



2020



ADAM
SUGAR MILLS LIMITED

55th
Annual Report



IN THE NAME OF ALLAH
THE BENEFICENT, THE MERCIFUL

Contents

Company Information	2
Vision/Mission and Six Years Review	3
Chairman's Report	4
Notice of Annual General Meeting	6
Director's Report	7
Director's Statement on Corporate Governance	14
Auditor's Review Report on Statement of Corporate Governance	18
Auditor's Report of the Members	20
Pattern of Shareholdings	24
Statement of Financial Position	26
Statement of Profit or Loss	27
Statement of Comprehensive Income	28
Statement of Change in Equity	29
Statement of Cash Flows	30
Notes to the Financial Statement	31



COMPANY INFORMATION

BOARD OF DIRECTORS

MR. JAWAID AHMED - CHAIRMAN
MR. GHULAM AHMED ADAM - CHIEF EXECUTIVE
LT. COL. (RTD) MUHAMMAD MUJTABA
MR. JUNAID G. ADAM
MR. OMAR G. ADAM
MRS. NABIHA OMAR ADAM
MR. MUSTAFA G. ADAM

AUDIT COMMITTEE

CHAIRMAN
MEMBER
MEMBER

MR. JAWAID AHMED
MR. JUNAID G. ADAM
MR. MUSTAFA G. ADAM

HUMAN RESOURCES AND REMUNERATION COMMITTEE

CHAIRMAN
MEMBER
MEMBER

LT. COL. (RTD) MUHAMMAD MUJTABA
MR. JUNAID G. ADAM
MR. OMAR G. ADAM

CHIEF FINANCIAL OFFICE/ CORPORATE SECRETARY

QAMAR RAFI KHAN
CHARTERED ACCOUNTANT

HEAD OF INTERNAL AUDIT

NOMAN IQBAL

REGISTERED OFFICE

HAJI ADAM CHAMBERS,
ALTAF HUSSAIN ROAD,
NEW CHALLI , KARACHI-2
TEL NO. 32417812 & 32401139-43
FAX NO. 32427560
WEBSITE: www.adam.com.pk/adamsugar.html

FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN
DISTRIC BAHAWALNAGAR

STAUTORY AUDITORS

REHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

SHARE REGISTRAR

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



VISION

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

MISSION

- To 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.

SIX YEAR'S REVIEW AT A GLANCE

	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Cane Curshed (Metric Tons)	312,955	363,306	606,623	710,053	464,014	360,301
Recovery	10.21%	8.91%	9.53%	9.17%	9.48%	9.75%
Sugar Produced (Metric Tons)	31,952	32,204	57,835	65,097	43,979	35,175
	Rs	Rs	Rs	Rs	Rs	Rs
Paid up Capital	172,909,620	172,909,620	172,909,620	172,909,620	172,909,620	172,909,620
Reserve & Surplus	3,471,567,653	3,142,836,964	914,860,007	980,249,233	1,045,801,693	922,802,246
Shareholders Equity	3,644,477,273	3,315,746,584	1,087,769,627	1,153,158,853	1,218,711,313	1,095,711,866
Fixed Assets	4,939,030,383	5,115,456,052	1,814,659,566	1,580,825,659	1,531,192,067	1,483,401,468
Sales	3,553,991,007	2,314,623,158	3,762,793,904	1,849,979,187	3,261,246,962	2,451,996,557
Cost of Sales	2,846,000,169	2,295,798,406	3,658,075,471	1,787,420,927	2,948,835,097	2,586,099,968
Gross profit/(Loss)	707,990,838	18,824,752	104,718,433	62,576,260	312,411,865	(136,103,411)
Profit / (Loss) Before Tax	415,760,363	(315,480,488)	2,595,718	(5,732,576)	168,520,042	(82,608,478)
Profit / (Loss) After Tax	318,557,054	(254,059,293)	(30,738,650)	(2,988,340)	124,459,437	(70,500,029)
Earning / (Loss) Per Share	18.42	(14.69)	(1.78)	(0.17)	7.20	(4.08)
Break up Value of Share (Including Revaluation Reserve)	210.77	191.76	62.91	66.69	70.48	63.37



CHAIRMAN REPORT

The Composition of the Board of Directors represents mix of varied back grounds and rich experience in the field of business, banking etc.

The Board provides strategic directions to the Company and directs the management to achieve objectives and goals of the Company.

Annual evaluation of the Board of Directors as required under the code of Corporate Governance has been carried out to measure the performance and effectiveness of the Board against the objectives of the Company set at the beginning of the year and I report that:

1. The overall performance of the Board for the year under review was satisfactory.
2. The Board had full understanding of the vision and mission statements and frequently revisit them to up -date with the changing market conditions.
3. The Board members attended Board meeting during the year and participated in importance company's matter.
4. The Board undertook and overall review of business risks to ensure effectiveness of risk identification, risk management and internal controls to safeguard assets and interest of the company and shareholders.
5. The Board members regularly received reports on finance / budgets, production and other important matters which helped them take effective decisions.
6. The Board members were updated with regard to achievement of financials results through regular presentations by the management and accordingly received directions and oversight on a timely basis

I would like to thank the Board members for their commitments and untiring efforts by overcoming the difficulties posed by the unstable market environments.

Jawaid Ahmed

Chairman

Karachi

Dated: February 04, 2021



چیرمین رپورٹ

آپ کی کمپنی بورڈ آف ڈائریکٹرز کی سالانہ کارکردگی پیش کرتی ہے جو کہ کارپوریٹ انتظامیہ کے ضابطہ اخلاق کے تحت درکار ہے۔ اس کا اصل مقصد سال کے آغاز میں متعین کئے گئے مقاصد کے حصول کیلئے کارکردگی اور تاثیر کو جانچنا ہے اور میں بیان کرتا ہوں کہ:

- ۱۔ بورڈ آف ڈائریکٹرز کی مجملہ کارکردگی تسلی بخش رہی۔
 - ۲۔ بورڈ کے پاس ویژن اور مشن کو گوشواروں کے متعلق مکمل آگاہی تھی اور باآسانی بارہا وہ مارکیٹ میں رونما ہونے والی تبدیلیوں کے بارے میں آگاہ رہے۔
 - ۳۔ سال کے دوران بورڈ کے تمام ممبران نے کمپنی کے اہم امور کے متعلق ہونے والی میٹنگ میں شرکت کی۔
 - ۴۔ بورڈ ممبران کے پاس حکمت عملی کے متعلق فیصلے کرنے کیلئے تمام درکار مہارت اور تفارت موجود تھی۔
 - ۵۔ بورڈ ممبران کو توازن کے ساتھ مالی امور/ بجٹ، پیداوار اور دیگر اہم مسائل کے متعلق رپورٹ موصول کرتے رہے جو کہ موثر فیصلہ لینے میں مددگار ثابت ہوتا ہے۔
 - ۶۔ بورڈ ممبران مالی نتائج کے حصول کے متعلق بذریعہ لگاتار پریزنٹیشن منجانب انتظامیہ آگاہ رہے اور اس کے مطابق ہدایات اور خطا کی بروقت معلومات حاصل کرتے رہے۔
- میں تمام بورڈ ممبران کا شکر گزار ہوں جنہوں نے تندہی، محنت اور لگن کے ساتھ انتھک کوششیں کیں اور بہت سی مشکلات پر قابو پایا جو کہ ناپائیدار کاروباری حالات کے سبب پیدا ہوئے۔

احمد

جاوید احمد
چیرمین
کراچی

تاریخ: 04 فروری 2021



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 55th Annual General Meeting of the shareholders of the Company will be held at 10:00 a.m on Tuesday, March 9, 2021 at The Arts Council of Pakistan, M.R. Kiyani Karachi to transact the following business:-

- 1) To confirm the Minutes of 54th Annual General Meeting held on February 27, 2020.
- 2) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2020 together with Directors' and Auditors' Reports thereon.
- 3) To approve the payment of dividend @ 40% (Rupees 4.00 per share) as recommended by the Board of Directors.
- 4) To appoint auditors of the Company for the year 2020-2021 and to fix their remuneration. The present Auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
- 5) To transact any other ordinary business with the permission of the Chair

By Order of the Board
QAMAR RAFI KHAN
Director finance

Karachi: February 04, 2021

NOTES:

- 1) Members who are not able to attend the meeting in person may send their respective proxies duly signed and stamped in the usual form. Such proxies should reach the Registered Office of the Company atleast 48 hours before the meeting.
- 2) The Share Transfer Book of the Company will remain closed from February 27, 2021 to 9th March, 2021 (both days inclusive). Transfer received at Company Share Registrar M/s C & K Management Associates (Pvt) Ltd, 4th Floor, 404 Trade Tower, Abdullah Haroon Road, Karachi at the close of business on February 26, 2021 will be treated in time for entitlement of dividend.
- 3) For identification, CDC account holders should present the participant's CNIC, and CDC Account Number.
- 4) The members having physical shares are requested to provide copies of their CNIC and bank account details enabling the Company to credit their cash dividend directly into their respective bank accounts.
- 5) Shareholders are requested to notify the Company of any change in address immediately.



DIRECTORS REPORT

IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL

Dear Shareholders,

On behalf of the Board, we welcome you to the 55th Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended September 30, 2020.

FINANCIAL RESULTS:

Profit after taxation	Rs. 318,557,054
Incremental Depreciation net of deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	Rs. (104,985,456)
Un-appropriated Loss brought forward	Rs. (106,478,382)
Un-appropriated profit carried forward	<u><u>Rs. 317,373,684</u></u>

OPERATING RESULTS	2020	2019
Cane Crushed-Metric Tons	312,955	363,306
Average Recovery	10.21%	8.91%
Sugar Produced-Metric Tons	31,952	32,402
Commenced Crushing on	26/11/2019	15/12/2018
Stopped Crushing on	18/03/2020	20/03/2019
Number of Season Days	114	95
Profit/(Loss) Per Share - basic & diluted	18.42	(14.69)

The Company incurred an after-tax profit of Rs.318.557 million. The Punjab Government had fixed the minimum support price of sugarcane at Rs. 190 per 40 K.G, whereas the Sindh Government fixed the price at Rs. 192 per 40 K.G.

**BOARD MEETINGS:**

During the four meetings of the Board of Directors were held. Participation of directors is as follows:

NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
Mr. Ghulam Ahmed Adam	4
Mr. Jawaid Ahmed	4
Lt. Col (Rtd) Muhammad Mujtaba	4
Mr. Junaid G. Adam	4
Mr. Omar G. Adam	4
Mrs. Nabiah Omar Adam	2
Mr. Mustafa G. Adam	2

Leave of absence was granted to Directors who could not attend the meetings.

Statement of Corporate and Financial**Reporting Framework.**

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- * The financial statements, prepared by the Management, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- * The company has maintained proper books of accounts as required by the law.
- * Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- * The accounting policies and disclosures are in accordance with the approved Accounting Standards applicable in Pakistan, unless otherwise disclosed.
- * The system of internal control is sound in design and effectively implemented.
- * There is no significant doubt as to the ability of the company to continue as an on-going concern.
- * There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- * No trading in the shares of the Company was carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children.



FUTURE PROSPECTS.

The minimum support price of sugarcane has been increased by the Government from Rs. 190 to Rs. 200 per 40 kg. During the cane crushing season 2020-2021, we have already crushed 226,349 tons of sugarcane at an average recovery of 8.54% and have produced 18,590 tons of sugar.

EMPLOYEE RELATIONS:

Your directors appreciate the spirit of cooperation shown by the officers, staff and workers and we hope that their dedication will continue in future.

AUDITORS:

M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, the auditors of the Company retire and offer themselves for reappointment. The Audit Committee has recommended their reappointment for the year 2020-2021

Karachi: February 04, 2021

OMAR G. ADAM
Director

On behalf of the Directors

GHULAM AHMED ADAM
Chief Executive



ڈائریکٹرز رپورٹ

آدم شکر ملز لمیٹڈ

اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا

عزیز شیئر ہولڈرز،

بورڈ کی طرف سے، ہم آپ کو کمپنی کے 55 ویں سالانہ جنرل اجلاس میں خوش آمدید کہتے ہیں اور 30 ستمبر 2020 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ اکاؤنٹس کو سامنے رکھتے ہیں۔

مالیاتی نتائج:

318,557,054 روپے

ٹیکس کے بعد منافع

جائیداد، پلانٹ اور آلات کے دوبارہ تخمینہ پر

(104,985,456) روپے

اضافی استحکام سرپلس سے منتقلی ٹیکس

(106,478,382) روپے

غیر منافع بخش منافع لایا گیا

317,373,684 روپے

غیر منافع بخش منافع آگے بڑھایا گیا

2019	2020	آپریٹنگ نتائج
363,306	312,955	گنے کی کرش میٹرک ٹن
8.91%	10.21%	اوسط وصولی
32,402	31,952	چینی کی پیداوار میٹرک ٹن
15/12/2018	26/11/2019	کرشنگ شروع کرنے کی تاریخ
20/03/2019	18/03/2020	کرشنگ روکنے کی تاریخ
95	114	موسم کے دنوں کی تعداد
(14.69)	18.42	فی شیئر پر منافع / (نقصان) (روپے)



کمپنی کو ٹیکس کے بعد مبلغ 318.557 ملین روپے کا نفع پہنچا۔ پنجاب حکومت نے گنے کی کم سے کم قیمت مبلغ 190 روپے فی 40 کلوگرام مقرر کی تھی، جبکہ حکومت سندھ نے قیمت مبلغ 192 روپے فی 40 کلوگرام مقرر کی۔

بورڈ کے اجلاس:

سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ مندرجہ ذیل ڈائریکٹرز نے شرکت کی۔

ڈائریکٹرز کے نام	کتنے اجلاسوں میں شرکت کی
جناب غلام احمد آدم	4
جناب جاوید احمد	4
لیفٹننٹ کرنل (ریٹائرڈ) محمد مجتبیٰ	4
جناب جنید جی آدم	4
جناب عمر جی آدم	4
مسز نبیہا عمر آدم	2
جناب مصطفیٰ جی آدم	2

ڈائریکٹرز کو غیر حاضری کی اجازت دی گئی ہے جو اجلاسوں میں شرکت نہیں کر سکے۔

کارپوریٹ اور مالیاتی بیان رپورٹنگ فریم ورک

کارپوریٹ گورننس کے ضابطہ کے مطابق، آپ کے ڈائریکٹرز سے استدعا کی جاتی ہے کہ رپورٹ کریں:

- ☆ مالی بیانات، مینجمنٹ کی طرف سے تیار، منصفانہ طور پر اس کے معاملات، آپریشن کے نتائج، نقد بہاؤ اور مساوات میں تبدیلی۔
- ☆ کمپنی نے قانون کی ضرورت کے مطابق اکاؤنٹس کی مناسب کتابیں برقرار رکھی ہیں۔
- ☆ اکاؤنٹنگ کا تخمینہ مناسب اور پُرکشش فیصلے پر مبنی ہے جسے مناسب اکاؤنٹنگ کی پالیسیوں کو مسلسل مالی بیانات کی تیاری میں لاگو کیا گیا ہے۔
- ☆ اکاؤنٹنگ پالیسیوں کے تحت پاکستان میں لاگو کردہ منظور شدہ اکاؤنٹنگ معیار کے مطابق ہے، جب تک دوسری صورت میں افشاں نہ ہو۔
- ☆ اندرون کنٹرول کا نظام ڈیزائن میں مناسب اور مؤثر طریقے سے لاگو ہوتا ہے۔
- ☆ کمپنی کی صلاحیت کے مطابق کمپنی کے خدشات کو جاری رکھنے میں کوئی شک نہیں ہے۔
- ☆ کارپوریٹ گورننس کی پالیسیوں سے کوئی ایسا انحراف نہیں کیا گیا جو کہ قابل غور ہو۔
- ☆ کمپنی کے ڈائریکٹرز، ای او، سی ایف او، کمپنی سیکریٹری اور ان کے شرکاء حیات اور ان کے نابالغ بچوں نے حصص کی کوئی خرید و فروخت نہیں کی۔



مستقبل کے امکانات

گنے کی کم از کم امدادی قیمت میں حکومت کی جانب سے 180 سے 190 فی من اضافہ کیا گیا ہے۔ گنا کرشنگ موسم 2020-2021 کے دوران، ہم پہلے ہی 226,349 ٹن گنا کرش کرچکے ہیں جو کہ اوسط وصولی % 8.54 ہے اور ہم نے 18,590 ٹن چینی تیار کی ہے۔

ملازم کے تعلقات

آپ کے ڈائریکٹرز آفیسرز، اسٹاف اور ورکرز کی تعریف کرتے ہیں اور ہم امید کرتے ہیں کہ اُن کی لگن مستقبل میں بھی جاری رکھیں گے۔

آڈیٹرز:

میسرز رحمن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس، جو کہ کمپنی کے آڈیٹرز تھے انہوں نے خود کو دوبارہ تقرری کرنے کے لیے پیش کیا۔ آڈٹ کمیٹی نے سال 2020-2021 کے لیے تقرری کی سفارش کی ہے۔

ڈائریکٹرز کی جانب سے
غلام احمد آدم
چیف ایگزیکٹو

عمر۔ جی۔ آدم
ڈائریکٹر

کراچی: 04، فروری 2021



DETAILS OF SHARE HOLDING AS ON 30-09-2020

	NUMBER	SHARE HELD
ASSOCIATED COMPANIES, UNDERTAKING AN RELATED PARTIES:		
Adam Pakistan Limited	1	3,503,389
Adam Lubricants Limited	1	4,057
ICP:		
Investment Corporation of Pakistan	1	117
DIRECTORS, CEO AND THEIR SPOUSE AND. MINOR CHILDREN:		
Mr. Ghulam Ahmed Adam	1	8,666,197
Mr. Jawaid Ahmed	1	7,500
lt. Col. (Rtd) Muhammad Mujtaba	1	7,500
Mr. Junaid G. Adam	1	7,500
Mr. Omar G. Adam	1	7,500
Mrs. Nabiah	1	2,500
Mr. Mustafa G. Adam	1	7,500
Executive	-	-
Public Sector Companies and Corporation	-	-
BANK DFIs INSURANCE COMPANIES MODARBAS AND MUTUAL FUND		
United Bank Limited	1	178
MCB Bank Limited	1	223
State Life Insurance Company	1	190
SHAREHOLDING 10% OR MORE VOTING INTREST		
Mr. Ghulam Ahmed Adam	1	8,666,197
Adam Pakistan Limited	1	3,503,389



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED SEPTEMBER 30, 2020

M/s. Adam Sugar Mills Limited ('the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019, ('the Regulations') in the following manner:

1. The total number of directors of the Company are 7 as follows:

Male: 06

Female: 01

2. The composition of the Board of Directors ('the Board') is as follows:

I) Non-Executive Directors	
a. Independent Directors	Mr. Jawaid Ahmed; and Mr. Lt. Col. (R) Muhammad Mujtaba
b. Other Non-Executive Directors	Mr. Junaid G. Adam; Mr. Mustafa G. Adam; and Mrs. Nabiha Omar Adam
II) Executive Directors	Mr. Ghulam Ahmed Adam; and Mr. Omar G. Adam

3. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies including the Company;
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that a complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations;
7. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
8. The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations;



9. The Company is complaint with respect to Directors' Training Program. More than 50% of directors are exempt from Directors Training Program. However, Company will arrange said training for those who appointed during the year;
10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

Audit Committee	
Mr. Jawaid Ahmed	Chairman
Mr. Junaid G. Adam	Member
Mr. Mustafa G. Adam	Member
HR & Remuneration Committee	
Lt. Col. (R) Muhammad Mujtaba	Chairman
Mr. Mr. Omar G. Adam	Member
Mr. Junaid G. Adam	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committees were as follows:

Audit Committee	Quarterly
HR & Remuneration Committee	Annually
15. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or a director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;



18. Except for the non-compliances noted below, we confirm that all requirements of the regulation no. 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with:

S. no.	Regulation reference no.	Type of the requirement	Description of non-compliance
(1)	06	Mandatory	<p>In terms of Section 166(1) of the Companies Act, 2017, an independent director to be appointed under any law, rules, regulations or code, shall be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by any institute, body or association, as may be notified by the Securities and Exchange Commission of Pakistan (SECP). However, the names of the independent directors re-elected by the Company in January 2020 (i.e., Mr. Jawaid Ahmed and Lt. Col. (R) Muhammad Mujtaba) do not appear in the said data bank maintained by the Pakistan Institute of Corporate Governance (PICG).</p> <p>Further, as per the proviso to Section 166(2) of the Companies Act, 2017, no director shall be considered independent if he has served on the Board for more than three (03) consecutive terms. However, Mr. Jawaid Ahmed and Lt. Col. (R) Muhammad Mujtaba, elected by the Company as independent directors, have already served on the Board for more than three (03) consecutive terms.</p>
(2)	06	Explanation for non-compliance is required	<p>As per Regulation 06 of the Regulations, a listed company shall have at least two or one-third members of the Board, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third number is not rounded up as one.</p> <p>Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended September 30, 2020, the number of independent directors of the Company has been 2. The Company intends to round up the said fraction of 0.33 by electing another independent director in the next election of directors.</p>
(3)	27(1)(ii)	Mandatory	<p>As per Regulation 27(1)(ii) of the Regulations, the Chairman of the Audit Committee and the Chairman of the Board shall not be the same individual. However, Mr. Jawaid Ahmed, the Chairman of the Board of the Company also acts as the Chairman of the Audit Committee.</p>

19. The explanation required for non-compliance with the requirement(s) of the Regulations, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36, is as follows:



S. no.	Regulation reference no.	Type of the requirement	Description of non-compliance
(1)	24	Explanation for non-compliance is required	<p>As per the proviso to Regulation 24 of the Regulations, the Chief Financial Officer and the Company Secretary shall not be the same individual.</p> <p>Presently, both the aforesaid positions are held by the same person, Mr. Qamar Rafi Khan, FCA. However, in order to become compliant with the aforesaid requirement of law, the Company has been actively searching for another suitable individual possessing the requisite qualifications and work experience to fill up the position of the Company Secretary and, accordingly, expects to segregate the said two positions in due course of time.</p>

Jawaid Ahmed

Chairman of the Board of Directors
Adam Sugar Mills Limited



Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. : (021) 34549345-9
E-Mail : info@rsr.com
Website: www.rsr.com
Other Offices at
Lahore - Rawalpindi / Islamabad

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Adam Sugar Mills Limited

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **Adam Sugar Mills Limited** ('the Company') for the year ended **September 30, 2020** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2020.

Further, we highlight below the instances of non-compliance made by the Company with certain requirements of the Code as stated in paragraphs 18 and 19 of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(1)	Mandatory	18	In terms of Section 166(1) of the Companies Act, 2017, an independent director to be appointed under any law, rules, regulations or code, shall be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by any institute, body or association, as may be notified by the Securities and Exchange Commission of Pakistan (SECP). However, the names of the independent directors re-elected by the Company in January 2020 (i.e., Mr. Jawaid Ahmed and Lt. Col. (R) Muhammad Mujtaba) do not appear in the said data bank maintained by the Pakistan Institute of Corporate Governance (PICG).

(continued on the next page)

Cont'd...P/2

A member of
Russell Bedford International
A global network of independent accountancy firms,
business consultants and specialist legal advisers.



Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. : (021) 34549345-9
E-Mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

-: 2 :-

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance (continued)
(1)	Mandatory	18	<i>(continued from the previous page)</i> Further, as per the proviso to Section 166(2) of the Companies Act, 2017, no director shall be considered independent if he has served on the Board for more than three (03) consecutive terms. However, Mr. Jawaid Ahmed and Lt. Col. (R) Muhammad Mujtaba, elected by the Company as independent directors, have already served on the Board for more than three (03) consecutive terms.
(2)	Explanation for non-compliance is required	18	As per Regulation 06 of the Regulations, a listed company shall have at least two or one-third members of the Board, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third number is not rounded up as one. Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended September 30, 2020, the number of independent directors of the Company has been 2. The Company intends to round up the said fraction of 0.33 by electing another independent director in the next election of directors.
(3)	Mandatory	18	As per Regulation 27(1)(ii) of the Regulations, the Chairman of the Audit Committee and the Chairman of the Board shall not be the same individual. However, Mr. Jawaid Ahmed, the Chairman of the Board of the Company also acts as the Chairman of the Audit Committee.
(4)	Explanation for non-compliance is required	19	As per the proviso to Regulation 24 of the Regulations, the Chief Financial Officer and the Company Secretary shall not be the same individual. Presently, both the aforesaid positions are held by the same person, Mr. Qamar Rafi Khan, FCA. However, in order to become compliant with the aforesaid requirement of law, the Company has been actively searching for another suitable individual possessing the requisite qualifications and work experience to fill up the position of the Company Secretary and, accordingly, expects to segregate the said two positions in due course of time.

Karachi.

Date:


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

A member of
Russell Bedford International
A global network of independent accountancy firms,
business consultants and specialist legal advisers.



Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. : (021) 34549345-9
E-Mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

INDEPENDENT AUDITORS' REPORT

To the members of Adam Sugar Mills Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Adam Sugar Mills Limited** ('the Company'), which comprise the statement of financial position as at **September 30, 2020**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at **September 30, 2020** and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Our Key Considerations in Expressing an Unmodified Opinion on the Financial Statements

In our audit report on the financial statements of the Company for the year ended September 30, 2019, we had expressed a disclaimer of opinion on account of the following reasons:

(a) Property, plant and equipment:

- As of September 30, 2019, we had not been able to conduct a physical inspection of the items of property, plant and equipment held by the Company due to the fact that an updated itemized record of such assets was not then available with the management. In addition, we had also not been able to satisfy ourselves as to the existence of the assets through alternative means;
- During the year ended September 30, 2019, the Company had carried out a fresh revaluation of its freehold land, factory building, non-factory buildings and plant and machinery which had resulted in the recognition of gross surplus amounting, in aggregate, to Rs. 3.292 billion and a corresponding deferred tax charge of Rs. 810.022 million. However, since the fair value of the assets was determined as a whole (i.e. a breakdown of the fair value on an item-by-item basis was not available with management), we had remained unable to apply necessary audit procedures and, thus, obtain reasonable assurance over the aforesaid revaluation surplus and the related deferred tax charge recognized thereon.

Cont'd... P/2

A member of
Russell Bedford International
A global network of independent accountancy firms,
business consultants and specialist legal advisers.



Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. : (021) 34549345-9
E-Mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

-: 2 :-

Basis for Opinion (continued)

Other Matter – Our Key Considerations in Expressing an Unmodified Opinion on the Financial Statements (continued)

(a) Property, plant and equipment (continued):

During the year ended September 30, 2020, both the above-mentioned matters were duly resolved to our satisfaction as follows:

- We were provided with an updated itemized record of operating fixed assets. For a sample of items appearing therein, we then conducted a physical examination to ensure their existence as of September 30, 2020; and
- We were provided with a corrected version of the report of the aforesaid valuation carried out in September 2019 (showing the breakdown of the fair value on an item-by-item basis – which previously was not included therein). In addition, we were also provided with an item-wise working of the incremental surplus of Rs. 3.292 billion recognized during the year then ended. On the basis of such report / working, we then performed the necessary verification procedures in order to obtain reasonable assurance over the valuation of the freehold land, factory building, non-factory buildings and plant and machinery carried under the revaluation model of accounting.

(b) Stores and spares:

As of September 30, 2019, we had remained unable to obtain sufficient appropriate audit evidence as to the valuation of stores and spares due to the reason that the management had not carried out an exercise to identify slow moving and obsolete items of stores and spares and assess their net realizable value.

However, as stated in note 39 to the financial statements, during the year ended September 30, 2020, the management carried out the aforesaid exercise for identification and assessment of slow-moving and obsolete items of stores and spares and, accordingly, recognized an impairment provision of Rs. 25.21 million, retrospectively, in accordance with the requirements of the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. However, we have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. However, we have nothing to report in this regard.

Cont'd... P/3



Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. : (021) 34549345-9
E-Mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

-: 3 :-

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Cont'd... P/4

A member of
Russell Bedford International
A global network of independent accountancy firms,
business consultants and specialist legal advisers.



Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. : (021) 34549345-9
E-Mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

-: 4 :-

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Waseem**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: 04 FEB 2021

A member of
Russell Bedford International
A global network of independent accountancy firms,
business consultants and specialist legal advisers.



PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT 30 SEPTEMBER, 2020

NUMBER OF SHAREHOLDERS		SIZE OF SHAREHOLDING			TOTAL SHARES HELD
1,690	FROM	1	TO	100	59,359
392	FROM	101	TO	500	98,858
102	FROM	501	TO	1,000	87,187
169	FROM	1,001	TO	5,000	492,922
71	FROM	5,001	TO	10,000	492,860
13	FROM	10,001	TO	15,000	161,758
7	FROM	15,001	TO	20,000	123,500
4	FROM	20,001	TO	25,000	96,500
4	FROM	25,001	TO	30,000	103,600
1	FROM	30,001	TO	35,000	35,000
1	FROM	35,001	TO	40,000	35,152
4	FROM	40,001	TO	45,000	169,004
3	FROM	45,001	TO	50,000	99,000
3	FROM	55,001	TO	60,000	233,336
3	FROM	65,001	TO	70,000	202,000
1	FROM	115,001	TO	120,000	118,000
1	FROM	155,001	TO	160,000	158,157
1	FROM	255,001	TO	260,000	256,479
1	FROM	295,001	TO	300,000	295,500
1	FROM	365,001	TO	370,000	368,000
1	FROM	450,001	TO	455,000	451,000
1	FROM	455,001	TO	460,000	457,683
1	FROM	780,001	TO	785,000	783,000
1	FROM	3,500,001	TO	3,505,000	3,503,389
1	FROM	8,405,001	TO	8,410,000	8,409,718
2,477					17,290,962



CATAGORIES OF SHAREHOLDERS	NUMBERS	SHARES HELD	PERCANTAGE
Individuls	2,453	13,675,884	79.11%
Investment Companies	1	117	0.00%
Insurance Companies	1	190	0.00%
Joint Stock Companies.	15	3,611,072	20.89%
Financial Instutions	4	3,091	0.00%
Others (See below)	3	608	0.00%
	2,477	17,290,962	100.00 %

OTHERS:

Administrator abandoned Properties	91
Ismail Usman & Co.	17
Trustee Karachi Sheraton Hotel & Tower Employees	500
	608



ADAM SUGAR MILLS LIMITED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

AS AT SEPTEMBER 30, 2020		2020	(Restated) 2019	(Restated) 2018
ASSETS		Note	Rupees	
Non-current assets				
Property, plant and equipment	5	4,938,997,983	5,115,423,652	1,814,627,166
Long term deposits		32,400	32,400	32,400
Intangible assets	6	-	-	-
		4,939,030,383	5,115,456,052	1,814,659,566
Current assets				
Stores and spares	7	113,987,091	122,609,747	145,308,884
Stock in trade	8	204,914,346	928,868,777	1,244,944,640
Short term investments	9	25,323,290	25,323,290	23,636,474
Trade debts - unsecured	10	244,685,999	27,962,641	54,801,702
Short term loans and advances	11	214,750,414	87,628,408	175,736,231
Trade deposits and short term prepayments	12	743,439	1,493,151	6,590,726
Other receivables - considered good	13	13,250,358	13,528,431	137,203,086
Tax refunds due from government		-	39,633,337	66,715,790
Cash and bank balances	14	100,036,414	70,088,017	28,661,326
		917,691,351	1,317,135,799	1,883,598,859
Total assets		5,856,721,734	6,432,591,851	3,698,258,425
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized capital		250,000,000	250,000,000	250,000,000
Issued, subscribed and paid up capital	15	172,909,620	172,909,620	172,909,620
Capital reserves:				
Revaluation surplus on property, plant and machinery - net	16	2,762,682,658	2,867,668,114	394,254,490
Share premium		172,909,620	172,909,620	172,909,620
Capital contribution from director		18,601,691	8,737,612	8,737,612
Revenue reserves:				
Unappropriated profits / (losses)		317,373,684	(106,478,382)	138,958,285
General reserve		200,000,000	200,000,000	200,000,000
		3,644,477,273	3,315,746,584	1,087,769,627
Non-current liabilities				
Subordinated loan from the Chief Executive	17	15,095,634	22,898,819	21,008,091
Long term finance - secured	18	113,194,445	172,626,930	282,285,660
Deferred liabilities	19	845,360,857	816,007,259	101,236,903
Provident fund payable		9,090,756	8,425,842	7,762,914
		982,741,692	1,019,958,850	412,293,568
Current liabilities				
Short term borrowings	20	592,160,889	1,194,210,333	1,233,855,153
Trade and other payables	21	521,803,489	734,091,149	828,886,141
Accrued markup		15,060,728	53,083,858	26,176,195
Current maturity of long term financing		72,569,444	109,658,730	103,408,730
Unclaimed dividend		5,672,993	5,842,347	5,869,011
Taxation-net		22,235,226	-	-
		1,229,502,769	2,096,886,417	2,198,195,230
Contingencies and commitments	22	-	-	-
Total equity and liabilities		5,856,721,734	6,432,591,851	3,698,258,425

The annexed notes from 1 to 40 form an integral part of these financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2020

		2020	(Restated) 2019
	Note	Rupees	
Sales revenue - net	23	3,553,991,007	2,314,623,158
Cost of sales	24	(2,846,000,169)	(2,295,798,406)
Gross profit		707,990,838	18,824,752
Administrative expenses	25	(74,977,234)	(80,599,964)
Selling and distribution costs	26	(9,047,378)	(4,183,920)
		(84,024,612)	(84,783,884)
Operating profit / loss		623,966,226	(65,959,132)
Finance costs	27	(185,625,721)	(228,467,407)
		438,340,505	(294,426,539)
Other income	28	17,052,301	4,155,888
Other operating expenses	29	(39,632,443)	(25,209,837)
Profit / (loss) before taxation		415,760,363	(315,480,488)
Taxation	30	(97,203,309)	61,421,195
Profit / (loss) after taxation		318,557,054	(254,059,293)
Earnings / (loss) per share- basic and diluted	31	18.42	(14.69)

The annexed notes from 1 to 40 form an integral part of these financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2020	(Restated) 2019
	Rupees	
Profit / (loss) after taxation	318,557,054	(254,059,293)
Other comprehensive income for the year		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Gain on remeasurement of defined benefit liability	309,556	234,802
Revaluation increase during the year	-	3,291,823,504
Deferred tax on above	-	(810,022,056)
	-	2,481,801,448
	309,556	2,482,036,250
Total comprehensive income for the year	318,866,610	2,227,976,957

The annexed notes from 1 to 40 form an integral part of these financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Capital reserves				Revenue reserves		
	Issued, subscribed and paid up capital	Surplus on revaluation of property and equipment	Share premium	Capital contribution from director	General reserve	Unappropriated profits / (losses)	Total
	Rupees						
Balance as at September 30, 2018 (as originally reported)	172,909,620	394,254,490	172,909,620	8,737,612	200,000,000	176,466,185	1,125,277,527
Effect of correction of prior period errors (refer note 39)	-	-	-	-	-	(37,507,900)	(37,507,900)
Balance as at September 30, 2018 (as restated)	172,909,620	394,254,490	172,909,620	8,737,612	200,000,000	138,958,285	1,087,769,627
<i>Total comprehensive income for the year ended September 30, 2019</i>							
- Loss after tax (restated)	-	-	-	-	-	(254,059,293)	(254,059,293)
- Other comprehensive income	-	2,481,801,448	-	-	-	234,802	2,482,036,250
	-	2,481,801,448	-	-	-	(253,824,491)	2,227,976,957
Transferred from surplus on revaluation of property and equipment - net of tax	-	(8,387,824)	-	-	-	8,387,824	-
Balance as at September 30, 2019 (as restated)	172,909,620	2,867,668,114	172,909,620	8,737,612	200,000,000	(106,478,382)	3,315,746,584
<i>Total comprehensive income for the year ended September 30, 2020</i>							
- Profit after tax	-	-	-	-	-	318,557,054	318,557,054
- Other comprehensive income	-	-	-	-	-	309,556	309,556
	-	-	-	-	-	318,866,610	318,866,610
Transferred from surplus on revaluation of property and equipment - net of tax	-	(104,985,456)	-	-	-	104,985,456	-
Effect of discounting of Subordinated loan from Chief Executive	-	-	-	9,864,079	-	-	9,864,079
Balance as at September 30, 2020	172,909,620	2,762,682,658	172,909,620	18,601,691	200,000,000	317,373,684	3,644,477,273

The annexed notes from 1 to 40 form an integral part of these financial statements.

[Signature]

22





ADAM SUGAR MILLS LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation

Adjustments:

Depreciation on property, plant and equipment
Provision for gratuity
Finance costs
Gain on sale of operating fixed assets
Profit on saving accounts
Profit on term deposit receipts
Liabilities no longer payable written off
Provision for Worker Profit Participation Fund
Provision for Worker Welfare Fund
Provision for slow-moving and obsolete stores and spares
Advance to supplier written off
Provision for Provident Fund

Operating profit before working capital changes

Working capital changes:

Decrease / (increase) in current assets

Stores and spares
Stock in trade
Trade debts
Short term loans and advances
Trade deposits and short term prepayments
Other receivables - considered good

Decrease in current liabilities

Sales tax payable
Trade and other payables

Cash generated from operations

Financial costs paid
Payment to Provident fund
Taxes paid

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property, plant and equipment
Proceeds from sale of operating fixed assets
Profit received on saving accounts
Profit received on term deposits
Investment made in term deposit receipts

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Long term loan repaid
Dividend paid
Net cash used in financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

The annexed notes from 1 to 40 form an integral part of these financial statements.

		2020	(Restated) 2019
		Rupees	
	Note		
Profit / (loss) before taxation		415,760,363	(315,480,488)
Adjustments:			
Depreciation on property, plant and equipment	5.1	227,859,390	88,575,514
Provision for gratuity	19.2.2	438,616	363,893
Finance costs	27	185,625,721	228,467,407
Gain on sale of operating fixed assets	28	(2,357,179)	(1,148,613)
Profit on saving accounts	28	(1,868,018)	(944,911)
Profit on term deposit receipts	28	(2,252,503)	-
Liabilities no longer payable written off	28	(8,192,570)	-
Provision for Worker Profit Participation Fund	29	22,328,698	-
Provision for Worker Welfare Fund	29	8,484,905	-
Provision for slow-moving and obsolete stores and spares	29	-	25,209,837
Advance to supplier written off	29	8,818,840	-
Provision for Provident Fund		908,133	1,306,808
		439,794,033	341,829,935
Operating profit before working capital changes		855,554,396	26,349,447
Working capital changes:			
Decrease / (increase) in current assets			
Stores and spares		8,622,656	(2,510,700)
Stock in trade		723,954,431	316,075,863
Trade debts		(216,723,358)	26,839,061
Short term loans and advances		(135,940,846)	88,107,823
Trade deposits and short term prepayments		749,712	5,097,575
Other receivables - considered good		336,718	122,484,528
Decrease in current liabilities			
Sales tax payable		61,973,897	112,080,912
Trade and other payables		(296,882,590)	(206,875,904)
		146,090,620	461,299,158
Cash generated from operations		1,001,645,016	487,648,605
Financial costs paid		(221,587,957)	(199,669,016)
Payment to Provident fund		(243,219)	(643,880)
Taxes paid		(6,110,208)	(6,877,143)
		(227,941,384)	(207,190,039)
Net cash generated from operating activities		773,703,632	280,458,566
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	5.1	(52,226,542)	(97,975,783)
Proceeds from sale of operating fixed assets		3,150,000	1,575,900
Profit received on saving accounts		1,868,018	944,911
Profit received on term deposits		2,193,858	1,190,127
Investment made in term deposit receipts		-	(1,686,816)
Net cash used in investing activities		(45,014,666)	(95,951,661)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan repaid		(96,521,771)	(103,408,730)
Dividend paid		(169,354)	(26,664)
Net cash used in financing activities		(96,691,125)	(103,435,394)
Net increase in cash and cash equivalents		631,997,841	81,071,511
Cash and cash equivalents at the beginning of the year		(1,124,122,316)	(1,205,193,827)
Cash and cash equivalents at the end of the year	32	(492,124,475)	(1,124,122,316)

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 the 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 with the applicable accounting and reporting standards

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provision of, and directives issued under, the Companies Act, 2017.

Where the provisions of, and directives issued under, the Companies Act, 2017 differ from the IFRS, the former have been followed.

2.2 Basis of measurement of items in these financial statements

Items included in these financial statements have been measured at their historical cost basis except for:

- a) freehold land, factory building, non-factory building and plant and machinery which are carried at revalued amounts less 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 financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) *Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note reference	Area of judgement	Brief description of the judgement applied
4.1	Property, plant and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'diminishing balance method' as the depreciation method.
4.5	Trade debts	Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts are considered good and do not require any impairment. None of the other financial assets are either past due or impaired.
4.12	Timing of revenue recognition	<p><i>Local sales revenue:</i> Whether control of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises.</p> <p><i>Export sales revenue:</i> Whether control of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.</p>

(b) *Assumptions and other major sources of estimation uncertainty*

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note reference	Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
4.1	Property, plant and equipment	-Estimation of useful lives and residual values of the operating fixed assets '-Estimation of revalued amounts of freehold land, factory building, non-factory building and plant and machinery.
4.3	Stores and spares	Estimation of the net realizable value of stores and spares inventory and recognition of the provision for slow-moving items
4.15	Deferred taxation	Recognition of deferred tax assets on unused tax losses and unused tax credits - availability of future taxable profit against which deductible temporary differences and unused tax losses and unused tax credits can be utilised

3. NEW ACCOUNTING PRONOUNCEMENTS

3.1 Amendments to approved accounting standards effective during the year ended September 30, 2020:

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates do not have any effect on these financial statements, the same have not been disclosed here.



3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of the amendment is not likely to affect the financial statements of the Company.
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The amendments are not likely to affect the financial statements of the Company.
- Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has, in turn, led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- Amendments to IFRS 16 - IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:



- a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- c. there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.
- Annual Improvements to IFRS standards 2018 - 2020:

The following annual improvements to IFRS standards 2018 - 2020 are effective for annual reporting periods beginning on or after January 01, 2022:

- a. IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.



- b. IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- c. IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Property, plant and equipment

Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except freehold land, factory building, non-factory buildings and plant and machinery which are stated at revalued amounts less accumulated depreciation charged there on.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Major spare parts qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation on additions is charged from the date when the assets become available for use till the date of disposal. Depreciation on all property, plant and equipment is charged to the statement of profit or loss using the reducing balance method over the asset's useful life at the rates specified in note 5.1 to these financial statements.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

Any revaluation increase arising on the revaluation of freehold land, buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and machinery is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profits. The surplus realized on disposal of revalued fixed assets is credited directly to retained earnings.



Capital work-in progress

Capital work-in-progress is stated at cost less impairment if any, and consists of expenditure incurred in respect of property, plant and equipment in the course of their construction and installation. Transfers are made to operating fixed assets as and when the assets become available for use.

4.2 Intangible assets - accounting software

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the enterprise and the cost of such asset can be measured reliably. Costs directly associated with an identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and other directly attributable costs of preparing the software for its intended use.

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised using the straight-line basis over its estimated useful life.

4.3 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost and net realizable value. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the reporting date.

Provisions are made in the financial statements for obsolete and slow-moving inventory based on the management's best estimate regarding their future usability.

4.4 Stock-in-trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realizable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The **costs of purchase** of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The **costs of conversion** of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities (which is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance). However, in periods of abnormally high production, the amount of fixed overhead allocated to each unit of production is decreased so that inventories are not measured above cost. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

The cost of the items consumed or sold and those held in stock at the reporting date is determined using the **weighted average** cost formula.



Determination of net realizable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The Company estimates the net realisable value of inventories based on the most reliable evidence available, at the reporting date, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

While estimating the net realisable value, the Company also takes into consideration the purpose for which the inventory is held. For example, the net realisable value of the quantity of inventory held to satisfy firm sales contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realisable value of the excess quantity is based on general selling prices.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

4.5 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the goods are delivered to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and short term borrowings from banks, if any, which are repayable on demand and form an integral part of the Company's cash management.

4.7 Financial assets

4.7.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost.
- (b) fair value through other comprehensive income (FVOCI); and
- (c) fair value through profit or loss (FVTPL);

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.



Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

4.7.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.



4.7.3 *Impairment*

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

4.7.4 *De-recognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.8 **Financial liabilities**

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.9 **Off-setting of financial assets and financial liabilities**

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.



4.10 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.11 Employee benefits

Post-employment benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Company operates an unfunded provident scheme for its employees which is classified as a defined contribution plan. Equal monthly contributions are made by the Company and the workers to the plan at the rate equal to 7% and 6.25% of their basic salary, respectively.

When an employee has rendered service to the Company during a period, the Company recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Company recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.



Post-employment benefits - Defined benefit plan

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Company operates an unfunded gratuity scheme for its employees which is classified as a defined benefit plan.

The Company's obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit Method.

Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

4.12 Revenue

Revenue from sale of goods

Typically, all the contracts entered into by the Company with its customers contain a single performance obligation i.e. the transfer of goods promised in the contract (which may be sugar, molasses or bagasse).

The Company does not expect to have contracts with its customers where the period between the transfer of the promised goods the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

Revenue from sale of goods is recognized when the customer obtains control of the promised goods. This is further analyzed as below:

- (a) In case of local sale of goods, the customer is deemed to have obtained control of the promised goods being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Delivery occurs when the goods have been dispatched from the Company's premises and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- (b) Revenue from **export sales** is recognised when the customer obtains control of the goods being when the goods are loaded on to the shipping vessel, and in case of export through land transportation, when the goods are dispatched from the Company's premises, and there remains no other unfulfilled obligation to be satisfied by the Company.



Export subsidy

Export subsidy is recognized as income in the period in which it becomes receivable i.e. when all the prescribed eligibility criteria have been met and the receipt of the related proceeds from the concerned government authority is probable.

4.13 Other income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the applicable rate of return.

4.14 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversal of impairment losses for individual assets and recognized in profit or loss.

4.15 Taxation

Tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In that case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There may be transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.16 Translation of foreign currency transactions and balances

On initial recognition, a foreign currency transaction is recognized, in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate (i.e. the spot exchange rate at the end of the reporting period).

At the end of each reporting period, non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. However, non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.



Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

4.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Company that are outstanding during the period. However, the Company excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that the Company capitalises during a period does not exceed the amount of borrowing costs it incurs during that period.

The Company begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Company first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Company ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4.18 Dividend distribution

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

	2020	2019
Note	Rupees	
5.1	<u>4,938,997,983</u>	<u>5,115,423,652</u>



5.1 Operating fixed assets

	2020							Depreciation rates	
	Cost			Accumulated depreciation			Written down value as at September 30, 2020		
	As at October 01, 2019	Additions	Revaluation surplus recognized	Disposals	As at September 30, 2020	Charge for the year			Disposals
Free hold land	873,884,000	-	-	-	873,884,000	-	-	873,884,000	-
Factory buildings on freehold land	265,182,062	838,458	-	-	266,020,520	18,437,570	-	166,680,108	10%
Non-factory buildings on freehold land	87,685,253	-	-	-	87,685,253	3,794,633	-	15,587,231	5%
Plant and machinery	4,742,216,412	36,011,367	-	-	4,778,227,779	816,727,299	-	3,764,335,762	5%
Building construction machinery	12,553,248	-	-	-	12,553,248	1,344,828	-	2,353,586	9%
Railway sidings	2,191,346	-	-	-	2,191,346	2,177,618	-	12,355	10%
Vehicles	45,603,010	3,294,250	-	(4,044,450)	44,852,810	31,533,246	3,191,948	31,473,565	20%
Office equipments	3,096,985	-	-	-	3,096,985	2,114,403	98,258	2,212,661	10%
Computer and other equipments	6,868,496	495,435	-	-	7,363,931	4,295,190	288,425	4,583,615	10%
Furniture and fixtures	5,975,055	41,271	-	-	6,016,326	3,850,905	213,967	4,064,872	10%
Electrical equipments	15,785,394	-	-	-	15,785,394	6,129,936	868,991	6,998,927	9%
Water connections and electrical installations	8,643,473	752,484	-	-	9,395,957	3,857,523	481,529	4,339,052	9%
Tools and other equipments	22,419,574	10,793,277	-	-	33,212,851	12,473,636	2,251,725	14,725,361	15%
Arms and ammunitions	401,000	-	-	-	401,000	174,227	13,606	187,833	6%
Air conditioners and refrigerators	1,905,150	-	-	-	1,905,150	1,612,555	43,889	1,656,444	15%
	6,094,410,458	52,226,542	-	(4,044,450)	6,142,592,550	978,986,806	227,859,390	1,203,594,567	
							(3,251,629)	4,938,997,983	

	2019							Depreciation rates	
	Cost			Accumulated depreciation			Written down value as at September 30, 2019		
	As at October 01, 2018	Additions	Revaluation surplus recognized	Disposals	As at September 30, 2019	Charge for the year			Disposals / transfers
Free hold land	375,240,000	-	498,644,000	-	873,884,000	-	-	873,884,000	
Factory buildings on freehold land	145,759,775	2,163,020	117,259,267	-	265,182,062	73,133,179	7,769,663	80,902,842	10%
Non-factory buildings on freehold land	25,708,905	-	61,976,348	-	87,685,253	10,925,515	867,083	11,792,598	5%
Plant and machinery	2,044,484,248	83,788,275	2,613,943,889	-	4,742,216,412	744,781,102	71,946,197	816,727,299	5%
Building construction machinery	12,553,248	-	-	-	12,553,248	236,303	1,108,525	1,344,828	9%
Railway sidings	2,191,346	-	-	-	2,191,346	2,176,093	1,525	2,177,618	10%
Vehicles	47,044,431	134,479	-	(1,575,900)	45,603,010	29,172,658	3,509,201	31,533,246	20%
Office equipments	3,028,985	68,000	-	-	3,096,985	2,012,783	101,620	2,114,403	10%
Computer and other equipments	6,666,646	201,850	-	-	6,868,496	4,016,276	278,914	4,295,190	10%
Furniture and fixtures	5,859,561	115,494	-	-	5,975,055	3,621,302	229,603	3,850,905	10%
Electrical equipments	15,785,394	-	-	-	15,785,394	5,175,001	954,935	6,129,936	9%
Water connections and electrical installations	5,440,525	3,202,948	-	-	8,643,473	3,463,375	394,148	3,857,523	9%
Tools and other equipments	14,117,857	8,301,717	-	-	22,419,574	11,125,646	1,347,990	12,473,636	15%
Arms and ammunitions	401,000	-	-	-	401,000	159,752	14,475	174,227	6%
Air conditioners and refrigerators	1,905,150	-	-	-	1,905,150	1,560,920	51,635	1,612,555	15%
	2,706,187,071	97,975,783	3,291,823,504	(1,575,900)	6,094,410,458	891,559,905	88,575,514	978,986,806	
							(1,148,613)	5,115,423,652	



		2020	2019
		Rupees	
5.2	The depreciation for the year has been allocated as follows:		
	Cost of finished goods manufactured- Conversion costs	24.1 224,066,792	84,456,176
	Administrative expenses	25. 3,792,598	4,119,338
		<u>227,859,390</u>	<u>88,575,514</u>

5.3 Particulars of the Company's immovable fixed assets are as follows:

Asset class	Location	Total area
Freehold land	Chistian	207.92 Acres
Factory building	Chistian	247,625 Sq. ft
Non-factory building	Chistian	102,897 Sq.Ft

5.4 The latest valuation of the freehold land, factory building, non-factory building and plant and machinery was carried out by an independent valuer, M/s. Iqbal A. Nanjee and Company (Private) Limited, as at September 16, 2019. According to that valuation, the fair value and forced sale value of the assets were as follows:

	Fair value	Forced sale value
	Rupees	
Freehold land	<u>873,884,000</u>	<u>699,107,200</u>
Factory and Non-factory building	<u>259,354,268</u>	<u>207,483,414</u>
Plant and machinery	<u>3,900,000,000</u>	<u>3,120,000,000</u>

5.5 Had the freehold land, factory building, non-factory building and plant and machinery been carried under the cost model of accounting, their carrying amounts, at the reporting date, would have been as follows:

	2020	2019
Particulars	Rupees	
Land	18,855,030	18,855,030
Building, plant and machinery	<u>1,316,277,716</u>	<u>1,350,957,974</u>
	<u>1,335,132,746</u>	<u>1,369,813,004</u>

6. INTANGIBLE ASSETS - Computer Software

Cost	1,209,500	1,209,500
Accumulated amortization	<u>(1,209,500)</u>	<u>(1,209,500)</u>
Net book value	<u>-</u>	<u>-</u>



	2020	(Restated) 2019
7. STORES AND SPARES	Rupees	
Stores inventory in hand	123,157,019	124,929,432
Spares inventory in hand	16,039,909	22,890,152
	139,196,928	147,819,584
Provision for slow-moving and obsolete stores and spares	(25,209,837)	(25,209,837)
	113,987,091	122,609,747

	2020	2019
8. STOCK IN TRADE	Rupees	
Work-in-process	4,099,195	4,291,003
Finished goods- Sugar	200,793,701	924,577,774
Finished goods- Molasses	21,450	-
	200,815,151	924,577,774
	204,914,346	928,868,777

9. SHORT TERM INVESTMENTS

This represents investments in term deposit receipts maintained with the various banks. The rates of return on these investments range from 4.7% to 11.608% (2019: 8.42% to 11%).

	2020	(Restated) 2019
10. TRADE DEBTS - unsecured, considered good	Rupees	
Receivable against local sales of goods	244,685,999	27,962,641

Note

	2020	2019
11. SHORT TERM LOANS AND ADVANCES	Rupees	
Loan to staff	1,671,470	1,688,350
<i>Advances:</i>		
- to growers	1,211,136	3,135,865
- to contractors	1,656,665	1,656,665
- to suppliers	209,412,720	80,340,485
- against expenses	798,423	807,043
	213,078,944	85,940,058
	214,750,414	87,628,408

11.1 This represents interest free loan provided to employees in accordance with the Company's policy and are recoverable in equal monthly installments.



2020 2019
 Note — Rupees —

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Short term prepayments	514,093	1,223,806
Trade deposits	229,346	269,345
	<u>743,439</u>	<u>1,493,151</u>

13. OTHER RECEIVABLES- considered good

Rebate receivable	10,822,087	10,860,305
Interest Accrued	1,217,849	1,159,204
Others	1,210,422	1,508,922
	<u>13,250,358</u>	<u>13,528,431</u>

14. CASH AND BANK BALANCES

Cash in hand	-	25,864
--------------	---	--------

Cash at bank

- Current accounts
- Deposit accounts

14.1

85,726,143	57,291,915
14,310,271	12,770,238
<u>100,036,414</u>	<u>70,062,153</u>
<u>100,036,414</u>	<u>70,088,017</u>

14.1 These represent balances held with banks in saving accounts carrying profit at the rate of 4% to 5.5% (2019: 9.5% to 10%).

15. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020 ---(Number of shares)---	2019		2020 --- Rupees ---	2019
		Authorized capital		
<u>25,000,000</u>	<u>25,000,000</u>	Ordinary shares of Rs. 10/- each	<u>250,000,000</u>	<u>250,000,000</u>
		Issued, subscribed and paid up capital		
		Ordinary shares of Rs.10/- each		
14,968,221	14,968,221	fully paid in cash	149,682,210	149,682,210
250,000	250,000	Issued to Pakistan Industrial Credit and Investment Corporation under terms of loan agreement	2,500,000	2,500,000
2,072,741	2,072,741	Issued as fully paid bonus shares	20,727,410	20,727,410
<u>17,290,962</u>	<u>17,290,962</u>		<u>172,909,620</u>	<u>172,909,620</u>

15.1 There are no agreements among shareholders in relation to voting rights, board selection, right of first refusal and block voting.



16. REVALUATION SURPLUS ON PROPERTY, PLANT AND MACHINERY - net

On freehold land

Gross surplus

Balance as at the beginning of the year

Revaluation increase recognized during the year

On buildings / plant and machinery

Gross surplus

Balance as at the beginning of the year

Revaluation increase recognized during the year

Incremental depreciation transferred to retained earnings

Related deferred tax charge

Balance as at the beginning of the year

Revaluation increase recognized during the year

Related deferred tax liability of incremental depreciation

	2020	2019
	Rupees	
Balance as at the beginning of the year	855,028,970	356,384,970
Revaluation increase recognized during the year	-	498,644,000
	855,028,970	855,028,970
Balance as at the beginning of the year	2,834,703,014	53,337,346
Revaluation increase recognized during the year	-	2,793,179,504
Incremental depreciation transferred to retained earnings	(147,866,839)	(11,813,836)
	2,686,836,175	2,834,703,014
Balance as at the beginning of the year	(822,063,870)	(15,467,826)
Revaluation increase recognized during the year	-	(810,022,056)
Related deferred tax liability of incremental depreciation	42,881,383	3,426,012
	(779,182,487)	(822,063,870)
	2,762,682,658	2,867,668,114

17. SUBORDINATED LOAN FROM THE CHIEF EXECUTIVE- unsecured

Outstanding amount of the loan

(on undiscounted basis)

Outstanding amount of the loan

(on discounted basis):

Balance as at the beginning of the year

Add: Interest on unwinding of the loan during the year

Less: Effect of re-discounting upon extension in maturity of the loan

Outstanding amount of the loan (on undiscounted basis)	24,959,713	24,959,713
Balance as at the beginning of the year	22,898,819	21,008,091
Add: Interest on unwinding of the loan during the year	2,060,894	1,890,728
	24,959,713	22,898,819
Less: Effect of re-discounting upon extension in maturity of the loan	(9,864,079)	-
	15,095,634	22,898,819

17.1 During the year, the outstanding carrying amount of the loan was fully amortized to its nominal value (i.e. Rs. 24.96 million) with a corresponding interest charge of Rs. 2.061 million recognized in the statement of profit or loss. However, as of September 30, 2020, the terms of the loan were renegotiated with the Chief Executive of the Company whereby the contractual maturity of the loan was extended for a further period of five (05) years ending on September 30, 2025. Accordingly, in view thereof, the nominal value of the loan was, once again, discounted to its present value, as of September 30, 2020, determined using the discount rate of 10.58% (computed as 1-year KIBOR + 3% credit spread).

18. LONG TERM FINANCE - secured

From conventional banking companies

Habib Bank Limited

JS Bank Limited

From Islamic banking companies

Albaraka Bank Pakistan Limited

Current maturity shown under current liabilities

	2020	2019
	Rupees	
Habib Bank Limited	-	30,020,309
JS Bank Limited	88,888,889	133,515,351
	88,888,889	163,535,660
Albaraka Bank Pakistan Limited	96,875,000	118,750,000
	185,763,889	282,285,660
Current maturity shown under current liabilities	(72,569,444)	(109,658,730)
	113,194,445	172,626,930



18.1 The principal terms and conditions of the above financing facilities are as under:

	Term Finance	Diminishing Musharaka
Purpose:	For procurement of plant and machinery	
Facility availed amount (Rs.):	200 million	150 million
Principal repayment frequency	Semi-annually	Monthly
Mark up payment frequency	Quarterly	Monthly
Date of the first installment	May 17, 2018	December 13, 2018
Date of the last installment	May 17, 2022	July 14, 2023
Total number of installments	9	48
Principal repayable in each installment (Rs.):	22,222,222	3,125,000
Markup rate (formula):	6 month KIBOR + 2.5%	Matching KIBOR + 3%
Security:	<p>First Pari Passu Hypothecation charge of Rs. 301 million with 25% Margin.</p> <p>Additional First Pari Passu Hypothecation charge of Rs. 40 million on new Machinery</p>	<p>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.</p> <p>Personel guarantees of the directors, Mr. Ghulam Ahmed Adam and Mr. Junaid Ahmed Adam amounting to Rs. 837.5 million.</p>

		2020	(Restated) 2019
19. DEFERRED LIABILITIES	Note	Rupees	
Deferred taxation - net	19.1	842,887,693	813,663,155
Staff retirement benefits - gratuity	19.2	2,473,164	2,344,104
		<u>845,360,857</u>	<u>816,007,259</u>

19.1 Deferred taxation-net

	For the year ended Sep 30, 2020			
	Balance at beginning of the year	Recognized in profit or loss	Balance at beginning of the year	Balance at end of the year
Deferred tax liability in respect of:				
	(Rupees)			
Surplus on revaluation of property, plant and equipment	822,063,874	(39,442,296)	-	782,621,578
Accelerated accounting depreciation	248,630,846	(9,753,984)	-	238,876,862
	<u>1,070,694,720</u>	<u>(49,196,280)</u>	-	<u>1,021,498,440</u>
Deferred tax asset in respect of:				
Provision for gratuity	(679,790)	(34,426)	-	(714,216)
Provision for Slow moving and obsolete stores and spares	(7,310,853)	-	-	(7,310,853)
Excess of Alternative Corporate Tax over Corporate Tax	-	(16,094,202)	-	(16,094,202)
Unused tax losses	(117,036,040)	100,245,547	-	(16,790,493)
Excess of Minimum Tax over normal tax Liability	(132,004,882)	(5,696,101)	-	(137,700,983)
	<u>(257,031,565)</u>	<u>78,420,818</u>	-	<u>(178,610,747)</u>
Net deferred tax position	<u>813,663,155</u>	<u>29,224,538</u>	-	<u>842,887,693</u>



	For the year ended Sep 30, 2019			
	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of the year
	----- (Rupees) -----			
Deferred tax liability in respect of:				
Surplus on revaluation of property, plant and equipment	15,467,830	(3,426,012)	810,022,056	822,063,874
Accelerated accounting depreciation	237,555,979	11,074,867	-	248,630,846
	253,023,809	7,648,855	810,022,056	1,070,694,720
Deferred tax asset in respect of:				
Provision for gratuity	(642,354)	(37,436)	-	(679,790)
Provision for Slow moving and obsolete stores and spares	-	(7,310,853)	-	(7,310,853)
Unused tax losses	(32,326,457)	(84,709,583)	-	(117,036,040)
Excess of Minimum Tax over normal tax Liability	(121,033,108)	(10,971,774)	-	(132,004,882)
	(154,001,919)	(103,029,646)	-	(257,031,565)
Net deferred tax position	99,021,890	(95,380,791)	810,022,056	813,663,155

19.2 Staff retirement benefits - gratuity

As disclosed in note 4.11, the Company operates an unfunded gratuity scheme for its staff employees. The latest actuarial valuation of the plan was carried out as at September 30, 2020 by M/s. Nauman Associates, using the Projected Unit Credit Method.

	2020	2019
	----- Rupees -----	
19.2.1 Movement in net liability in the statement of financial position		
Opening defined benefit obligation	2,344,104	2,215,013
Expense charged to statement of profit or loss	438,616	363,893
Remeasurements recognized in other comprehensive income	(309,556)	(234,802)
Closing defined benefit obligation	2,473,164	2,344,104
19.2.2 Expense recognized in the statement of profit or loss		
Current service cost	145,603	142,392
Interest cost on defined benefit obligation	293,013	221,501
	438,616	363,893



		2020	2019
		Rupees	
19.2.3 Remeasurement gains recognised in other comprehensive income			
Actuarial gain on defined benefit obligation due to experience adjustments		(309,556)	(234,802)
19.2.4 Year end sensitivity analysis of defined benefit obligation			
Discount Rate + 100 bps		2,408,960	2,280,545
Discount Rate - 100 bps		2,546,489	2,416,286
Rate of salary increase + 100 bps		2,545,781	2,415,608
Rate of salary increase -100 bps		2,408,407	2,280,010
19.2.5 Principal assumptions used in valuation of gratuity			
Discount rate used for interest cost in profit and loss	12.50%	10%	
Discount rate used for year end obligation	9.75%	12.50%	
Expected rate of increase in salary level (per annum)	9.75%	12.50%	
Mortality rates	SLIC 2001- 2005	SLIC 2001- 2005	
19.2.6	As of the reporting date, the average duration of the defined benefit obligation was 3 years (2019: 3 years)		
19.2.7	The expected gratuity cost, comprising of service cost and net interest for the next year, ending September 30, 2021, works out to Rs. 316,084/-		
19.2.8	The current service and interest cost amounting to Rs. 438,616 (2019: Rs. 363,893) has been classified under administrative expenses.		
20. SHORT TERM BORROWINGS	<i>Notes</i>	2020	2019
		Rupees	
Unsecured - interest free			
- from chief executive	20.1	32,164,394	32,164,394
- from Adam Pakistan Limited (a related concern)	20.2	260,000,000	-
Secured			
- from banking companies			
- JS Bank Limited	20.3	199,996,496	278,410,405
- Habib Bank Limited	20.4	99,999,999	260,301,896
- Soneri Bank Limited	20.5	-	248,334,375
- Bank of Punjab Limited	20.6	-	174,999,263
		299,996,495	962,045,939
- from Islamic banking companies	20.7	-	200,000,000
		592,160,889	1,194,210,333



- 20.1** This represents loan granted by Mr. Ghulam Ahmed Adam, the Chief Executive of the Company, to meet working capital requirements of the Company. The loan is interest free and is repayable by June 30, 2021.
- 20.2** This represents loan granted by M/S. Adam Pakistan Limited to meet working capital requirements of the Company. The loan is interest free and is repayable by June 30, 2021
- 20.3** 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 September 30, 2020, the limit of the facility amounted to Rs. 278.5 million (2019: Rs. 300 million). The facility carries markup at the rate of 1-Month KIBOR + 3.5%. (2019: 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. Further, the said facility is due to expire in November, 2020.
- 20.4** 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 September 30, 2020, the limit of the facility amounted to Rs. 300 million (2019: Rs. 300 million). The facility carries markup at the rate of 1-Month KIBOR + 1.25%. (2019: 1-Month KIBOR + 1.25%) and is secured against Pledge over stock of sugar bags with 25% margin amounting to Rs. 200 million (2019: Rs. 200 million), ranking charge over fixed assets amounting to Rs. 300 million (2019: Rs. 300 million) and personal guarantee of Director amounting to Rs. 667 million (2019:Rs. 667 million). Further, the said facility is due to expire in February, 2021.
- 20.5** This represents the amount availed under the cash finance facility obtained from M/s. Soneri Bank Limited in order to maintain inventory of white sugar of fresh season till sale. As of September 30, 2020, the limit of the facility amounted to Rs. 300 million (2019: Rs. 300 million). The facility carries markup at the rate of 3-Month KIBOR + 2%. (2019: 3-Month KIBOR + 1.75%) and is secured against pledge of white refined sugar bags with 20% margin under effective control of bank's mucaddam at mills premises backed by exclusive/specific pledge charge of Rs. 375 million (2019: Rs. 375 million). Further, the said facility is due to expire in September, 2020.
- 20.6** This represents the amount availed under the cash finance facility obtained from M/s. Bank of Punjab Limited in order to meet the working capital requirements of the Company. As of September 30, 2020, the limit of the facility amounted to Rs. 250 million (2019: Rs. 250 million). The facility carries markup at the rate of 3-Month KIBOR + 1.6%. (2019: 3-Month KIBOR + 1.5%) and is secured against pledge of white refined sugar to the extent of Rs. 333.334 million (2019: Rs. 333.334 million) inclusive of 25% margin under the supervision of Bank's Approved Mucaddam, existing pledge charge over stocks of white refined sugar for Rs. 333.334 million (2019: Rs. 333.334 million) inclusive of 25% margin, existing ranking hypothecation charge over present and future current assets of the Company of Rs. 333.334 million (2019: Rs 333.334 million) inclusive of 25% margin, subordination of director's loan amounting to Rs. 21 million, personal guarantee of the Chief Executive of the company. Further, the said facility is due to expire in November, 2020.
- 20.7** This represents the amount availed under the istisna cum wakala facility obtained from M/s. Dubai Bank Limited in order to meet working capital requirements of the Company. As of September 30, 2020, the limit of the facility amounted to Rs. 200 million (2019: Rs. 200 million). The facility carries markup at the rate of relevant KIBOR + 2.25%. (2019: relevant KIBOR + 2%) and is secured against pledge of sugar stock 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. Further, the said facility is due to expire in April 2021.
- 20.8** As at Sep 30, 2020, the Company has unavailed financing facilities of Rs. 728.504 million (2019: Rs. 187.947 million).



21. TRADE AND OTHER PAYABLES	Note	2020	2019
		Rupees	
Trade creditors	21.1	120,337,520	241,756,945
Accrued liabilities		15,745,513	16,175,448
Advance from customers	21.2	29,427,125	214,077,139
Sales tax payable	21.3	299,113,707	237,139,810
Withholding tax payable		12,184,961	10,972,570
Retention money		308,799	96,976
Provision for Workers' Participation Fund		22,328,698	-
Provision for Workers' Welfare Fund	21.4	20,343,042	11,858,137
Others		2,014,124	2,014,124
		521,803,489	734,091,149

21.1 This includes an amount of **Rs. 0.272 million** (2019: Rs. 1.09 million) due to Adam Lubricants Limited, an associated undertaking, as at reporting date.

21.2 During the year, the performance obligations underlying the opening contract liability of Rs. 214.077 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year.

In addition, information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 29.427 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

21.3 Provision for Workers' Welfare Fund	2020	2019
	Rupees	
Opening balance	11,858,137	11,858,137
Allocation for the year	8,484,905	-
	20,343,042	11,858,137

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

As of the reporting date, no material reportable contingencies were known to exist (refer also note 39 to these financial statements).

22.2 Commitments

Guarantees issued by banking companies on behalf of the Company are as follows:

	Note	2020	2019
		Rupees	
Market Committee Chishtian		130,000	130,000
Excise duty collection Multan		50,000	50,000
Punjab Employees Social Security Institution		15,311,000	23,518,154



		2020	2019
	Note	Rupees	
23. SALES REVENUE - net			
Revenue from export sale of sugar		78,058,928	-
Revenue from local sales - net	23.1	3,475,932,079	2,314,623,158
		<u>3,553,991,007</u>	<u>2,314,623,158</u>
23.1 Revenue from local sales - net			
Revenue from sale of sugar - gross		3,722,112,979	2,433,567,513
Less: sales tax		(453,180,900)	(270,894,480)
		<u>3,268,932,079</u>	<u>2,162,673,033</u>
Revenue from sale of molasses (by-product)		207,000,000	151,950,125
		<u>3,475,932,079</u>	<u>2,314,623,158</u>
24. COST OF SALES			
Opening stock of finished goods			
- Sugar		924,577,774	1,216,194,253
- Molasses		-	23,907,037
		<u>924,577,774</u>	<u>1,240,101,290</u>
Cost of finished goods manufactured	24.1	2,122,237,546	1,980,274,890
		<u>3,046,815,320</u>	<u>3,220,376,180</u>
Closing stock of finished goods			
- Sugar		(200,793,701)	(924,577,774)
- Molasses		(21,450)	-
		<u>(200,815,151)</u>	<u>(924,577,774)</u>
		<u>2,846,000,169</u>	<u>2,295,798,406</u>
24.1 Cost of finished goods manufactured			
Raw materials consumed		1,651,224,103	1,689,809,518
Conversion costs incurred	24.1.1	470,821,635	289,913,025
		<u>2,122,045,738</u>	<u>1,979,722,543</u>
Opening stock of work in process		4,291,003	4,843,350
Closing stock of work in process		(4,099,195)	(4,291,003)
		<u>191,808</u>	<u>552,347</u>
		<u>2,122,237,546</u>	<u>1,980,274,890</u>



		2020	2019
	Note	Rupees	
24.1.1 Conversion costs incurred			
Depreciation	5.2	224,066,792	84,456,176
Salaries, wages and allowances	24.1.1.1	140,356,038	120,504,259
Repairs and maintenance		43,612,469	29,552,236
Stores and spares consumed	24.1.1.2	31,436,874	21,646,851
Fuel and power		16,899,362	14,795,503
Insurance		10,902,985	16,071,702
Flying ash removal expenses		1,983,988	1,695,764
Market committee fees		1,563,127	1,190,534
		470,821,635	289,913,025

24.1.1.1 This includes Rs. 363,766 (2019:Rs.331,644) in respect of staff retirement benefits.

24.1.1.2 It includes an amount of Rs. 10,282,387/- (2019: Rs. 10,053,076) against purchase of lube oil from M/s. Adam Lubricants Limited (a related concern).

		2020	2019
	Note	Rupees	
25. ADMINISTRATIVE EXPENSES			
Salaries, wages and other allowances		42,301,001	41,322,078
Directors' remuneration	38.3	5,729,384	5,729,384
Printing and stationery		2,157,062	1,981,891
Postage and telephone		2,319,003	1,714,072
Vehicle running expenses		2,331,537	1,667,289
Conveyance and travelling expenses		1,099,479	917,767
Auditors' remuneration	25.1	1,250,000	1,000,000
Legal and professional charges		1,102,415	6,494,874
Rent, rates and taxes		828,358	828,640
Electricity charges		2,705,849	2,799,825
Fees and subscription		786,290	2,336,123
Entertainment		1,453,176	916,024
General expenses		1,054,112	835,156
Penalties		-	65,712
Repair and maintenance		591,114	1,013,398
Charity and donation	25.2	569,011	3,291,527
Computer expenses		488,548	431,481
Depreciation	5.	3,792,598	4,119,338
Bank charges		4,418,297	3,135,385
		74,977,234	80,599,964



	2020	2019
	Rupees	
25.1 Auditors' remuneration		
Statutory audit fee	900,000	750,000
Review of half yearly accounts	300,000	200,000
Review of compliance with corporate governance	50,000	50,000
	1,250,000	1,000,000
25.2	None of the directors or their spouse had any interest in the donees. Further, there is no singal party to whom the donation exceeds the higher of 10% of the Company's total amount of donation expense for the year or Rs. 1 million.	
	2020	2019
	Rupees	
26. SELLING AND DISTRIBUTION COSTS		
Commission expenses	3,915,101	1,247,958
Shifting expenses	3,049,264	1,935,187
Loading and unloading expenses	1,544,397	890,675
Export expenses	405,616	-
Advertisement expenses	133,000	110,100
	9,047,378	4,183,920
27. FINANCE COSTS		
Markup charge on long term borrowings:		
- from conventional banking companies	16,147,288	16,354,502
- from Islamic banking companies	16,415,469	21,026,185
	32,562,757	37,380,687
Interest on unwinding of the long term loan from the Chief Executive	2,060,894	1,890,728
Markup charge on short term borrowings:		
- from conventional banking companies	96,962,526	134,358,941
- from Islamic banking companies	54,039,544	54,837,051
	151,002,070	189,195,992
	185,625,721	228,467,407
28. OTHER INCOME		
Profit on saving accounts	1,868,018	944,911
Profit on term deposit receipts	2,252,503	-
Gain on sale of operating fixed assets	2,357,179	1,148,613
Liabilities no longer payable written off	8,192,570	-
Miscellaneous	2,382,031	2,062,364
	17,052,301	4,155,888



	2020	(Restated) 2019
29 OTHER OPERATING EXPENSES	Rupees	
Provision for Workers' Welfare Fund	8,484,905	-
Provision for Workers' Profit Participation Fund	22,328,698	-
Provision for slow-moving and obsolete stores and spares	-	25,209,837
Advance to supplier written off	8,818,840	-
	39,632,443	25,209,837

30 TAXATION		
Current- for the year	67,978,771	33,959,596
Deferred- for the year	29,224,538	(95,380,791)
	97,203,309	(61,421,195)

- 30.1** The income tax assessments of the Company are deemed to have been finalized up to, and including, the tax year 2020 (accounting year ended September 30, 2019) based on the returns of income filed by the Company with the concerned taxation authority. As per section 120 of the Income Tax Ordinance, 2001 ('the Ordinance'), a tax return filed by a taxpayer is treated as an assessment order issued by the concerned taxation authority unless the same is selected for re-assessment / audit as per the legal provisions stipulated in the Ordinance.

	2020	(Restated) 2019
31 EARNINGS / (LOSS) PER SHARE	Rupees	
31.1 Basic earnings / (loss) per share		
Profit / (loss) after taxation	318,557,054	(254,059,293)
	Number	
weighted average number of ordinary shares outstanding during the year	17,290,962	17,290,962
	Rupees	
Earnings / (Loss) per share - basic	18.42	(14.69)

31.2 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.

		2020	2019
32 CASH AND CASH EQUIVALENTS	Note	Rupees	
Cash and bank balances	14.	100,036,414	70,088,017
Short term borrowings	20.	(592,160,889)	(1,194,210,333)
		(492,124,475)	(1,124,122,316)



33 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. Remuneration of the Chief Executive and directors is disclosed in note 38.3 to the financial statements. Transactions entered into, and balances held with, related parties, other than those disclosed elsewhere in the financial statements, are as follows:

Name of the related party	Basis of relationship with the party	Particulars	2020	2019
			----- Rupees -----	
Adam Lubricants Limited	Company under common control	Purchases made during the year	10,282,387	10,053,076
		Payment made during the year	11,101,080	9,859,182
		Balances payable as at the year end	272,287	1,090,980
Adam Pakistan Limited	Company under common control	Loan received during the year	260,000,000	-
		Loan payable as at the year end	260,000,000	-
Chief Executive (Mr. Ghulam Ahmed Adam)	Key management personnel	Short term Loan payable as at the year end	32,164,394	32,164,394
		Subordinated loan payable as at the year end	24,959,713	24,959,713

34 OPERATING SEGMENTS

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

- 34.1** Revenue from sale of sugar represents 94.18% (2019: 93.44%) of the total revenue whereas remaining represent revenue from sale of molasses.
- 34.2** All non-current assets of the Company at September 30, 2020 were located in Pakistan.
- 34.3** Following are the customers from whom 10% or more of the entities revenue has been generated during the year:

	2020	2019
	----- Rupees -----	
Customer- A	1,090,809,710	-
Customer- B	677,167,764	-
Customer- C	353,586,887	326,708,044
Customer- D	474,336,016	488,906,770
Customer- E	-	681,401,681



	2020	2019
	----- Rupees -----	
35 FINANCIAL INSTRUMENTS		
35.1 Categories of financial assets and financial liabilities		
35.1.1 Financial assets		
<i>At amortised cost</i>		
Long term deposits	32,400	32,400
Short term investments	25,323,290	25,323,290
Trade debts - unsecured	244,685,999	27,962,641
Short term loans	1,671,470	1,688,350
Trade deposits	229,346	269,345
Other receivables	1,210,422	1,508,922
Interest accrued	1,217,849	1,159,204
Cash and bank balances	100,036,414	70,088,017
	<u>374,407,190</u>	<u>128,032,169</u>
35.1.2 Financial liabilities		
Subordinated loan from the Chief Executive	15,095,634	22,898,819
Long term finance	185,763,889	282,285,660
Short term borrowings	592,160,889	1,194,210,333
Trade and other payables	138,405,956	260,043,493
Accrued markup	72,569,444	109,658,730
Provident fund payable	9,090,756	8,425,842
	<u>1,013,086,568</u>	<u>1,877,522,877</u>
35.2 Risks arising from financial instruments		

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

35.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by change in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company is exposed to following concentration of credit risk:



	2020	2019
	----- Rupees -----	
Customer- A	163,845,874	3,530,300
Customer- B	50,700,000	-
Customer- C	-	2,876,400

Maximum exposure to credit risk and its management strategies

Following is the quantitative analysis of the Company's maximum exposure to credit risk as at the reporting date:

	2020	2019
	----- Rupees -----	
Long term deposits	32,400	32,400
Short term investments	25,323,290	25,323,290
Trade debts (see note 'a' below)	244,685,999	27,962,641
Short term loans	1,671,470	1,688,350
Trade deposits	229,346	269,345
Other receivables	1,210,422	1,508,922
Interest accrued	1,217,849	1,159,204
Bank balances (see note 'b' below)	100,036,414	70,062,153
	<u>374,407,190</u>	<u>128,006,305</u>

Note 'a' - Credit risk management of trade debts

The Company attempts to control credit risk arising from dealings with customers by monitoring credit exposures and continually assessing the creditworthiness of its customers. As part of its credit risk management strategy, the Company receives advances from customers against sales of goods. In addition, the Company has a system of assigning credit limits to its customers based on an extensive evaluation of customer profile and payment history. Outstanding customer receivables are regularly monitored.

As of the reporting date, the aging analysis of trade debts was as follows:

	2020		2019	
	Gross Carrying amount	Provision for expected credit losses	Gross Carrying amount	Provision for expected credit losses
	----- Rupees -----			
Not past due	244,366,879	-	27,643,521	-
Past due 3 months -1 year	-	-	-	-
Past due 1 year to 3 year	319,120	-	319,120	-
	<u>244,685,999</u>	<u>-</u>	<u>27,962,641</u>	<u>-</u>



Substantial amount of the debtors have been collected post year end, therefore, expected credit loss has not been considered.

Note 'b' - Credit risk management of bank balances

To minimize its exposure to credit risk, the Company maintains its cash balances only with banks with high quality credit worthiness. As of the reporting date, the external credit ratings of the Company's major bankers were as follows:

Bank Name	Credit Rating Agency	Rating	
		Short term	Long term
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
United Bank Limited	VIS	A-1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Bank Of Punjab Limited	PACRA	A1+	AA
Al Baraka Bank (Pakistan) Limited	PACRA	A1	A
Faysal Bank Limited	PACRA	A1+	AA
Askari Commercial Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Dubai Islamic Bank Limited	VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
Habib Bank Limited	VIS	A-1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AA+
National Bank Of Pakistan	PACRA	A1+	AAA
Meezan Bank Limited	VIS	A-1+	AA+
JS Bank Limited	PACRA	A1+	AA-
Silk Bank Limited	VIS	A-2	A-
Summit Bank Limited	VIS	A-3	BBB-
Sindh Bank Limited	VIS	A-1	A+
Bank Islami Limited	PACRA	A1	A+

35.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:



	June 30, 2020			
	Carrying Amount	Contractual cash flows	Twelve months or less	One to five years
	(Rupees)			
<u>Non-derivative financial liabilities</u>				
Long term loans	185,763,889	216,334,318	91,488,827	124,845,491
Subordinated loan from the Chief Executive	15,095,634	24,959,713	-	24,959,713
Short term borrowings	592,160,889	592,160,889	592,160,889	-
Trade and other payables	138,405,956	138,405,956	138,405,956	-
	931,426,368	971,860,876	822,055,672	149,805,204

	June 30, 2019			
	Carrying Amount	Contractual cash flows	Twelve months or less	One to five years
	(Rupees)			
<u>Non-derivative financial liabilities</u>				
Long term loans	282,285,660	349,717,215	146,519,858	203,197,357
Subordinated loan from the Chief Executive	22,898,819	24,959,713	-	24,959,713
Short term borrowings	1,194,210,333	1,194,210,333	1,194,210,333	-
Trade and other payables	260,043,493	260,043,493	260,043,493	-
	1,759,438,305	1,828,930,754	1,600,773,684	228,157,070

35.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

a) *Currency risk*

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. As of the reporting date, the Company was not exposed to any foreign currency risk.

b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of the reporting date, the Company was exposed to cash flow interest rate risk on the long term and short term financing obtained from banks.

Since all the borrowings of the Company are variable rate borrowings, as of the reporting date, the Company was not exposed to fair value risk on its borrowings.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:



	2020	2019	2020	2019
	Effective interest rate (%)		Carrying amount (Rs.)	
Financial liabilities				
Long term loan	9.92%-10.3%	14.57% - 16.50%	185,763,889	282,285,660
Short term borrowings	8.85%-10.92%	14.57%- 16.80%	592,160,889	1,194,210,333
Financial Assets				
Short term investments	4.7% - 11.608%	8.42% to 11%	25,323,290	25,323,290
Bank deposits - pls account	4% - 5.5%	9.5% - 10%	14,310,271	12,770,238

Sensitivity analysis:

As of the reporting date, if average KIBOR interest rate on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs 7.383 million (2019: Rs. 14.384 million) respectively, mainly as a result of higher / lower net interest expense.

c) *Other price risk*

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. As of the reporting date, the Company was not exposed to any other price risk.

36 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).

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 year, 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
September 30, 2020	Rupees			
- Freehold land	-	873,884,000	-	873,884,000
- Factory building	-	166,680,108	-	166,680,108
- Non - factory building	-	72,098,022	-	72,098,022
- Plant and machinery	-	3,764,335,762	-	3,764,335,762
September 30, 2019				
- Freehold land	-	873,884,000	-	873,884,000
- Factory building	-	184,279,220	-	184,279,220
- Non - factory building	-	75,892,655	-	75,892,655
- Plant and machinery	-	3,925,489,113	-	3,925,489,113

37 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

Following is the quantitative analysis of what the Company manages as capital:

	2020	(Re-stated) 2019
	Rupees	
<i>Borrowings</i>		
Long Term Finance - Secured	185,763,889	282,285,660
Subordinated loan from the Chief Executive	24,959,713	24,959,713
	210,723,602	307,245,373
<i>Share capital and reserves</i>		
Issued, subscribed and paid up capital	172,909,620	172,909,620
Unappropriated profits / (losses)	317,373,684	(106,478,382)
General reserve	200,000,000	200,000,000
Share premium	172,909,620	172,909,620
	863,192,924	439,340,858
	1,073,916,526	746,586,231



38 DISCLOSURES REQUIRED BY THE COMPANIES ACT, 2017

38.1 Plant capacity and actual production

	2020		2019	
	Quantity (Metric Tons)	No. of Days	Quantity (Metric Tons)	No. of Days
Crushing capacity	826,000	180	826,000	180
Cane crushed	312,955	114	363,306	95
Production - sugar	31,952	114	32,402	95

38.1.1 During the crushing season 2019-20, mill operated 114 days (2019: 95 days) out of 180 days, therefore the production capacity of the Company remained under utilized mainly due to non-availability of sugar cane.

38.2 Number of employees

	2020	2019
	----- Number -----	
Total number of employees as at the year end	<u>452</u>	<u>426</u>
Average number of employees during the year	<u>631</u>	<u>576</u>

38.3 Remuneration of the Chief Executive, Directors and Executives

The aggregate amounts charged in the financial statements for remuneration, including certain benefits to Directors, Chief Executive and Executives of the Company, as follows:

	June 30, 2020			
	Chief Executive	Directors	Executives	Total
	----- Rupees -----			
Basic salary	36,000	5,352,000	-	5,388,000
Vehicle expenses	96,344	245,040	-	341,384
	<u>132,344</u>	<u>5,597,040</u>	<u>-</u>	<u>5,729,384</u>
Number of persons	<u>1</u>	<u>2</u>	<u>-</u>	



June 30, 2019

	Chief Executive	Directors	Executives	Total
	----- Rupees -----			
Basic salary	36,000	5,352,000	-	5,388,000
Vehicle expenses	96,344	245,040	-	341,384
	132,344	5,597,040	-	5,729,384
Number of persons	1	2	-	

38.3.1 The Chief Executive and two directors of the Company have been provided with free use of the Company maintained cars.

38.3.2 No employee of the company fall under the definition of "Executive" provided in the Fourth Schedule to the Companies Act 2017.

38.4 Impact of COVID-19 on these financial statements

As in the rest of the world, Covid-19 adversely affected lifestyle and business operations in Pakistan. The Company complies with SOPs prescribed by the Federal and Provincial Governments. Sales and export activities were not affected during lockdown, and the shipments were dispatched as per schedule with minor disruptions. The Company remained up to date in all its financial commitments. Management believes that going concern assumption of the Company remains valid, and there are no material implications that require specific disclosure in the financial statements.

39 CORRECTION OF PRIOR PERIOD ERRORS

Provision for slow-moving and obsolete stores and spares

As stated in the auditor's report on its financial statements for the year ended September 30, 2019, the Company had not carried out an exercise for identification of slow-moving and obsolete items of stores and spares and assessment of their net realizable value. During the year, however, the said exercise was duly conducted wherein, as of September 30, 2019, certain items (having an aggregate cost of Rs. 25.206 million) were identified as slow-moving or obsolete. Though some of those items were also identified as such as of September 30, 2018, their cost was not regarded as material. Accordingly, in these financial statements, the entire impairment provision (amounting to Rs. 25.206 million) and the related deferred tax income (amounting to Rs. 7.311 million) have been recognized retrospectively in the corresponding figures presented in the statement of profit or loss.

Trade debt due from the Government of Punjab and the related contingent asset

As of September 30, 2019, the Company had recognized a trade debt, amounting to Rs. 37.508 million, being the sales value of 987.05 metric tons of sugar (valued at the rate of Rs. 38 per kg - the then sales price fixed by the Honorable Supreme Court of Pakistan) forcefully lifted by Government of Punjab in 2009. In addition, the Company had also disclosed a contingent asset, amounting to Rs. 17.653 million, being the excess of the actual sales value of 987.05 metric tons (Rs. 55.161 million) over the aforesaid recognized receivable of Rs. 37.508 million).

As per the principles set out in the applicable financial reporting framework, the said claim did not meet the criteria for recognition as an asset, or disclosure as a contingent asset, in the financial statements. Accordingly, in these financial statements, the aforesaid receivable of Rs. 37.508 million has been derecognized retrospectively and the disclosure of the contingent asset removed from the notes to the financial statements.

Deferred tax asset on carry forward of minimum tax claims

As of September 30, 2019, the Company had recognized a deferred tax asset on carry forward of its minimum tax claims amounting to Rs. 153.473 million. This included a claim of Rs. 21.468 million pertaining to the tax year 2015



(accounting year 2013-14) which, as per the provision of section 113(3)(c) of the Income Tax Ordinance, 2001, was not eligible for further carry forward to the succeeding tax year (due to expiry of the maximum 5-year carry forward period). Accordingly, as of September 30, 2019, the said deferred tax asset (amounting to Rs. 21.468 million) should have been derecognized and the corresponding charge recognized in the statement of profit or loss for the year then ended. However, inadvertently, the same remain included in the deferred tax asset reported as of that date. This error has been rectified in these financial statements.

In these financial statements, the above errors have been corrected retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 '*Accounting Policies, Changes in Accounting Estimates and Errors*' and, accordingly, all the corresponding figures affected by the errors have been restated. Further, since one of these restatements also had a material effect on the statement of financial position of the Company as of the beginning of the earliest period presented (i.e. September 30, 2018), the same has also been presented in these financial statements in accordance with the requirements of IAS 1 '*Presentation of Financial Statements*'.

The corrections of the errors have the following effects on the corresponding figures presented in these financial statements:

Effects on the statement of financial position

	Unappropriated profits / (accumulated losses)	Stores and spares - net	Trade debts	Deferred tax liability - net
	Rupees			
Balance as at September 30, 2018 (as previously reported)	176,466,185	145,308,884	92,309,602	99,021,890
<i>Effects of restatement as on September 30, 2018</i>				
Derecognition of trade debts	(37,507,900)	-	(37,507,900)	-
Balance as at September 30, 2018 (as restated)	138,958,285	145,308,884	54,801,702	99,021,890

	Unappropriated profits / (accumulated losses)	Stores and spares - net	Trade debts	Deferred tax liability - net
	Rupees			
Balance as at September 30, 2019 (as previously reported)	(29,603,177)	147,819,584	65,470,541	799,505,687
<i>Effects of restatements as on September 30, 2019</i>				
Derecognition of trade debts	(37,507,900)	-	(37,507,900)	-
Recognition of the provision for slow-moving and obsolete stores and spares and the related deferred tax asset thereon	(17,898,984)	(25,209,837)	-	(7,310,853)
Derecognition of the excess deferred tax asset on carry forward of minimum tax claim	(21,468,321)	-	-	21,468,321
	(76,875,205)	(25,209,837)	(37,507,900)	14,157,468
Balance as at September 30, 2019 (as restated)	(106,478,382)	122,609,747	27,962,641	813,663,155



Effects on the statement of comprehensive income for the year ended September 30, 2019

Rupees

Effects on profit or loss

Recognition of other operating expenses - Provision for slow-moving and obsolete stores and spares	(25,209,837)
Increase in loss before taxation	(25,209,837)
Decrease in deferred tax income	(14,157,468)
Increase in loss after taxation	<u>(39,367,305)</u>

Increase in loss per share - basic and diluted	<u>(2.27)</u>
---	----------------------

Effects on other comprehensive income

Decrease in total comprehensive income	<u>(39,367,305)</u>
---	----------------------------

40 GENERAL

40.1 Reclassification of corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. Major reclassifications of corresponding figures made in these financial statements is as follows:

Reclassified from component	Reclassified to component	— Rupees —
Rebate receivable <i>(Shown on the face of the Statement of Financial Position)</i>	Rebate receivable (Other receivables)	<u>10,860,305</u>
Interest accrued <i>(Shown on the face of the Statement of Financial Position)</i>	Interest accrued (Other receivables)	<u>1,159,204</u>
Current accounts <i>(Cash and bank balances)</i>	Deposit accounts <i>(Cash and bank balances)</i>	<u>10,279,264</u>
Trade creditors <i>(Trade and other payables)</i>	Withholding tax payable <i>(Trade and other payables)</i>	<u>10,946,808</u>
Accrued liabilities <i>(Trade and other payables)</i>	Withholding tax payable (Trade and other payables)	<u>25,762</u>
Accrued liabilities <i>(Trade and other payables)</i>	Sales tax payable (Trade and other payables)	<u>237,139,810</u>



Reclassified from component

Reclassified to component

— Rupees —

Handling expenses
(Conversion cost incurred)

Raw material consumed
(Cost of finished goods
manufactured)

2,615,280

Road cess
(Conversion cost incurred)

Raw material consumed
(Cost of finished goods
manufactured)

13,623,934

Vehicle running expenses
(Administrative expenses)

Director's remuneration
(Administrative expenses)

341,384

Bank charges
(Finance costs)

Bank charges
(Administrative expenses)

3,135,385

Income from biological asset
(Other income)

Miscellaneous
(Other income)

1,897,424

40.2 Non - adjusting event after balance sheet date

The Board of Directors in their meeting held on February 04, 2021 has proposed a final cash dividend of Rs. 4/= per share (2019: Rs. Nil) for approval of the members at the Annual General Meeting to be held on March 09, 2021. These financial statements do not reflect this appropriation.

40.3 Date of authorization of the financial statements for issue

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on February 04, 2021.

40.4 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

OMAR G. ADAM
Director



55th ANNUAL GENERAL MEETING

PROXY FORM

Please Quote Reg. Folio No.

I/We _____

of _____

Being a member of Adam Sugar Mills Limited Holder of _____

shares hereby appoint _____ of _____

(another Member of the Company) of failing him _____ as

my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 10:00 A.M. on Tuesday March 9, 2021 at The Arts Council of Pakistan and at any adjournment there of.

In witness my/our hand this _____ day of 2021

Signed by the said _____
(WITNESS'S SIGNATURE)

In the presence of _____
(WITNESS'S SIGNATURE)

Affix Rs. 5/-
Revenue
Stamps

This form of Proxy, duly completed, must be deposited at the Company's Registered Office not less than 48 hours before the time of the meeting.





پچپن واں سالانہ عام اجلاس

پراکسی فارم

فولیو / CDC اکاؤنٹ نمبر

_____ میں مسٹی / مسماۃ

_____ ساکن

_____ بحیثیت ممبر آدم شوگر ملز لمیٹڈ، مسٹی / مسماۃ

کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے پچپن واں سالانہ اجلاس عام جو بتاریخ 9 مارچ 2021 بروز منگل آرٹس کونسل میں منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

_____ دستخط گواہ:

_____ نام:

مطلوبہ ریوینیو ٹکٹ چسپاں کر کے ممبر کے دستخط

_____ دستخط گواہ:

_____ نام:

_____ تاریخ:

مکمل پُر شدہ پراکسی فارم کے رجسٹرڈ آفس میں میٹنگ سے 48 گھنٹے قبل جمع کرایا جانا لازمی ہے۔





Haji Adam Chambers, Altaf Hussain Road,
New Challi, P.O. Box 4274, Karachi.