

ADAM SUGAR MILLS LIMITED



QUARTERLY REPORT

**FOR THE QUARTER ENDED
31st December, 2019
(UN-AUDITED)**



ADAM SUGAR MILLS LIMITED

IN THE NAME OF ALLAH
THE BENEFICENT, THE MERCIFUL

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ADAM SUGAR MILLS LIMITED

VISION

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

MISSION

- 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
MR. SYED NAZAR MAHMOOD SHAH
LT. COL. (RTD) MUHAMMAD MUJTABA
MR. JUNAID G. ADAM
MR. OMAR G. ADAM
MR. MUSTAFA G. ADAM

AUDIT COMMITTEE

CHAIRMAN
MEMBER
MEMBER

MR. SYED NAZAR MAHMOOD SHAH
MR. MUSTAFA G. ADAM
MR. JAWAID AHMED

HUMAN RESOURCES AND REMUNERATION COMMITTEE

CHAIRMAN
MEMBER
MEMBER

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

DIRECTOR FINANCE /
CORPORATE SECRETARY

QAMAR RAFI KHAN
Chartered Accountant

HEAD OF INTERNAL AUDIT

S.M SHAKEEB RAHMAN - ACCA

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
DISTRIC BAHAWALNAGAR

STAUTORY 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

ADAM SUGAR MILLS LIMITED

IN THE NAME OF ALLAH
THE BENEFICIENT, 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 first quarter ended December 31, 2019.

OPERATING RESULTS:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cane Crushed - Metric Tons	90,118	61,282
Average Recovery	9.23%	7.11%
Sugar Produced - Metric Tons	7,890	3,639
Commenced Crushing on	26-11-2019	15-12- 2018
Number of season days	36	17

The minimum support price of sugarcane has been increased by the Government from Rs.180 to Rs.190 per 40 KG but the growers are supplying the sugarcane above the support price.

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.

Karachi: February 26, 2020

(GHULAM AHMED ADAM)

CHIEF EXECUTIVE



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT DECEMBER 31, 2019

	Note	December 31, 2019 Rupees	September 30, 2019 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	5,070,029,250	5,115,423,652
Long term deposits		32,400	32,400
		5,070,061,650	5,115,456,052
Current Assets			
Stores and spares		155,680,010	147,819,584
Stock in trade	5	743,314,030	928,868,777
Short term investments		25,323,290	25,323,290
Trade debts - unsecured	6	65,470,541	65,470,541
Short term loans and advances	7	36,417,145	87,628,408
Trade deposits and short term prepayments		4,306,515	1,493,151
Rebate receivable		10,860,305	10,860,305
Others receivables - considered good		1,060,159	1,508,922
Interest accrued		1,159,204	1,159,204
Tax refunds due from government		39,877,313	39,633,337
Cash and bank balances	8	102,418,051	70,088,017
		1,185,886,563	1,379,853,536
		6,255,948,213	6,495,309,588

EQUITY AND LIABILITIES

Share capital and reserves

Authorized Share Capital

25,000,000 ordinary shares of Rs 10/= each

Issued, subscribed and paid up capital

Revenue reserve:

Unappropriated (losses) / profit

Revaluation surplus on property, plant and machinery - net

Capital reserve:

General reserve

Share premium

Capital contribution from Director

Non-Current Liabilities

Director's subordinated loan

Long term finance - secured

Deferred liabilities

Current Liabilities

Short term borrowings

Trade and other payables

Accrued markup

Current maturity of long term financing

Provident fund payable

Unclaimed dividend

Contingencies and commitments

	250,000,000	250,000,000
Issued, subscribed and paid up capital	172,909,620	172,909,620
Revenue reserve:		
Unappropriated (losses) / profit	38,114,417	(29,603,177)
Revaluation surplus on property, plant and machinery - net	2,841,421,750	2,867,668,114
Capital reserve:		
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
	3,434,093,019	3,392,621,789
Non-Current Liabilities		
Director's subordinated loan	23,414,042	22,898,819
Long term finance - secured	140,954,708	172,626,930
Deferred liabilities	791,129,445	801,849,791
	955,498,196	997,375,540
Current Liabilities		
Short term borrowings	620,657,407	1,194,210,333
Trade and other payables	1,037,133,589	734,091,149
Accrued markup	84,634,705	53,083,858
Current maturity of long term financing	109,658,730	109,658,730
Provident fund payable	8,430,220	8,425,842
Unclaimed dividend	5,842,347	5,842,347
	1,866,356,999	2,105,312,259
Contingencies and commitments		
	6,255,948,213	6,495,309,588

The annexed notes from 1 to 18 form an integral part of these financial statements

Karachi: 26th February, 2020

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2019

	Note	December 31, 2019 Rupees	December 31, 2018 Rupees
Turnover - net	15	863,767,374	637,507,033
Cost of sales		(748,714,630)	(602,320,187)
Gross profit		115,052,744	35,186,846
Administrative expenses		(19,852,034)	(19,894,757)
Selling and distribution cost		(2,149,404)	(489,694)
		(22,001,438)	(20,384,451)
Operating profit		93,051,307	14,802,395
Other income		3,217,608	597,763
Finance cost		(49,503,440)	(23,808,498)
Other Operating Expenses		(3,320,349)	-
		(49,606,181)	(23,210,735)
Profit / Loss before taxation		43,445,126	(8,408,340)
Taxation		(1,973,896)	(7,968,838)
Profit / Loss after taxation		41,471,230	(16,377,178)
Earning / Loss per share- basic & diluted		2.40	(0.95)

The annexed notes from 1 to 18 form an integral part of these financial statements

Karachi: 26th February, 2020

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2019

	December 31, 2019 Rupees	December 31, 2018 Rupees
Loss after taxation	41,471,230	(16,377,178)
Other comprehensive income		
Remeasurement of defined benefit liability	-	-
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	-	-
	-	-
Total comprehensive loss	<u>41,471,230</u>	<u>(16,377,178)</u>

The annexed notes from 1 to 18 form an integral part of these financial statements

Karachi: 26th February, 2020

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2019

	December 31, 2019 Rupees	December 31, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	43,445,126	(8,408,340)
Adjustments:		
Depreciation	55,783,107	21,025,092
Finance cost	49,503,440	23,210,735
Provision for Workers Welfare Fund	982,075	-
Provision for Workers Profit Participation Fund	2,338,274	-
Gain on disposal of property, plant and equipment	(2,357,656)	-
Provision for provident fund	166,572	-
	106,415,812	44,235,827
<i>Operating profit before working capital changes</i>	149,860,938	35,827,487
Working capital changes:		
<i>Decrease / (increase) in current assets</i>		
Stores and spares	(7,860,426)	(8,858,653)
Stock in trade	185,554,747	250,794,454
Trade debts	-	19,712,284
Rebate receivable	-	-
Loans and advances	51,211,263	(104,872,109)
Deposits and prepayments	(2,813,364)	727,797
Interest accrued on short term investment	-	-
Other Receivables	448,763	31,406
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	302,060,365	287,856,224
	528,601,348	445,391,403
Net cash generated from / (used in) operations	678,462,285	481,218,890
Financial charges paid	(17,437,369)	(22,139,582)
Provident fund paid	(162,194)	-
Taxes paid	(15,303,535)	(10,481,590)
	(32,903,098)	(32,621,172)
Net cash generated from / (used in) operating activities	645,559,187	448,597,718
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(11,154,005)	(46,671,744)
Proceeds from disposal of property, plant and equipment	3,150,000	-
Capital work in progress	-	-
Net cash used in investing activities	(8,004,005)	(46,671,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	(31,672,222)	(27,838,192)
Net cash (used in) / generated from financing activities	(31,672,222)	(27,838,192)
Net (decrease) / increase in cash and cash equivalents	605,882,960	374,087,782
Cash and cash equivalents at the beginning of the year	(1,124,122,316)	(1,196,844,667)
Cash and cash equivalents at the end of the year	(518,239,356)	(822,756,885)

The annexed notes from 1 to 18 form an integral part of these financial statements

Karachi: 26th February, 2020

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2019

Description	Share Capital	Capital Reserve			Revenue Reserve		Total
		Share Premium	Capital contribution from Director	General Reserves	Surplus on revaluation of Property and Equipment	Unappropriated profit / (losses)	
----- Rupees -----							
Balance as at October 01, 2018	172,909,620	172,909,620	8,737,612	200,000,000	394,254,490	176,466,185	1,125,277,527
Total comprehensive income for the year ended September 30, 2019							
- Loss after tax	-	-	-	-	-	(214,691,988)	(214,691,988)
- Other comprehensive income	-	-	-	-	2,481,801,448	234,802	2,482,036,250
	-	-	-	-	2,481,801,448	(214,457,186)	2,267,344,262
Transferred from surplus on revaluation of property and equipment - net of tax	-	-	-	-	(8,387,824)	8,387,824	-
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
-Loss after tax	-	-	-	-	-	41,471,230	41,471,230
Transferred from surplus on revaluation of property and equipment - net of tax	-	-	-	-	(26,246,364)	26,246,364	-
Balance as at December 31, 2019	172,909,620	172,909,620	8,737,612	200,000,000	2,841,421,750	38,114,417	3,434,093,019

The annexed notes from 1 to 18 form an integral part of these financial statements

Karachi: 26th February, 2020

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

OMAR G.ADAM
Director



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2019

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

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 (the Act);
- Provision of and directives issued under the Companies Act, 2017.

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

2.2 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.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report is the same as those applied in the preparation of the financial statements for the year ended September 30, 2019.



ADAM SUGAR MILLS LIMITED

		December 31 2019 (Unaudited) Rupees	September 30, 2019 (Audited) Rupees
4	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	4.1 <u>5,070,029,250</u>	<u>5,115,423,652</u>
		<u>5,070,029,250</u>	<u>5,115,423,652</u>
4.1	Operating fixed assets		
	Opening written down value	5,115,423,652	1,814,627,166
	Additions to fixed assets - tangible	4.2 11,154,005	97,975,783
	Additions to fixed assets - revaluation	-	3,291,823,504
	Depreciation charged	(56,548,407)	(87,426,901)
	Disposal of Fixed Assets	-	(1,575,900)
		<u>5,070,029,250</u>	<u>5,115,423,652</u>
4.2	Additions to fixed assets - tangible		
	Factory Build.On Freehold Land	-	2,163,020
	Plant And Machinery	9,085,949	83,788,275
	Water Connection & Electric Ins	57,300	3,202,948
	Tools And Other Equipments	1,747,585	8,301,717
	Office equipments	-	68,000
	Vehicles	-	134,479
	Furniture & Fixture	8,771	115,494
	Computer & Other Equipments	254,400	201,850
		<u>11,154,005</u>	<u>97,975,783</u>
5	STOCK IN TRADE		
	Sugar in process	30,431,030	4,291,003
	Sugar - finished goods	711,068,000	924,577,774
	Molasses	1,815,000	-
		<u>743,314,030</u>	<u>928,868,777</u>
6	TRADE DEBTORS -UNSECURED		
	Local debtors - unsecured	<u>65,470,541</u>	<u>65,470,541</u>
7	SHORT TERM LOANS AND ADVANCES		
	Loan to staff	1,718,270	1,688,350
	Advances:		
	- to growers	2,675,844	3,135,865
	- to contractors	1,656,665	1,656,665
	- to suppliers	29,622,213	80,340,485
	- against expenses	744,153	807,043
		<u>34,698,875</u>	<u>85,940,058</u>
		<u>36,417,145</u>	<u>87,628,408</u>
8	CASH AND BANK BALANCES		
	Cash in hand	665,664	25,864
	Cash at bank - current accounts	99,261,413	67,571,179
	Cash at bank - deposit accounts	2,490,974	2,490,974
		<u>101,752,387</u>	<u>70,062,153</u>
		<u>102,418,051</u>	<u>70,088,017</u>



ADAM SUGAR MILLS LIMITED

	December 31 2019 (Unaudited) Rupees	September 30, 2019 (Audited) Rupees
9 DIRECTOR'S SUBORDINATED LOAN		
Balance as at October 01,	22,898,819	21,008,091
Add: Unwinding of director loan during the year	515,223	1,890,728
	<u>23,414,042</u>	<u>22,898,819</u>
This represents the unsecured loan of Rs. 24.96 million given by Chief Executive of the Company. This loan had been measured to its present value using prevailing market rate of mark-up at 9% per annum respectively for a similar instrument, having similar terms and credit risk profile, at the time the loan was granted.		
10 LONG TERM FINANCE - SECURED		
From banking company - Secured		
Habib Bank Limited	30,020,309	30,020,309
JS Bank Limited	111,293,129	133,515,351
Al Baraka Bank Limited	109,300,000	118,750,000
	<u>250,613,438</u>	<u>282,285,660</u>
Current maturity shown under current liabilities	(109,658,730)	(109,658,730)
	<u>140,954,708</u>	<u>172,626,930</u>
11 DEFERRED LIABILITIES		
Deferred taxation	788,785,341	799,505,687
Staff retirement benefits - Gratuity	2,344,104	2,215,013
	<u>791,129,445</u>	<u>801,720,700</u>
12 SHORT TERM BORROWINGS	Note	
Unsecured - interest free		
- from chief executive	32,164,394	32,164,394
Secured - interest bearing		
- from banking companies	12.1 588,493,013	1,162,045,939
	<u>620,657,407</u>	<u>1,194,210,333</u>
12.1	The short term credit facilities availed from banking companies comprises of Islamic Financing and Conventional Financing amounting to Rs.200 million and 354.73 million respectively. These finances are secured against pledge of white refined sugar and personal guarantee of Chief Executive of the Company. Mark up charging rate for Islamic Financing is relevant KIBOR + 2% and for Conventional Financing mark up rate ranges from one months KIBOR + 1.25% to three months KIBOR + 3.0%.	
13 TRADE AND OTHER PAYABLES		
Trade creditors	100,334,475	252,703,753
Accrued liabilities	396,068,555	253,341,020
Advance from customers	523,429,151	214,077,139
Retention money	108,799	96,976
Workers Welfare Fund	12,840,212	11,858,137
Others	4,352,398	2,014,124
	<u>1,037,133,589</u>	<u>734,091,149</u>



ADAM SUGAR MILLS LIMITED

14 Contingencies and commitments

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

	December 31, 2019 (Unaudited) Rupees	December 31, 2018 (Unaudited) Rupees
15 TURNOVER - NET		
Export sale - Sugar	-	-
Rebate	-	-
	-	-
Local sale - Sugar	956,714,574	684,696,000
Sales Tax	(145,401,000)	(67,852,757)
	811,313,574	616,843,243
Molasses	52,453,800	20,663,790
	863,767,374	637,507,033

16 TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings, related group companies, local associates, directors and key management personnel. Transaction with related parties are carried out on arm's length basis.

Transactions with associated undertakings and related parties and other key management personnel under the term of their employment are as follows: -

	December 31 2019 (Unaudited) Rupees	December 31 2018 (Unaudited) Rupees
Purchases of oil and lubricants - from associated undertaking	3,677,642	6,076,274
Payment to associated undertaking against oil and lubricants	3,571,395	1,311,840

17 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on February 26, 2020 by the Board of Directors of the Company.

18 GENERAL

Figures have been rounded off to the nearest rupees.

Karachi: 26th February, 2020

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

OMAR G. ADAM
Director