

ADAM SUGAR MILLS LIMITED



HALF YEARLY ACCOUNTS

**31 March, 2023
(UN-AUDITED)**



ADAM SUGAR MILLS LIMITED

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

C O N T E N T S

Vision / Mission & Company Information	2
Directors' Review.....	3
Independent Auditor's Review Report	5
Statement of Financial Position	6
Statement of Profit or Loss	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flow	10
Notes to the Financial Statements	11



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

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 the un-audited financial statements of the Company for the six months ended March 31, 2023.

Operational Highlights	March 31, 2023	March 31, 2022
Cane Crushed - M.Ton	590,048	816,804
Sugar Recovery Rate	9.79%	9.83%
Sugar Produced - M.Ton	57,790	79,705
Cane Crushing Commencement Date	27/11/2022	15/11/2021
Cane Crushing Ending Date	12/03/2023	05/04/2022
Cane Crushing Days	106	142

Overview

The crushing season concluded on 106th 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.

The Government of Punjab has increased the minimum support price by 33.33% from PKR 225/40Kgs. to PKR 300/40Kgs. The actual purchase price is higher than the minimum support price due to price competition for cane between mills.

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 average sale price of sugar was also not increased in relation to the raw material costs.

As mentioned in our December 2022' quarterly report that the Government has allowed export of 250,000 M.Ton of Sugar. Alhumdolillah, your company has exported their allotted quota and sales were realized in this quarter.

Future Outlook

The prevailing political condition, depreciating rupee and rise in markup rates depicts an uncertain business environment.

The Government is adamant to force sugar mills to sell their product at below cost. Ministry of National Food, Security and Research has issued Order under 6 of the "**Price Control and Prevention of Profiteering and Hoarding Act, 1977**" and arbitrarily fixed the maximum retail price of locally made white crystalline sugar at 98.82 per Kg. All the sugar mills have filed appeal to the Appellate Committee under the "**Price Control and Prevention of Profiteering and Hoarding Act, 1977**" and simultaneously filed writ petitions in Honorable High Courts of respective provinces. The Honorable Lahore High Court has granted a stay against the impugned order and also order that no coercive measures to be taken against mills till the disposal of the petition.

The current price outlook remains positive until and unless the Government takes concrete steps to curb the smuggling of sugar to adjacent Afghanistan where price of sugar is double the local retail price in Pakistan.



ADAM SUGAR MILLS LIMITED

The price of white crystalline sugar in international market is also on the higher side at approx. FOB value of USD700 per M.Ton, which when translates into PKR comes to PKR300 per Kg with all other import incidentals.

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.

Acknowledgement

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

On behalf of the Board of Directors

(GHULAM AHMED ADAM)
(CHIEF EXECUTIVE)

Karachi: May 29, 2023

(JUNAID G. ADAM)
(DIRECTOR)



ADAM SUGAR MILLS LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

To The Members of Adam Sugar Mills Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Adam Sugar Mills Limited** ("the Company") as at **March 31, 2023** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended March 31, 2023. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended March 31, 2023.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is **Mr. Muhammad Rafiq Dosani**.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: 29 May 2023
UDIN: RR202310210ENxwXfpoe



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

		(Un-audited) March 31 2023	(Audited) September 30, 2022
	Note	----- Rupees -----	Restated
ASSETS			
Non-current assets			
Property, plant and equipment	3	6,658,014,853	4,966,579,661
Long term advances	4	-	84,371,626
Long term deposits		4,306,481	4,306,481
		6,662,321,334	5,055,257,768
Current assets			
Stores and spares		147,925,835	112,739,378
Stock in trade	5	3,941,411,311	1,240,419,370
Short term investments		25,204,970	25,204,970
Trade debts - unsecured		23,572,894	317,686,918
Short term loans and advances	6	51,647,818	73,809,607
Prepayments - insurance		2,890,139	480,714
Others receivables - considered good		11,456,837	11,142,124
Cash and bank balances	7	375,884,486	64,817,637
		4,579,994,290	1,846,300,718
Total assets		11,242,315,624	6,901,558,486
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized Capital</i>		250,000,000	250,000,000
Issued, subscribed and paid-up capital (17,290,962 ordinary shares of Rs. 10/- each)		172,909,620	172,909,620
<i>Capital reserves:</i>			
Surplus on revaluation of property, plant and equipment- net	8	3,845,490,369	2,569,437,845
Share premium		172,909,620	172,909,620
Capital contribution from director		18,601,691	18,601,691
		4,037,001,680	2,760,949,156
<i>Revenue reserve:</i>			
General reserve		200,000,000	200,000,000
Unappropriated profits		850,900,203	776,284,676
		1,050,900,203	976,284,676
		5,260,811,503	3,910,143,452
Non-current liabilities			
Subordinated loan from Chief Executive		19,435,322	18,458,845
Long term financing	9	388,059,902	107,667,302
Deferred liabilities	10	1,082,471,660	880,377,103
Provident fund payable		9,500,096	9,625,273
		1,499,466,980	1,016,128,523
Current liabilities			
Short term borrowings	11	2,744,005,629	963,244,526
Trade and other payables	12	1,525,049,547	781,452,669
Accrued markup		79,036,052	38,347,012
Current maturity of long term financing		71,866,508	116,074,971
Current maturity of deferred income - Government grant		2,392,940	2,664,988
Unclaimed dividend		5,753,539	5,207,966
Taxation-net		53,932,926	68,294,379
		4,482,037,141	1,975,286,511
Contingencies and commitments	13		
Total equity and liabilities		11,242,315,624	6,901,558,486

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.


GHULAM AHMED ADAM
Chief Executive


MR. JUNAID G. ADAM
Director


FAISAL HABIB
Chief Financial Officer



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2023

	Note	Six-month period ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		Rupees			
		Restated			
Sales revenue - net	14	2,580,816,944	2,571,189,795	1,680,085,572	1,201,016,596
Cost of sales	15	(2,364,485,564)	(2,115,831,833)	(1,517,092,840)	(1,108,554,136)
Gross profit		216,331,380	455,357,962	162,992,732	92,462,460
Administrative expenses		(99,075,658)	(77,361,893)	(44,835,129)	(45,816,312)
Selling and distribution costs		(23,863,415)	(5,249,416)	(22,596,320)	(4,089,663)
		(122,939,073)	(82,611,309)	(67,431,449)	(49,905,975)
Operating profit		93,392,307	372,746,653	95,561,283	42,556,485
Finance costs		(120,124,315)	(55,632,912)	(94,722,972)	(44,131,019)
Other income		11,353,209	3,573,689	6,491,153	1,482,907
Other operating expenses		(841,825)	(22,127,433)	(841,825)	6,323
		(109,612,931)	(74,186,656)	(89,073,644)	(42,641,789)
(Loss) / profit before taxation		(16,220,624)	298,559,997	6,487,639	(85,304)
Taxation - net	16	79,763,060	(73,902,755)	91,022,202	(13,606,208)
Profit / (loss) after taxation		63,542,436	224,657,242	97,509,841	(13,691,512)
Earnings / (loss) per share- basic and diluted	17	3.67	12.99	5.63	(0.79)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.


GHULAM AHMED ADAM
Chief Executive


MR. JUNAID G. ADAM
Director


FAISAL HABIB
Chief Financial Officer



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2023

	Six-month period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees			
	Restated			
Profit / (loss) after taxation	63,542,436	224,657,242	97,509,841	(13,691,512)
Other comprehensive income for the year				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation increase during the year	1,646,634,380	-	1,646,634,380	-
Less: Relevant deferred tax impact	(316,281,360)	-	(316,281,360)	-
	1,330,353,020	-	1,330,353,020	-
Total comprehensive income / (loss) for the period	1,393,895,456	224,657,242	1,427,862,861	(13,691,512)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

GHULAM AHMED ADAM
Chief Executive

MR. JUNAID G. ADAM
Director

FAISAL HABIB
Chief Financial Officer



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED MARCH 31, 2023

	Capital reserves			Revenue reserves		Total	
	Issued, subscribed and paid up capital	Surplus on revaluation of property, plant and equipment	Share premium	Capital contribution from Director	General reserve		Unappropriated profits / (losses)
	Rupees						
Balance as at September 30, 2021 (audited)	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 half year ended March 31, 2022</i>							
- Profit after tax - restated	-	-	-	-	-	224,657,242	224,657,242
- Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	-	224,657,242	224,657,242
Transferred from surplus on revaluation of property, plant and equipment - net of tax	-	(46,971,988)	-	-	-	46,971,988	-
<i>Transaction with owners</i>							
Final Cash dividend @ 20% for the year ended September 30, 2021	-	-	-	-	-	(34,581,924)	(34,581,924)
Balance as at March 31, 2022 (un-audited) - restated	172,909,620	2,616,409,833	172,909,620	18,601,691	200,000,000	778,411,608	3,959,242,372
Balance as at September 30, 2022 (audited) - restated	172,909,620	2,569,437,845	172,909,620	18,601,691	200,000,000	776,284,676	3,910,143,452
<i>Total comprehensive income for the half year ended March 31, 2023</i>							
- Profit after tax	-	-	-	-	-	63,542,436	63,542,436
- Other comprehensive income	-	1,330,353,020	-	-	-	-	1,330,353,020
	-	1,330,353,020	-	-	-	63,542,436	1,393,895,456
Transfer to unappropriated profits on account of incremental depreciation - net of deferred tax	-	(54,300,496)	-	-	-	54,300,496	-
<i>Transaction with owners</i>							
Final Cash dividend @ 25% for the year ended September 30, 2022	-	-	-	-	-	(43,227,405)	(43,227,405)
Balance as at March 31, 2023 (un-audited)	172,909,620	3,845,490,369	172,909,620	18,601,691	200,000,000	850,900,203	5,260,811,503

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.


GHULAM AHMED ADAM
Chief Executive


MR. JUNAID G. ADAM
Director


FAISAL HABIB
Chief Financial Officer



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2023

	March 31, 2023	March 31, 2022
Note	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		Restated
(Loss) / Profit before taxation	(16,220,624)	298,559,997
Adjustments:		
Depreciation on property, plant and equipment	3.1 126,428,311	109,525,481
Gain on disposal of property, plant and equipment	(224,952)	-
Provision for gratuity	1,090,065	792,019
Finance costs	119,147,838	55,632,912
Amortization of deferred grant	(1,398,637)	(288,414)
Unwinding of subordinated loan from director	976,477	-
Interest on saving accounts	(92,672)	(1,592,245)
Interest on term deposit receipts	(5,120,886)	(588,002)
Provision for Worker Profit Participation Fund	841,825	16,034,372
Provision for Worker Welfare Fund	-	6,093,061
Provision for Provident Fund	875,024	873,620
	<u>242,522,393</u>	<u>186,482,804</u>
Operating profit before working capital changes	<u>226,301,769</u>	<u>485,042,801</u>
Working capital changes:		
<i>Decrease / (increase) in current assets</i>		
Stores and spares	(35,186,457)	11,674,211
Stock in trade	(2,700,991,941)	(3,178,754,976)
Trade debts	294,114,024	280,636,694
Short term loans and advances	22,161,789	134,730,669
Trade deposits and short term prepayments	(2,409,425)	(2,772,538)
Other receivables - considered good	(314,713)	3,380,311
<i>Increase / (decrease) in current liabilities</i>		
Sales tax payable	(391,220,279)	65,856,065
Trade and other payables	1,133,975,332	1,088,417,907
	<u>(1,679,871,670)</u>	<u>(1,596,831,657)</u>
Cash used in operations	<u>(1,453,569,901)</u>	<u>(1,111,788,856)</u>
Financial costs paid	(78,458,798)	(34,751,178)
Payment to Provident fund	(1,000,201)	(434,524)
Gratuity paid	-	(35,000)
Taxes paid	(48,748,672)	(62,629,116)
	<u>(128,207,671)</u>	<u>(97,849,818)</u>
Net cash used in operating activities	<u>(1,581,777,572)</u>	<u>(1,209,638,674)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(87,032,545)	(169,386,924)
Sale Proceed from disposal of operating fixed assets	400,000	-
Interest received on term deposits	5,120,886	1,592,245
Interest received on saving accounts	92,672	186,539
Net cash used in investing activities	<u>(81,418,987)</u>	<u>(167,608,140)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowing-net	1,882,135,929	1,323,929,536
Dividend paid	(42,681,832)	(33,561,754)
Long term loan repaid	236,184,137	(40,972,222)
Net cash generated from financing activities	<u>2,075,638,234</u>	<u>1,249,395,560</u>
Net increase / (decrease) in cash and cash equivalents	<u>412,441,675</u>	<u>(127,851,254)</u>
Cash and cash equivalents at the beginning of the year	(135,104,207)	(7,340,320)
Cash and cash equivalents at the end of the period	<u>18 277,337,468</u>	<u>(135,191,574)</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.


GHULAM AHMED ADAM
Chief Executive


MR. JUNAID G. ADAM
Director


FAISAL HABIB
Chief Financial Officer



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 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.

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.



ADAM SUGAR MILLS LIMITED

		(Un-audited) March 31, 2023	(Audited) September 30, 2022
		Rupees	
3. PROPERTY, PLANT AND EQUIPMENT	<i>Note</i>		
Operating fixed assets	3.1	6,657,893,119	4,825,029,489
Capital work in progress	3.2	121,734	141,550,172
		<u>6,658,014,853</u>	<u>4,966,579,661</u>
3.1 Operating fixed assets			
<i>Cost / revalued amount</i>			
Opening balance		6,470,139,136	6,263,834,294
Add: Additions during the period / year	3.1.1	312,832,609	208,813,082
Add: Revaluation surplus on revaluation of land, building, plant and machinery		1,646,634,380	-
Less: Disposals during the period / year		(1,647,205)	(2,508,240)
Closing balance		8,427,958,920	6,470,139,136
<i>Accumulated depreciation</i>			
Opening balance		1,645,109,647	1,423,155,447
Add: Charge for the period / year		126,428,311	224,218,383
Less: Disposal during the period / year		(1,472,157)	(2,264,183)
Closing balance		1,770,065,801	1,645,109,647
Written down value at the end of period / year		<u>6,657,893,119</u>	<u>4,825,029,489</u>
3.1.1 Additions to operating fixed assets			
Factory building on freehold land		17,445,225	4,402,919
Plant and Machinery		211,906,615	143,851,383
Vehicles		-	39,242,003
Computer and other equipments		1,368,708	1,086,754
Furniture and fixtures		2,558,434	1,010,856
Water connections and electrical installations		25,409,477	4,999,456
Tools and other equipment		1,877,049	12,788,099
Air conditioners and refrigerators		-	1,431,612
Solar Panel System		52,267,101	-
		<u>312,832,609</u>	<u>208,813,082</u>
4. LONG TERM ADVANCES			
These were advances provided to various suppliers for purchase of capital items. During the period, long term advances are transferred to property, plant and equipment.			
		(Un-audited) March 31, 2023	(Audited) September 30, 2022
5. STOCK IN TRADE		Rupees	
Work in process		4,302,498	4,175,664
Finished goods - Sugar		3,855,678,233	1,236,243,706
Finished goods - Molasses		81,430,580	-
		<u>3,941,411,311</u>	<u>1,240,419,370</u>



ADAM SUGAR MILLS LIMITED

5.1 Correction of a prior period error

In its condensed interim financial statements for the half year ended March 31, 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 instead of deducting only a portion thereof* representing the net realizable value of bagasse *sold* to external customers. This had caused the value of the stock of finished goods (i.e. sugar) and work-in-progress reported as at March 31 2022 to be understated by Rs. 163.992 million and Rs. 1.790 million, respectively and caused the value of the stock of finished goods (i.e. sugar) and work-in-progress as at September 30, 2022 to be understated by Rs. 49.255 million and Rs. 0.162 million, respectively (*with their corresponding effects on the cost of sales, other operating charges and related liabilities, current/deferred tax charge and related liabilities, and unappropriated profits reported in the said interim/annual financial statements*).

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.

The retrospective correction of the error has its effects on the corresponding figures presented in these condensed interim financial statements as follows:

	Before restatement	After restatement	Restatement
	Rupees		
Condensed Interim Statement of Financial Position - As at September 30, 2022			
i) Stock in trade	1,191,001,464	1,240,419,370	49,417,906
ii) Unappropriated profits	743,908,776	776,284,676	32,375,900
iii) Deferred liabilities - deferred taxation	871,489,389	880,377,103	8,887,714
iv) Trade and other payables			
- Provision for Workers' Profit Participation Fund	26,600,342	29,071,238	2,470,896
- Provision for Workers' Welfare Fund	30,977,528	31,390,112	412,584
v) Taxation-net	63,023,567	68,294,379	5,270,812
Condensed Interim Statement of Profit or Loss (Un-audited) - For the Half Year and Quarter Ended March 31, 2023			
i) Cost of sales	2,281,613,877	2,115,831,833	(165,782,044)
ii) Other operating expenses	10,688,471	22,127,433	11,438,962
iii) Taxation - net			
- Current	30,805,526	45,546,699	14,741,173
- Deferred	7,629,806	28,356,056	20,726,250



ADAM SUGAR MILLS LIMITED

	(Un-audited) March 31, 2023	(Audited) September 30, 2022
	Rupees	
6. SHORT TERM LOANS AND ADVANCES		
Loan to staff	2,328,141	1,074,121
<i>Advances:</i>		
- to suppliers	33,195,990	56,321,215
- to growers	5,815,451	4,680,005
- to contractors	321,900	1,910,950
- against expenses	328,100	165,080
- others	9,658,236	9,658,236
	<u>49,319,677</u>	<u>72,735,486</u>
	<u>51,647,818</u>	<u>73,809,607</u>
7. CASH AND BANK BALANCES		
Cash in hand	1,872,279	49,226
Cash at bank:		
- Current accounts	366,614,033	60,128,574
- Deposit accounts	7,398,174	4,639,837
	<u>374,012,207</u>	<u>64,768,411</u>
	<u>375,884,486</u>	<u>64,817,637</u>
8. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net		
On freehold land		
<i>Gross surplus</i>		
Balance as at the beginning of the year	855,028,970	855,028,970
Revaluation increase recognized during the period	556,009,000	-
	<u>1,411,037,970</u>	<u>855,028,970</u>
On buildings / plant and machinery		
<i>Gross surplus</i>		
Balance as at the beginning of the period / year	2,414,660,387	2,546,975,847
Revaluation increase recognized during the year	1,090,625,380	-
Incremental depreciation transferred to retained earnings	(76,479,572)	(132,315,460)
	<u>3,428,806,195</u>	<u>2,414,660,387</u>
<i>Related deferred tax charge</i>		
Balance as at the beginning of the period / year	(700,251,512)	(738,622,996)
Revaluation increase recognized during the year	(316,281,360)	-
Transferred to retained earnings	22,179,076	38,371,484
	<u>(994,353,796)</u>	<u>(700,251,512)</u>
	<u>3,845,490,369</u>	<u>2,569,437,845</u>



ADAM SUGAR MILLS LIMITED

		(Un-audited) March 31, 2023	(Audited) September 30, 2022
		Rupees	
9. LONG TERM FINANCING	Note		
Secured			
<i>- From conventional banking companies</i>			
Habib Bank Limited	9.1 & 9.2	393,124,000	112,500,000
JS Bank Limited	9.3	22,222,223	44,444,445
		415,346,223	156,944,445
<i>- From Islamic banking companies</i>			
Albaraka Bank Pakistan Limited	9.4	12,500,000	31,250,000
Dubai Islamic Bank Pakistan Limited	9.5	32,080,187	35,547,828
		44,580,187	66,797,828
Current maturity shown under current liabilities		(71,866,508)	(116,074,971)
		388,059,902	107,667,302

9.1 This includes the amount availed under Term Loan Facility amounting to Rs. 97.5 million. The principal terms and conditions of the financing arrangement are as follows:

Purpose:	For BMR activities pertaining to mill to reach optimal capacity utilization
Facility availed amount	Rs. 120 million
Principal repayment frequency	Quarterly
Mark up payment frequency	Quarterly
Date of the first installment	July 21, 2022
Date of the last installment	April 21, 2026
Total number of installments	16
Principal repayable in each installment	Rs. 7,500,000/=
Markup rate (formula)	3 month KIBOR + 2%
Security:	<ol style="list-style-type: none"> 1) First Pari Passu equitable mortgage charge of Rs. 267 Million over mills premises (land & building) situated at Chak #4 Fordwah Chishtian District Bahawalnager. 2) First Pari Passu hypothecation charge for Rs. 267 million over present and future plant & machinery of company. 3) Personal guarantee of Mr. Ghulam Ahmad Adam for Rs. 667 million with 25% margin.

9.2 During the period, the Company has obtained loan under Term finance facility amounting to Rs. 295.624 million to finance the replacement of mill No. 05 and the procurement of turbine power generation plant (that meet energy needs) along with ancillary equipment. The principal terms and conditions of the financing arrangement are as follows:



ADAM SUGAR MILLS LIMITED

Purpose:	To finance the replacement of mill No.05 and the procurement of turbine power generation plant (that meet energy needs) along with ancillary equipment.
Total facility amount	Rs. 300 million
Facility availed amount	Rs. 295,624,000
Principal repayment frequency	Quarterly
Mark up payment frequency	Quarterly
Date of the first installment	March 27, 2024
Date of the last installment	December 27, 2027
Principal repayable in each installment	Rs. 18,476,500/=
Markup rate (formula)	3 Months KIBOR + 1.25%
Security:	<ol style="list-style-type: none">1) First Pari Passu charge over land and building, plant and machinery of the extent of PKR 400 Million inclusive of 25% margin.2) Disbursement to be made on raking charges. Charges to be upgraded within 180 days from the date of disbursement.

9.3 This represents the amount availed under Term Finance facility. The principal terms and conditions of the financing arrangement are as follows:

Purpose:	For procurement of plant and machinery
Facility availed amount	Rs. 200 million
Principal repayment frequency	Semi-annually
Mark up payment frequency	Quarterly
Date of the first installment	May 17, 2018
Date of the last installment	May 17, 2023
Total number of installments	9
Principal repayable in each installment	Rs. 22,222,222/=
Markup rate (formula)	6 month KIBOR + 2.5%
Security:	<ol style="list-style-type: none">1) First Pari Passu future hypothecation charge of Rs. 301 million over plant & machinery, tools, spares & equipment with 25% Margin.2) Additional First Pari Passu Hypothecation charge of Rs. 40 million on present machinery, equipment, furniture, fixture appliance, stores, spare tools & accessories constructed or to be installed at factory premises.3) Personal Guarantee of directors along with net worth statement.

9.4 This represents the amount availed under Diminishing Musharaka Plant and Machinery on the basis of Sale and Leaseback. The principal terms and conditions of the financing arrangement are as follows:



ADAM SUGAR MILLS LIMITED

Purpose:	For procurement of plant and machinery
Facility availed amount	Rs. 150 million
Principal repayment frequency	Monthly
Mark up payment frequency	Monthly
Date of the first installment	December 13, 2018
Date of the last installment	July 14, 2023
Total number of installments	60 (including 1 year grace period of principal payment)
Principal repayable in each installment	Rs. 3,125,000/=
Markup rate (formula)	Matching KIBOR + 3%
Security:	<ol style="list-style-type: none"> 1) First Pari Passu charge over all present and future fixed assets (land, building, plant and machinery) of the Company with 25% margin amounting to Rs. 200 million. 2) Personal guarantees of the directors, Mr. Ghulam Ahmed Adam, Mr. Junaid Ahmed Adam & Mr. Omar Adam amounting to Rs. 368.75 million.

	(Un-audited) March 31, 2023	(Audited) September 30, 2022
	Rupees	
9.5 Long term Islamic Finance Facility		
Loan proceeds received from the bank	47,057,210	47,057,210
Less: Element of government grant recognized as deferred income	(9,563,438)	(9,563,438)
	37,493,772	37,493,772
Interest recognized upto reporting date	5,904,962	3,643,130
Loan installments paid upto reporting date	(11,318,547)	(5,589,074)
Closing carrying amount - net of deferred grant	32,080,187	35,547,828

9.5.1 During the period, M/s. Dubai Islamic Bank Pakistan Limited sanctioned the Company, a long term Islamic financing facility amounting to Rs. 60 million, under SBP's Islamic Financing Facility for Renewable Energy (IFRE) notified vide IH & SMEFD Circular No. 12 of 2019 dated August 21, 2019.

The principal terms and conditions of the financing arrangement are as follows:

Purpose:	For procurement and installation of solar panel of 509.22 KW on Company's land in Bahawalnagar
Total facility amount	Rs. 47.060 million
Facility availed amount (Rs.):	Rs. 47,057,210
Principal repayment frequency	Semi annually
Mark up payment frequency	Quarterly
Grace Period	9 months from the date of disbursement of each tranche
Date of the first installment	August 04, 2022
Date of the last installment	May 26, 2027
Principal repayable in each installment	Each tranche of the facility is repayable in 10 equal semi-annually instalments
Markup rate (formula)	SBP rate+2.5%
Security:	<ol style="list-style-type: none"> 1) First Pari Passu charge of Rs. 80 million over fixed assets of the Company with 25% margin 2) Personal guarantee of the Director Mr. Ghulam Ahmed Adam with net worth statement.



ADAM SUGAR MILLS LIMITED

Since the facility carries the markup rate of 4.5% which is well below the market interest rate prevailing as on the date of disbursement of funds, therefore, in accordance with technical opinion issued by the Accounting Standards Board of the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per the IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Accordingly, at initial recognition, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value, as deferred government grant in the statement of financial position. This deferred grant is being recognized as income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

10. DEFERRED LIABILITIES	Note	(Un-audited)	(Audited)
		March 31, 2023	September 30, 2022
		Rupees	
			Restated
Deferred taxation - net	10.1	1,070,673,754	868,542,673
Staff retirement benefits - gratuity		8,242,717	7,152,652
Deferred grant	9.5	3,555,189	4,681,778
		<u>1,082,471,660</u>	<u>880,377,103</u>
10.1 Deferred taxation-net		For the period ended March 31, 2023	
		Balance at beginning of the period	Recognized in profit or loss
		Recognized in other comprehensive income	Balance at end of the period
Deferred tax liability in respect of:		(Rupees)	
- Surplus on revaluation of property, plant and equipment		700,251,512	(22,179,076)
- Accelerated tax depreciation		249,454,088	(78,719,718)
- SBP's islamic financing facility for renewable energy		1,844,600	(815,795)
		<u>951,550,200</u>	<u>(101,714,589)</u>
Deferred tax asset in respect of:			
- Provision for trade debts		-	(267,636)
- Excess of minimum tax over normal tax liability		(40,287,000)	(18,798,078)
- Unabsorbed tax depreciation		(22,900,860)	5,377,401
- Excess of alternative corporate tax over corporate tax		(16,169,033)	-
- Deferred income - Government grant		(1,849,754)	844,621
- Provision for gratuity		(1,800,880)	408,001
		<u>(83,007,527)</u>	<u>(12,435,691)</u>
Net deferred tax liability		<u>868,542,673</u>	<u>(114,150,280)</u>
		For the year ended September 30, 2022	
		Balance at beginning of the year	Recognized in profit or loss
		Recognized in other comprehensive income	Balance at end of the year
Deferred tax liability in respect of:		(Rupees) - Restated	
- Surplus on revaluation of property, plant and equipment		738,622,996	(3,675,040)
- Accelerated tax depreciation		253,129,128	(38,371,484)
- SBP's islamic financing facility for renewable energy		-	1,844,600
		<u>991,752,124</u>	<u>(40,201,924)</u>
Deferred tax asset in respect of:			
- Excess of minimum tax over normal tax liability		(101,859,188)	61,572,188
- Unabsorbed tax depreciation		(84,712,309)	61,811,449
- Excess of alternative corporate tax over corporate tax		(16,173,387)	4,354
- Deferred income - Government grant		-	(1,849,754)
- Provision for gratuity		(2,250,909)	(248,988)
		<u>(204,995,793)</u>	<u>121,289,249</u>
Net deferred tax liability		<u>786,756,331</u>	<u>81,087,325</u>



ADAM SUGAR MILLS LIMITED

		(Un-audited) March 31, 2023	(Audited) September 30, 2022
	Note	Rupees	
11. SHORT TERM BORROWINGS			
Unsecured - interest free			
- from Chief Executive	11.1	32,164,394	32,164,394
- from Adam Lubricants Limited (a related party)	11.2	757,500,000	502,500,000
		789,664,394	534,664,394
Secured			
- from conventional banking companies			
- JS Bank Limited	11.3	98,547,018	199,921,844
- Habib Bank Limited	11.4	499,970,728	78,658,288
		598,517,746	278,580,132
- from Islamic banking companies			
- Askari Bank Limited	11.5	400,000,000	-
- Dubai Islamic Bank Limited	11.6	257,000,000	-
- Al Baraka Bank (Pakistan) Limited	11.7	300,000,000	150,000,000
- Meezan Bank Limited	11.8	398,823,489	-
		1,355,823,489	150,000,000
		2,744,005,629	963,244,526

11.1 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.

11.2 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.

11.3 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 March 31, 2023, the limit of the facility amounted to Rs. 200 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:

- 1) Equitable mortgage on property and taken registered on mortgage of Rs.0.1 million on each below mentioned residential properties:
 - i) House #31, Khayaban-e-Sehar, Phase VI, DHA, Karachi MV:250 M & FSV 200 M as per valuation report 19-11-2020.
 - ii) Plot # 46-A, South Central Avenue, Phase II, DHA, Karachi measuring 2000 Sq. yards MV: 326.314 M (Land value 240 M & Building value 86.314 M) and FSV: 261.051 M only land value cover the exposure as per valuation report 16-11-2020
- 2) Personal guarantee of Mortgagers along with Net worth statement

Further, the said facility is due to expire in March 2024.

11.4 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 March 31, 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 amounting to Rs. 200 million, ranking charge over fixed assets amounting to Rs. 500 million and personal guarantee of Director amounting to Rs. 667 million with 25% margin of all facilities. Further, the said facility is due to expire in February 2024.

11.5 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 March 31, 2023, the limit of



ADAM SUGAR MILLS LIMITED

the facility amounted to Rs. 400 million (2022: Rs. 300 million). The facility carries markup at the rate of 9 month KIBOR + 1.50%. (2022: 9 month 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 namely Mr. Ghulam Ahmed Adam, Mr. Junaid Adam and Mr. Omar Adam. Further, the said facility is due to expire in June, 2023.

- 11.6** This represents the amount availed under the Istisna cum Wakala facility obtained from M/s. Dubai Islamic Bank Limited in order to meet working capital requirements of the Company. As of March 31, 2023, the limit of the facility amounted to Rs. 300 million (2022: 300 million). The facility carries markup at the rate of 6 month KIBOR + 2.25%. (2022: 6 month KIBOR + 2.25%) and is secured against pledge of sugar stock of Rs. 375 million with 20% margin, sixth charge over stocks and fifth charge over receivables for Rs. 267 million with 25% margin, subordination of director's loan amounting to Rs. 16.2 million and personal guarantee of Director Mr. Ghulam Ahmed Adam. Further, the said facility is due to expire in February 2024.
- 11.7** This represents the amount availed under the salam facility obtained from M/s. Al Baraka Bank (Pakistan) Limited in order to meet working capital requirements of the Company. As of March 31, 2023, the limit of the facility amounted to Rs. 300 million (2022: 300 million). The facility carries markup at the rate of 9 month KIBOR + 2.25% (2022: 9 month 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 namely Mr. Ghulam Ahmed Adam and Mr. Junaid Ahmed Adam amounting to Rs. 328.12 million. Further, the said facility is due to expire in September 2023.
- 11.8** 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 March 31, 2023, the limit of the facility amounted to Rs. 400 million (2022: 400 million). The facility carries markup at the rate of 6 month KIBOR + 1.50% (2022: 6 month KIBOR + 1.50%) and is secured against:
- 1) Ranking over present and Future current assets of the company with 25% margin (without Takaful I Insurance).
 - 2) Pledge of white crystalline refined sugar in marketable bags in the factory under effective control of MBL approved muqaddam & pledge charge be registered with approved margins.
 - (i) 20% margin in case of stock placed in Godowns (within factory premises).
 - (ii) 25% margin in case of stock placed open area (duly covered with tarpal) of factory premises.
 - 3) PG of CEO and executive director of the company.(Mr Ghulam Ahmed Adam, CEO / Executive Director) and Mr Omar G .Adam (Executive Director).
- Further, the said facility is due to expire in September 2023.
- 11.9** As at the reporting date, the Company had unavailed financing facilities amounting to Rs. 145.66 million (September 30, 2022: Rs. 1,371.42 million).

	(Un-audited) March 31, 2023	(Audited) September 30, 2022
12. TRADE AND OTHER PAYABLES	Rupees	
Trade creditors	683,333,602	88,344,209
Accrued liabilities	52,123,468	39,150,281
Advance from customers	657,632,062	130,464,112
Sales tax payable	42,705,804	433,926,083
Provision for Workers' Profit Participation Fund	29,071,238	29,071,238
Provision for Workers' Welfare Fund	32,231,937	31,390,112
Withholding tax payable	27,676,180	27,732,781
Retention money	167,872	121,933
Others	107,384	1,251,920
	<u>1,525,049,547</u>	<u>781,452,669</u>



ADAM SUGAR MILLS LIMITED

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

The status of the contingency was the same as reported in note 20 to the annual financial statements of the company for the year ended September 30, 2022 except for following:

- 13.1.1** The Deputy Commissioner Inland Revenue issued show cause notice dated December 28, 2017 with an allegation that the Company has claimed inadmissible input tax on construction material in violation of section 8(1) of the Sales Tax Act (STA), 1990 during the period from July 2016 to November 2017 and later on passed an order-in-original dated April 18, 2018 and thereby created a demand of Rs. 10.06 million along with penalty of Rs. 0.5 million. The Company filed appeal before the Commissioner Inland Revenue (Appeals) who vide its order dated July 05, 2018 confirmed the demand to the extent of Rs. 1.3 million and remanded back the remaining demand to the Deputy Commissioner Inland Revenue with the instruction to verify the description of goods from invoice and determine its usage.

Accordingly, remanded back proceedings were initiated and after certain hearings, the Deputy Commissioner Inland Revenue has held that construction materials are capital goods and cannot be treated allowed as input and resultantly passed again an order-in-original no 17/12/2020 dated June 29, 2020 and thereby created a demand of Rs. 8.75 million along with penalty of Rs. 0.44 million. The Company filed appeal before the Commissioner Inland Revenue (Appeals-1), Karachi against the order of Deputy Commissioner Inland Revenue on July 22, 2020. The Company also filed Constitutional Petition before the Honorable Sindh High Court, Karachi and the Court, vide its order dated October 20, 2021 has directed the respondents not to take coercive measures for recovery of impugned demand till the decision of the appeal.

On March 24, 2022, the jurisdiction of the case was transferred to Commissioner Inland Revenue (Appeals), Hyderabad. The Commissioner Inland Revenue (Appeals) Hyderabad vide order No. 209 dated October 31, 2022 upheld the orders of Deputy Commissioner Inland Revenue, and therefore, on January 09, 2023, the Company filed appeals before the Appellate Tribunal Inland Revenue (Tribunal) against the orders of Commissioner Inland Revenue (Appeals) which are pending for adjudication. The legal counsel is of the view that there is no likelihood of any unfavourable outcome against the Company therefore, based on the view of legal counsel no provision has been made in these financial statements.

- 13.1.2** The Deputy Commissioner Inland Revenue issued show cause notice dated October 19, 2017 with an allegation that the Company has claimed inadmissible input tax on construction material in violation of section 8(1) of the Sales Tax Act (STA), 1990 during the period from July 2014 to June 2016 and then passed an ex parte order-in-original dated December 14, 2018 and thereby created a demand of Rs. 2.99 million along with penalty of Rs. 0.15 million. The Company filed appeal before the Commissioner Inland Revenue (Appeals) who vide its order dated January 24, 2019 remanded back the order to the Deputy Commissioner Inland Revenue with the instruction to the Company to attend the hearing and furnish detailed reply.

Accordingly, remanded back proceedings were initiated and after certain hearings, the Deputy Commissioner Inland Revenue has held that construction materials are capital goods and cannot be treated allowed as input and resultantly passed again an order-in-original no 19/12/2020 dated June 29, 2020 and thereby created a demand of Rs. 2.99 million along with penalty of Rs. 0.15 million. The Company filed appeal before the Commissioner Inland Revenue (Appeals-1), Karachi against the order of Deputy Commissioner Inland Revenue on October 12, 2021. The Company also filed Constitutional Petition before the Honorable Sindh High Court, Karachi and the Court, vide its order dated October 20, 2021 has directed the respondents not to take coercive measures for recovery of impugned demand till the decision of the appeal.

On March 24, 2022, the jurisdiction of the case was transferred to Commissioner Inland Revenue (Appeals), Hyderabad. The Commissioner Inland Revenue (Appeals) Hyderabad vide order No. 210 dated October 31, 2022 upheld the orders of Deputy Commissioner Inland Revenue, and therefore, on January 9, 2023 the Company filed appeals before the Appellate Tribunal Inland Revenue (Tribunal) against the orders of Commissioner Inland Revenue (Appeals) which are pending for adjudication. The legal counsel is of the view that there is no likelihood of any unfavourable outcome against the Company therefore, based on the view of legal counsel no provision has been made in these financial statements.



ADAM SUGAR MILLS LIMITED

		Six month period ended (un-audited)	
		March 31, 2023	March 31, 2022
		----- Rupees -----	
14. SALES REVENUE - net	Note		
Local sales			
Sugar		1,760,434,302	2,352,539,962
Molasses		731,500,000	533,738,850
Other by products		8,581,198	10,946,452
		<u>2,500,515,500</u>	<u>2,897,225,264</u>
Less: Sales tax		<u>(265,169,234)</u>	<u>(326,035,469)</u>
		<u>2,235,346,266</u>	<u>2,571,189,795</u>
Export sales			
Sugar	14.1	345,470,678	-
		<u>2,580,816,944</u>	<u>2,571,189,795</u>

14.1 This includes realized exchange gain amounting to Rs. 24,925,329/-.

		Six month period ended (un-audited)	
		March 31, 2023	March 31, 2022
		----- Rupees -----	
15. COST OF SALES	Note		Restated
Opening stock of finished goods			
- Sugar		1,236,243,706	273,540,684
- Molasses		-	-
		<u>1,236,243,706</u>	<u>273,540,684</u>
Cost of finished goods manufactured	15.1	5,065,350,671	5,267,809,359
Closing stock of finished goods			
- Sugar		<u>(3,855,678,233)</u>	<u>(3,248,618,210)</u>
- Molasses		<u>(81,430,580)</u>	<u>(176,900,000)</u>
		<u>(3,937,108,813)</u>	<u>(3,425,518,210)</u>
		<u>2,364,485,564</u>	<u>2,115,831,833</u>
15.1 Cost of finished goods manufactured			
Raw materials consumed		4,629,035,342	4,933,705,843
Conversion costs incurred	15.1.1	436,442,163	360,880,966
		<u>5,065,477,505</u>	<u>5,294,586,809</u>
-Opening stock of work in process			
		<u>4,175,664</u>	5,293,746
-Closing stock of work in process			
		<u>(4,302,498)</u>	<u>(32,071,196)</u>
		<u>(126,834)</u>	<u>(26,777,450)</u>
		<u>5,065,350,671</u>	<u>5,267,809,359</u>



ADAM SUGAR MILLS LIMITED

		Six month period ended (un-audited)	
		March 31, 2023	March 31, 2022
15.1.1 Conversion costs incurred	<i>Note</i>	----- Rupees -----	
Depreciation		121,420,870	106,017,596
Salaries, wages and allowances		143,784,935	109,490,148
Repairs and maintenance		50,437,899	50,129,464
Stores and spares consumed		102,886,185	80,195,913
Fuel and power		9,119,630	6,776,401
Insurance		3,786,140	4,891,133
Flying ash expenses		2,426,042	-
Market committee fees		2,580,462	3,380,311
		<u>436,442,163</u>	<u>360,880,966</u>
		(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
		----- Rupees -----	
16. TAXATION-net			Restated
Current		29,567,785	45,546,699
Prior year adjustment		4,819,434	-
		<u>34,387,219</u>	45,546,699
Deferred		(114,150,279)	28,356,056
		<u>(79,763,060)</u>	<u>73,902,755</u>
17. EARNINGS PER SHARE			
Basic earnings per share		----- Rupees -----	
Profit after taxation		<u>63,542,436</u>	224,657,242
		----- Number -----	
Weighted average number of ordinary shares outstanding during the year		<u>17,290,962</u>	17,290,962
		----- Rupees -----	
Earnings / (loss) per share - basic		<u>3.67</u>	<u>12.99</u>
17.1 Diluted earnings / (loss) per share			
There was no dilutive effect on the basic earnings / loss per share of the Company, since there were no potential ordinary shares in issue as at the reporting date.			
		(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
18. CASH AND CASH EQUIVALENTS	<i>Note</i>	----- Rupees -----	
Cash and bank balances	7	375,884,486	62,426,299
Short term borrowings	11	(98,547,018)	(197,617,873)
		<u>277,337,468</u>	<u>(135,191,574)</u>



ADAM SUGAR MILLS LIMITED

19. 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:

Transactions during the period

Name of the related party	Basis of relationship	Particulars	(Un-audited)	(Un-audited)
			March 31, '2023	March 31, '2022
			Rupees	
Adam Lubricants Limited	Company under common control	Purchases made during the period	12,364,853	5,965,669
		Payment made during the period	12,365,154	5,174,437
		Loan received during the period	255,000,000	266,500,000
		Loan repaid during the period	-	15,000,000
Key management personnel		Remuneration to Chief Executive and Directors	31,449,095	16,952,000

Balances at the end of the period / year

Name of the related party	Basis of relationship with the party	Particulars	(Un-audited)	(Audited)
			March 31, '2022	September 30, '2022
			Rupees	
Adam Lubricants Limited	Company under common control	Balance payable (trade creditors) as at the period / year end	-	301
		Short term Loan payable as at the period / year end	757,500,000	502,500,000
Chief Executive (Mr. Ghulam Ahmed Adam)	Key management personnel	Short term Loan payable as at the period / year end	32,164,394	32,164,394
		Subordinated loan payable as at the period / year end	24,959,713	24,959,713
Chief Executive (Mr. Ghulam Ahmed Adam), Director (Mr. Junaid Ghulam Adam and Mr. Omar Ghulam Adam)	Key management personnel	Guarantee provided to banks against financing on behalf of the company	3,783,812,384	2,362,120,000

20. OPERATING SEGMENTS

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

Revenue from sale of sugar represents 74% (September 30, 2022: 86%) of the total revenue whereas remaining represent revenue from sale of molasses, bagasse and mud.

All non-current assets of the Company at March 31, 2023 and September 30, 2022 were located in Pakistan.

21. 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:



ADAM SUGAR MILLS LIMITED

- 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).

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
	Rupees			
March 31, 2023				
- Freehold land	-	1,429,893,000	-	1,429,893,000
- Factory building	-	240,697,158	-	240,697,158
- Non - factory building	-	80,139,447	-	80,139,447
- Plant and machinery	-	4,715,218,428	-	4,715,218,428
- Solar panel system		51,529,288		51,529,288
September 30, 2022				
- 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

22. GENERAL

22.1 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 **29 May 2023**.

22.2 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. JUNAID G. ADAM
Director

FAISAL HABIB
Chief Financial Officer



ADAM SUGAR MILLS LIMITED