

ADAM SUGAR MILLS LIMITED



HALF YEARLY REPORT

**FOR THE HALF YEAR ENDED
31st MARCH, 2020
(UN-AUDITED)**



ADAM SUGAR MILLS LIMITED

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

C O N T E N T S

Vision / Mission & Company Information	1
Chief Executive's Review.....	2
Report on Review	3
Statement of Financial Position	4
Statement of Profit or Loss	5
Statement of Comprehensive Income	6
Statement of Cash Flows	7
Statement of Changes in Equity	8
Notes to the Financial Statement	9



ADAM SUGAR MILLS LIMITED

VISION

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

MISSION

- 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.

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	MR. JAWAID AHMED
MEMBER	MR. JUNAID G. ADAM
MEMBER	MR. MUSTAFA G. ADAM
HUMAN RESOURCES AND REMUNERATION COMMITTEE	
CHAIRMAN	LT. COL. (RTD) MUHAMMAD MUJTABA
MEMBER	MR. JUNAID G. ADAM
MEMBER	MR. OMAR G. ADAM
DIRECTOR FINANCE / 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 WEBSITE: www.adam.com.pk/adamsugar.html
FACTORY	CHAK NO. 4, FORDWAH, CHISHTIAN DISTRICT BAHAWALNAGAR
STATUTORY AUDITORS	RAHMAN SARFARAZ RAHIM IQBAL RAFIQ CHARTERED ACCOUNTANTS
SHARE REGISTRARS	C & K MANAGEMENT ASSOCIATES (PVT) LTD 4TH FLOOR, 404 TRADE TOWER, ABDULLAH HAROON ROAD, KARACHI TEL NO. 35685930 FAX NO. 35687839



ADAM SUGAR MILLS LIMITED

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

CHIEF EXECUTIVE`S REVIEW

On behalf of the Board of Directors, I am pleased to present to you the unaudited accounts of the Company for the six months ended 31 March 2020.

The mills crushed 312,955 tons of sugarcane at an average recovery of 10.20% and produced 31,952 tons of sugar as compared to 363,306 tons of sugar cane at an average recovery of 8.91% and production of 32,402 tons of sugar in the previous period.

Sugarcane price fixed by the Government for season 2019-2020 is Rs. 190/- per 40 KG.

The directors are pleased to place on record their appreciation for the devoted and dedicated services of the officers, staff and workers of the Company.

(GHULAM AHMED ADAM)

Karachi: July 28, 2020

(CHIEF EXECUTIVE)



ADAM SUGAR MILLS LIMITED

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We were engaged to review the accompanying condensed interim statement of financial position of Adam Sugar Mills Limited ("the Company") as at March 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and notes thereto (here-in-after referred to as the "condensed interim financial statements").

Management's Responsibility for the Interim Financial Statements

Management is responsible for the preparation and presentation of the condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Auditor's Responsibility for the Interim Financial Statements

Our responsibility is to express a conclusion on the condensed interim financial statements based on conducting a review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. However, because of the matters described in Bases for Disclaimer of Conclusion section of our report, we were not able to obtain necessary assurance to provide a basis for a conclusion.

Bases for Disclaimer of Conclusion

Property, plant and equipment

As stated in our report on the financial statements of the Company for the year ended September 30, 2019, we had remained unable to obtain sufficient appropriate audit evidence as to the existence and valuation of property, plant and equipment primarily due to the following two reasons:

- 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 buildings, non-factory buildings and plant and machinery which had resulted in the recognition of gross surplus amounting to Rs. 3.292 billion and a corresponding deferred tax charge thereon amounting to 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 valuation of the aforementioned classes of property, plant and equipment as well as the related deferred tax liability arising on revaluation surplus.

Bases for Disclaimer of Conclusion

Property, plant and equipment

Accordingly, in view of the aforementioned limitations, we had expressed a disclaimer of opinion on the financial statements of the Company for the year ended September 30, 2019. Our conclusion on the condensed interim financial statements is also disclaimed on account of the following reasons:

- The aforementioned matters giving rise to a disclaimer of opinion on the Company's financial statements for the year ended September 30, 2019 were yet unresolved as at March 31, 2020; and
- The possible effects of those matters on the current period's figures and the corresponding figures are deemed to be both material and pervasive.

Stores and spares - an accounting issue that, in the absence of disclaimer of conclusion, would also have required us to express a qualified conclusion on the condensed interim financial statements

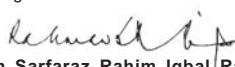
As stated in our report on the financial statements of the Company for the year ended September 30, 2019, we had remained unable to obtain sufficient appropriate audit evidence as to the valuation of stores and spares due to the reason that the management had not carried out an exercise to identify slow moving and obsolete items of stores and spares and assess their net realizable value.

Accordingly, in view of the aforementioned limitation, we had included this matter as one of the bases for our modified opinion on the financial statements of the Company for the year ended September 30, 2019. Since the matter was yet unresolved as at March 31, 2020, we also deemed it relevant to include this matter as one of the bases for our modified conclusion on the condensed interim financial statements.

Disclaimer of Conclusion

Because of the significance of the matters described in the Bases for Disclaimer of Conclusion section of our report, we have not been able to obtain necessary assurance to provide a basis for a conclusion. Accordingly, we do not express a conclusion as to whether anything has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Karachi
Date: 28 July, 2020


Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Muhammad Waseem



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

		March 31 2020 (Unaudited)	September 30, 2019 (Audited)
		----- Rupees -----	
ASSETS	<i>Note</i>		
Non-current assets			
Property, plant and equipment	5	5,028,065,374	5,115,423,652
Long term deposits		32,400	32,400
Intangible assets		-	-
		5,028,097,774	5,115,456,052
Current assets			
Stores and spares		136,654,311	147,819,584
Stock in trade	6	1,745,363,508	928,868,777
Short term investments		25,323,291	25,323,290
Trade debts - unsecured	7	37,827,020	65,470,541
Loans and advances-considered good	8	254,658,647	87,628,408
Trade deposits and short term prepayments		4,730,630	1,493,151
Rebate receivable-considered good		10,822,087	10,860,305
Others receivables - considered good		1,041,913	1,508,922
Interest accrued		1,271,001	1,159,204
Tax refunds due from government	9	14,057,886	39,633,337
Cash and bank balances	10	54,076,939	70,088,017
		2,285,827,233	1,379,853,536
Total assets		7,313,925,007	6,495,309,588
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital		250,000,000	250,000,000
Issued, subscribed and paid-up capital		172,909,620	172,909,620
Revenue reserve:			
Unappropriated profit / (loss)		87,376,977	(29,603,177)
Capital reserves:			
Surplus on revaluation of property and plant		2,815,175,386	2,867,668,114
General reserve		200,000,000	200,000,000
Share premium		172,909,620	172,909,620
Capital contribution from Director		8,737,612	8,737,612
		3,457,109,215	3,392,621,789
Non-current liabilities			
Subordinated loan from a director	11	23,929,266	22,898,819
Long term financing	12	129,348,684	172,626,930
Deferred liabilities		771,042,479	801,849,791
		924,320,429	997,375,540
Current liabilities			
Short term borrowings	13	1,602,179,806	1,194,210,333
Trade and other payables	14	1,161,622,999	734,091,149
Accrued markup		58,575,582	53,083,858
Current maturity of long term financing	12	95,801,587	109,658,730
Provident fund payable		8,473,043	8,425,842
Unclaimed dividend		5,842,347	5,842,347
		2,932,495,363	2,105,312,259
Contingencies and commitments	15	-	-
Total equity and liabilities		7,313,925,007	6,495,309,588

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JAWAID AHMED
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2020

	Note	Six months period ended		For the quarter ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		Rupees			
Sales-net	16	1,250,336,918	1,438,152,598	386,569,544	800,645,565
Cost of sales	17	(1,042,448,456)	(1,447,766,679)	(293,733,826)	(845,446,492)
Gross profit / (loss)		207,888,462	(9,614,081)	92,835,718	(44,800,927)
Administrative expenses		(40,677,920)	(41,695,152)	(20,825,886)	(21,800,395)
Selling expenses		(5,802,004)	(2,601,834)	(3,652,600)	(2,112,140)
Operating profit / (loss)		161,408,538	(53,911,067)	68,357,231	(68,713,462)
Other operating income		6,383,357	3,417,882	3,165,749	2,820,119
Financial charges		167,791,895	(50,493,185)	71,522,980	(65,893,343)
Other operating expenses	18	(97,067,421)	(92,368,107)	(47,563,981)	(68,559,609)
		(6,233,512)	-	(2,913,163)	-
Profit / (loss) before taxation		64,490,962	(142,861,292)	21,045,837	(134,452,952)
Taxation					
- Current		(30,988,154)	(14,261,069)	(18,293,912)	(6,292,231)
- Deferred		30,984,618	(12,565,852)	20,264,272	(12,565,852)
		(3,536)	(26,826,921)	1,970,360	(18,858,083)
Profit / (loss) after taxation		64,487,426	(169,688,213)	23,016,196	(153,311,035)
Earnings / (loss) per share - Basic & diluted		3.73	(9.81)	1.33	(8.87)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JAWAID AHMED
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2020

	Six months period ended		For the quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- Rupees -----			
Profit / (loss) after taxation	64,487,426	(169,688,213)	23,016,196	(153,311,035)
Other comprehensive income				
Reversal of deferred tax liability on revaluation surplus due to change in tax rate	-	533,373	-	533,373
Total comprehensive (loss) / profit for the period	<u>64,487,426</u>	<u>(169,154,840)</u>	<u>23,016,196</u>	<u>(152,777,662)</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JAWAID AHMED
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2020

	Six months period ended	
	March 31, 2020	March 31, 2019
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit /(loss) before taxation	64,490,962	(142,861,292)
Adjustments for non cash charges and other items:		
-Depreciation	113,387,255	40,785,949
-Finance cost	97,067,421	92,368,107
-Gain on disposal of operating fixed assets	(2,357,656)	-
-Provision for gratuity	177,306	149,160
-Interest accrued on short term investments	(994,158)	(857,764)
	<u>207,280,168</u>	<u>132,445,452</u>
Operating profit before working capital changes	<u>271,771,131</u>	<u>(10,415,840)</u>
Working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spares and loose tools	11,165,273	(5,098,428)
Stock-in-trade	(816,494,731)	(404,630,591)
Trade debts and other receivables	27,643,522	19,073,284
Short term loans and advances	(167,030,239)	7,153,657
Deposits and prepayments	(3,237,479)	2,375,199
Other receivables	467,008	(182,731)
Rebate receivable	38,218	33,322,250
	<u>47,202</u>	<u>61,508</u>
<i>Increase in current liabilities</i>		
Provident fund payable	427,531,850	80,457,601
Trade and other payables	(519,869,377)	(267,468,251)
Cash flow used in operating activities	<u>(248,098,246)</u>	<u>(277,884,091)</u>
Taxes paid	(5,412,703)	(6,439,170)
Gratuity paid	-	(22,166)
Finance cost paid	(90,545,250)	(84,465,258)
Interest income received on short term investments	882,359	652,105
Net cash flow used in operating activities	<u>(343,173,840)</u>	<u>(368,158,580)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of operating fixed assets	3,150,000	-
Acquisition of property, plant and equipment	(26,821,321)	(46,801,697)
Cash flow used in investing activities	<u>(23,671,321)</u>	<u>(46,801,697)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans repaid	(57,135,389)	(48,579,364)
Proceeds from short term loan - net	407,969,473	453,599,569
Net cash flow from financing activities	<u>350,834,084</u>	<u>405,020,205</u>
Net decrease in cash and cash equivalents	(16,011,077)	(9,940,072)
Cash and cash equivalents at the beginning of the period	95,411,307	52,297,800
Cash and cash equivalents at the end of the period	<u>79,400,230</u>	<u>42,357,728</u>
Cash and cash equivalents comprise of the following:		
- Cash and bank balances	54,076,939	18,721,254
- Short term investments	25,323,291	23,636,474
	<u>79,400,230</u>	<u>42,357,728</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JAWAID AHMED
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED) FOR THE PERIOD ENDED MARCH 31, 2020

	Issued, subscribed and paid up capital	Capital Reserves			Revenue Reserve	Total	
		Share Premium	Capital contribution from Director	General reserve	Surplus on revaluation of Property, Plant and Equipment		Unappropriated profit / (losses)
Rupees							
Balance as at September 30, 2018	172,909,620	172,909,620	8,737,612	200,000,000	394,254,490	176,466,185	1,125,277,527
Transferred from surplus on revaluation of property and equipment - net of tax	-	-	-	-	(1,082,108)	1,082,108	-
Reversal of deferred tax liability on revaluation surplus due to change in tax rate	-	-	-	-	533,373	-	533,373
Loss after taxation for the period ended March 31, 2019	-	-	-	-	-	(169,688,213)	(169,688,213)
Balances as at March 31, 2019 (Un-audited)	<u>172,909,620</u>	<u>172,909,620</u>	<u>8,737,612</u>	<u>200,000,000</u>	<u>393,705,755</u>	<u>7,860,080</u>	<u>956,122,687</u>
Balance as at September 30, 2019	172,909,620	172,909,620	8,737,612	200,000,000	2,867,668,114	(29,603,177)	3,392,621,789
Transferred from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	-	(52,492,728)	52,492,728	-
Profit after taxation for the period ended March 31, 2020	-	-	-	-	-	64,487,426	64,487,426
Balances as at March 31, 2020 (Un-audited)	<u>172,909,620</u>	<u>172,909,620</u>	<u>8,737,612</u>	<u>200,000,000</u>	<u>2,815,175,386</u>	<u>87,376,977</u>	<u>3,457,109,215</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JAWAID AHMED
Director



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 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.

1.1 SEASONALITY OF OPERATIONS

Due to the seasonal availability of sugarcane, operating results are expected to fluctuate in the second half of the year. Each year, the crushing season starts from the month of November and lasts till month of March / April. During the period, the Company has obtained and availed various financing facilities from different banks to meet the working capital requirement (refer note 13).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended September 30, 2019.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except that the freehold land, buildings and Plant and machinery are stated at revalued amounts less accumulated depreciation and provision for staff gratuity is measured at the present value of defined benefit obligation.

2.3 Functional and presentation currency

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



ADAM SUGAR MILLS LIMITED

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2019.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of the interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended September 30, 2019.

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements as at and for the year ended September 30, 2019.

		March 31, 2020 (Unaudited)	September 30, 2019 (Audited)
	Note	Rupees	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	5,028,065,374	5,115,423,652
Capital work-in-progress		-	-
		<u>5,028,065,374</u>	<u>5,115,423,652</u>
5.1 Operating fixed assets			
Opening written down value		5,115,423,652	1,814,627,166
Additions during the period / year	5.1.1	26,821,321	97,975,783
Surplus on revaluation	5.1.2	-	3,291,823,504
Disposals during the period / year		(792,344)	(427,287)
Depreciation for the period / year		(113,387,255)	(88,575,514)
		<u>5,028,065,374</u>	<u>5,115,423,652</u>
5.1.1 Additions to operating fixed assets			
Factory buildings on freehold land		-	2,163,020
Plant and machinery		20,167,283	83,788,275
Vehicles		89,250	134,479
Office equipment		-	68,000
Computer and other equipment		384,860	201,850
Furniture and fixtures		13,771	115,494
Water connections and electrical installations		74,050	3,202,948
Tools and other equipment		6,092,107	8,301,717
		<u>26,821,321</u>	<u>97,975,783</u>



ADAM SUGAR MILLS LIMITED

	March 31, 2020 (Unaudited)	September 30, 2019 (Audited)
	Rupees	
5.1.2 Surplus on revaluation		
Freehold land	-	498,644,000
Factory building on freehold land	-	117,259,267
Non factory buildings on freehold land	-	61,976,348
Plant and machinery	-	2,613,943,889
	<u>-</u>	<u>3,291,823,504</u>
6 STOCK IN TRADE		
Sugar in process	4,169,972	4,291,003
Sugar-finished good	1,707,714,976	924,577,774
Molasses	33,478,560	-
	<u>1,745,363,508</u>	<u>928,868,777</u>
7 TRADE DEBTS-unsecured		
Local debtors-considered good	7.1 <u>37,827,020</u>	<u>65,470,541</u>
7.1 This includes receivable from the Province of Punjab through District Collector Bhawalnagar amounting to Rs. 37.5 million (September 30, 2019: Rs. 37.5 million)		
	March 31, 2020 (Unaudited)	September 30, 2019 (Audited)
	Rupees	
8 LOANS AND ADVANCES-considered good		
Loans to staff	1,685,772	1,688,350
Advances		
- to growers	1,411,136	3,135,865
- to contractors	1,486,665	1,656,665
- to suppliers	249,276,321	80,340,485
- against expenses	798,753	807,043
	<u>252,972,875</u>	<u>85,940,058</u>
	<u>254,658,647</u>	<u>87,628,408</u>
9 TAX REFUNDS DUE FROM GOVERNMENT		
Advance income tax	181,056,616	175,643,912
Provision for taxation	(166,998,729)	(136,010,575)
	<u>14,057,886</u>	<u>39,633,337</u>
10 CASH AND BANK BALANCES		
Cash in hand	532,232	25,864
Cash at banks		
- Current accounts	52,370,312	67,571,179
- Deposit accounts	1,174,395	2,490,974
	<u>53,544,707</u>	<u>70,062,153</u>
	<u>54,076,939</u>	<u>70,088,017</u>



ADAM SUGAR MILLS LIMITED

	March 31, 2020 (Unaudited)	September 30, 2019 (Audited)
	Rupees	
11 SUBORDINATED LOAN FROM A DIRECTOR		
Balance as at the beginning of the period/year	22,898,819	21,008,091
Unwinding of imputed interest	1,030,447	1,890,728
	23,929,266	22,898,819
11.1	This represents an unsecured loan of Rs. 24.96 million obtained from the Chief Executive of the Company. The loan had been measured to its present value using prevailing market rate of mark-up at 9% per annum (i-e interest rate for a similar instrument having similar terms and credit risk profile) at the time the loan was received.	
	March 31, 2020 (Unaudited)	September 30, 2019 (Audited)
12 LONG TERM FINANCES	Rupees	
<i>From conventional banking companies</i>		
Habib Bank Limited	13,857,143	30,020,309
JS Bank Limited	111,293,128	133,515,351
	125,150,271	163,535,660
<i>From Islamic banking companies</i>		
Al Baraka Bank Limited	100,000,000	118,750,000
	225,150,271	282,285,660
Current maturity shown under current liabilities	(95,801,587)	(109,658,730)
	129,348,684	172,626,930
	March 31, 2020 (Unaudited)	September 30, 2019 (Audited)
13 SHORT TERM BORROWINGS	Rupees	
Unsecured - interest free		
- from Chief Executive	32,164,394	32,164,394
Secured - profit/interest bearing		
- from conventional banking companies	878,494,111	962,045,939
- from Islamic banking companies	691,521,301	200,000,000
	1,570,015,412	1,162,045,939
	1,602,179,806	1,194,210,333
13.1	This represents Istisna cum Wakala, Tijarah and Salam finance facilities available from various Islamic banking companies and aggregate unavailed as at March 31, 2020 amounting to Rs. 8.478 million (September 30, 2019 : Rs. NIL). The tenor of these facilities is upto 180 days. The purpose of these facilities is to meet season and off season working capital requirements which include advance payment to growers for the procurement of sugar cane. These facilities are secured against pledge of refined sugar, first paripassu charge over plant and machinery, ranking charge over present and future current assets and subordination of director's loan and personal guarantee of Chief executive. Rate of profit is relevant KIBOR + 1.5 % to relevant KIBOR +2.5% (September 30, 2019: relevant KIBOR + 2 %).	



ADAM SUGAR MILLS LIMITED

	March 31, 2020 (Unaudited)	September 30, 2019 (Audited)
	Rupees	
14 TRADE AND OTHER PAYABLES		
Trade creditors	683,076,415	252,703,753
Accrued liabilities	293,981,824	253,341,020
Advance from customers	164,350,188	214,077,139
Retention Money	108,799	96,976
Provision for Workers Welfare Fund	14,555,425	11,858,137
Provision for Workers Profit Participation Fund	3,536,224	-
Others	2,014,124	2,014,124
	1,161,622,999	734,091,149

15 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in audited financial statements of the Company for the year ended September 30, 2019.

	Six months period ended		For the quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees			
16 SALES-NET				
Sales Gross	1,155,915,000	1,452,851,533	199,200,426	768,155,533
Sugar - Local	78,058,928	-	78,058,928	-
Sugar - Export	173,542,950	147,737,175	121,089,150	127,073,385
Molasses	1,407,516,878	1,600,588,708	398,348,504	895,228,918
Export rebate	-	-	-	-
Sales tax	(157,179,960)	(162,436,110)	(11,778,960)	(94,583,353)
	1,250,336,918	1,438,152,598	386,569,544	800,645,565

	March 31, 2020 (Unaudited)	September 30, 2019 (Audited)
	Rupees	
17 COST OF SALES		
Sugarcane consumed	1,578,701,550	1,666,165,358
Handling expenses	2,345,155	2,029,414
Road cess	11,735,807	13,623,934
Stores consumed	29,110,690	18,941,363
Market committee fees	1,563,127	1,190,534
Salaries, wages and allowances	84,516,848	74,151,698
Fuel and power	6,485,437	6,456,121
Repairs and maintenance	28,158,624	20,497,310
Insurance	4,564,905	10,649,741
Depreciation	111,761,195	38,691,796
	1,858,943,338	1,852,397,270
Add: Opening work in process	4,290,852	4,843,350
Less: Closing work in process	(4,169,972)	(3,690,363)
	120,880	1,152,987
Cost of goods manufactured	1,859,064,218	1,853,550,257
Opening stock -Molasses	-	23,907,037
Opening stock -Sugar	924,577,774	1,216,194,253
	924,577,774	1,240,101,290



ADAM SUGAR MILLS LIMITED

	March 31, 2020 (Unaudited)	September 30, 2019 (Audited)
	Rupees	
Closing stock -Molasses	(33,478,560)	-
Closing stock -Sugar	(1,707,714,976)	(1,645,884,868)
	<u>(1,741,193,536)</u>	<u>(1,645,884,868)</u>
	<u>1,042,448,456</u>	<u>1,447,766,679</u>
	March 31, 2020 (Unaudited)	March 30, 2019 (Unaudited)
	Rupees	
18 OTHER OPERATING EXPENSES		
Workers' welfare fund	2,697,288	-
Workers' profit participation fund	3,536,224	-
	<u>6,233,512</u>	<u>-</u>

19 RELATED PARTY TRANSACTIONS

Related parties comprise staff provident fund, directors, key management personnel of the Company and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Transactions entered into with related parties and balances held with them, other than those disclosed elsewhere in these condensed interim financial statements are as follows:

	<u>Six months period ended</u>	
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
	Rupees	
<u>Transactions during the period</u>		
<u>KEY MANAGEMENT PERSONNEL</u>		
Remuneration to chief executive and directors	<u>2,694,000</u>	<u>2,245,000</u>
<u>OTHER RELATED PARTIES</u>		
<u>Adam Lubricants Limited</u>		
Purchase of oil and lubricants	<u>7,026,902</u>	<u>6,858,330</u>
<u>Balances at the end of the reporting period</u>		
	March 31, 2020 (Unaudited)	September 30, (Audited)
	Rupees	
<u>OTHER RELATED PARTIES</u>		
Payable to Adam Lubricants Limited	<u>4,219,294</u>	<u>1,090,000</u>



ADAM SUGAR MILLS LIMITED

20 FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or settle 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. There were no transfers between different levels of fair values mentioned above.

The transfers between the levels of the fair value hierarchy are deemed to have occurred as at the date of event of change in circumstances that caused the transfer.

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

	Level 1	Level 2 (Rupees)	Level 3
<i>As on March 31, 2020</i>			
Property, plant and equipment	-	4,970,004,903	-
<i>As on September 30, 2019</i>			
Property, plant and equipment	-	5,059,544,988	-

21 GENERAL

21.1 These condensed interim financial statements were authorized for issue by the Board of Directors in their meeting held on July 28, 2020.

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

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JAWAID AHMED
Director



ADAM SUGAR MILLS LIMITED