limited	9.6 <b>299,300,000</b>	150,000,000
	- Meezan Bank Limited	9.7 <b>157,121,755</b>	-
		<b>782,421,755</b>	150,000,000
		<b>2,082,909,400</b>	963,244,526

**9.1** This represents loan granted by Mr. Ghulam Ahmed Adam, the Chief Executive of the Company, in previous years, to meet working capital requirements of the Company. The loan is interest free and is repayable on demand.

**9.2** This represents loan granted by M/S. Adam Lubricants Limited to meet working capital requirements of the Company. The loan is interest free and is repayable on demand.

**9.3** This represents the amount availed under the running finance facility obtained from M/s. JS Bank Limited in order to meet the working capital requirements of the Company. As of June 30, 2023, the limit of the facility amounted to Rs. 100 million (2022: Rs. 200 million). The facility carries markup at the rate of 3-Month KIBOR + 3%. (2022: 1-Month KIBOR + 3%) and is secured against equitable mortgage on the property of the Directors (to the extent of market value) as well as their personal guarantees.

**9.4** This represents the amount availed under the cash finance facility obtained from M/s. Habib Bank Limited in order to meet the working capital requirements of the Company. As of June 30, 2023, the limit of the facility amounted to Rs. 500 million (2022: Rs. 300 million). The facility carries markup at the rate of 1-Month KIBOR + 1.25%. (2022: 1-Month KIBOR + 1.25%) and is secured against pledge over stock of sugar bags with 25% margin, finance against open pledge of stock allowed upto Rs 200 million, ranking charge over fixed assets amounting to Rs. 500 million and personal guarantee of Director.

**9.5** This represents the amount availed under the Salam facility obtained from M/s. Askari Bank Limited in order to meet working capital requirements of the Company. As of June 30, 2023, the limit of the facility amounted to Rs. 400 million (2022: Rs. 300 million). The facility carries markup at the rate of Matching KIBOR + 1.50%. (2022: KIBOR + 1.50%) and is secured against pledge of sugar stock of Rs. 533 million with 25% margin, charge over current assets for Rs. 533 million and personal guarantee of directors of the company.

**9.6** This represents the amount availed under the salam facility obtained from M/s. AlBaraka Bank (Pakistan) Limited in order to meet working capital requirements of the Company. As of June 30, 2023, the limit of the facility amounted to Rs. 300 million (2022: Rs 300 million). The facility carries markup at the rate of Matching KIBOR + 2.25% and is secured against pledge of sugar stock of Rs. 400 million with 25% margin, and personal guarantee of directors of the company.



# ADAM SUGAR MILLS LIMITED

9.7 This represents the amount availed under the Tijarah facility obtained from M/s. Meezan Bank Limited in order to meet working capital requirements of the Company. As of June 30, 2023, the limit of the facility amounted to Rs. 400 million (2022: Rs 400 million). The facility carries markup at the rate of Respective KIBOR + 1.50%. (2022: Respective KIBOR + 1.50%) and is secured against ranking charge over current assets with 25% margin, pledge of sugar stock with 20% margin in case of stock placed in godown and 25% margin in case of open pledge of stock duly covered and personal guarantee of directors of the company.

	(Un-audited) June 30, 2023	(Audited) September 30, 2022
<b>10. TRADE AND OTHER PAYABLES</b>	<b>Rupees</b>	
Trade creditors	159,726,488	88,344,209
Accrued liabilities	33,283,486	39,150,281
Advance from customers	1,347,010,200	130,464,112
Sales tax payable	56,317,591	433,926,083
Withholding tax payable	22,283,439	27,732,781
Retention money	167,872	121,933
Provision for Workers' Profit Participation Fund	29,071,238	29,071,238
Provision for Workers' Welfare Fund	31,390,112	31,390,112
Others	108,594	1,251,920
	<u>1,679,359,020</u>	<u>781,452,669</u>

## 11. CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments set out in note 13 to the Company's financial statements for the half year ended March 31, 2023.

	June 30, 2023 Un-Audited	June 30, 2022 Un-Audited
<b>12. SALES REVENUE - net</b>	<b>Rupees</b>	
Sales - Sugar (Local)	2,197,116,491	2,517,206,871
Less: Sales tax	(330,343,051)	(348,603,042)
	1,866,773,440	2,168,603,829
Sales - Sugar (Export)	345,470,678	-
Local sales - Molasses	731,500,000	750,204,337
Local sales - Other By products	8,581,198	11,125,240
Less: Sales tax	(1,438,720)	(7,023,043)
	7,142,478	4,102,197
	<u>2,950,886,596</u>	<u>2,922,910,363</u>

## 13. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of Adam Pakistan Limited, Adam Lubricants Limited, key management personnel, directors and their close family members. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Transactions entered into, and balances held with, related parties, other than those disclosed elsewhere in the financial statements, are as follows:



# ADAM SUGAR MILLS LIMITED

## Transactions during the year

Name of the related party	Particulars	(Un-audited)	(Un-audited)
		June 30, 2023	June 30, 2022
		Rupees	
Adam Lubricants Limited	Lubricants purchased during the year	13,080,004	5,891,291
	Payments made against lubricant during the period	13,080,305	6,025,217
	Short term loan received during the period	360,000,000	266,500,000
	Short term loan repaid during the period		442,500,000
Key Management Personnel	Remuneration to Chief Executive and Directors	47,191,295	32,564,000

## Balances at the year end

Name of the related party	Particulars	(Un-audited)	(Audited)
		June 30, 2023	September 30, 2022
		Rupees	
Adam Lubricants Limited	Payable against purchases	-	301
	Short term loan payable	862,500,000	502,500,000
Chief Executive (Mr. Ghulam Ahmed Adam)	Short term loan payable	32,164,394	32,164,394
	Subordinated loan payable	24,959,713	24,959,713
Chief Executive (Mr. Ghulam Ahmed Adam), Directors (Mr. Junaid Ghulam Adam and Mr. Omar Ghulam Adam)	Guarantees provided to banks against financing on behalf of the Company	3,783,812,384	2,362,120,000

## 14. OPERATING SEGMENTS

These condensed interim financial statements have been prepared on the basis of single reportable segment.

Revenue from sale of sugar represents 75% (June 30, 2022: 74%) of the total revenue whereas remaining represent revenue from sale of molasses, bagasse and mud.

All non-current assets of the Company at June 30, 2023 and September 30, 2022 were located in Pakistan.

## 15. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).





## ADAM SUGAR MILLS LIMITED

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. However, during the period, there were no transfers between the levels of the fair value hierarchy.

Following is the fair value hierarchy of the assets carried at fair value:

	Level 1	Level 2	Level 3	Total
<b>June 30, 2023</b>	<b>Rupees</b>			
<b>Freehold land</b>	-	<b>1,429,893,000</b>	-	<b>1,429,893,000</b>
<b>Factory building</b>	-	<b>234,557,347</b>	-	<b>234,557,347</b>
<b>Non - factory building</b>	-	<b>355,784,136</b>	-	<b>355,784,136</b>
<b>Plant and machinery</b>	-	<b>4,660,052,966</b>	-	<b>4,660,052,966</b>
<b>September 30, 2022</b>				
Freehold land	-	873,884,000	-	873,884,000
Factory building	-	139,844,196	-	139,844,196
Non - factory building	-	65,068,465	-	65,068,465
Plant and machinery	-	3,627,020,750	-	3,627,020,750

### 16. GENERAL

#### 16.1. Date of authorization for issue

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on **July 27, 2023**.

#### 16.2. Level of rounding

Unless otherwise indicated, all figures in these condensed interim financial statements have been rounded off to the nearest rupee.

GHULAM AHMED ADAM  
Chief Executive

MR. OMAR G. ADAM  
Director

FAISAL HABIB  
Chief Financial Officer



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**ADAM SUGAR MILLS LIMITED**