

ADAM SUGAR MILLS LIMITED



QUARTERLY REPORT

**FOR THE HALF YEAR ENDED
31 March, 2022
(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
LT. COL. (RTD) MUHAMMAD MUJTABA
MR. JUNAID G. ADAM
MR. OMAR G. ADAM
MRS. NABIAH OMAR ADAM
MR. MUSTAFA G. ADAM

AUDIT COMMITTEE

CHAIRMAN MEMBER MEMBER

LT. COL. (RTD) MUHAMMAD MUJTABA
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

DIRECTOR FINANCE / CORPORATE SECRETARY

QAMAR RAFI KHAN

CHIEF FINANCIAL OFFICER

FAISAL HABIB

HEAD OF INTERNAL AUDIT

NOMAN IQBAL

REGISTERED OFFICE

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

FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN DISTRICT
BAHAWALNAGAR

STATUTORY AUDITORS

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

COST AUDITOR

A.D. AKHAWALA & CO.
CHARTERED ACCOUNTANTS

SHARE REGISTRARS

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



ADAM SUGAR MILLS LIMITED

DIRECTORS REVIEW

On behalf of the Board of Directors, we are pleased to present to you the unaudited financial statements of the Company for the six months ended March 31, 2022.

Alhamdulillah, the results for the current six months have been good for your Company.

In May 2022, your Company has received a favorable Long Term and Short Term Credit Rating of A – and A2 respectively from VIS Credit Rating Company Limited, which is a significant achievement and which will help to further facilitate banking relationships.

Overview

During the current six months period, Mills crushed 816,804 M.Tons of sugar cane at an average recovery of 9.83% and produced 79,705 M.Tons of sugar as compared 337,875 M.Tons of sugar cane at an average recovery of 8.74% and production of 29,543 M.Tons of sugar in the previous period. Sugar cane price fixed by the Government for season 2021-22 is Rs.225/- per 40 Kgs. The increase in production in the current season was due to a countrywide bumper crop especially in Bhawalnagar region which was badly affected by pest attack in the previous season. Our growers reported almost double yields per acre on a year on year basis. The recovery also improved drastically due to favorable weather conditions Alhamdulillah.

During the current sugar cane crushing season 2021-22, overall country wide sugar production is 7.80 million M.Tons which is surplus by around 1.00 million M.Tons of our country requirement. Last year the production was 5.85 million M. Tons. The Industry has approached the Government for grant of approval to export excess production.


Future Outlook

The prevailing political condition, depreciating rupee and rise in markup rates depicts an uncertain business environment. However, we are optimistic that with Allah's blessings favorable conditions will return and revive the business environment.

Acknowledgement

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

On behalf of the Board of Directors


Ghulam Ahmed Adam
Chief Executive
Karachi: May 30, 2022


Junaid G. Adam
Director



ADAM SUGAR MILLS LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Adam Sugar Mills Limited ("the Company") as at March 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the interim financial statements based on our review.

Scope of review

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

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended March 31, 2022. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended March 31, 2022.

Conclusion

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

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


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: May 30, 2022
UDIN: RR202210213WX5qDPHBJ



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

		(Unaudited) March 31 2022	(Audited) September 30, 2021
	Note	----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	3	4,942,371,143	4,840,678,847
Long term deposits		4,311,481	4,311,481
		<u>4,946,682,624</u>	<u>4,844,990,328</u>
Current assets			
Stores and spares		98,053,461	109,727,672
Stock in trade	4	3,291,807,362	278,834,430
Short term investments		25,323,291	25,323,290
Trade debts - unsecured		129,411,258	410,047,952
Short term loans and advances	5	67,865,562	202,596,231
Prepayments	6	4,274,590	1,502,052
Others receivables - considered good		9,767,621	12,746,469
Cash and bank balances	7	62,426,299	191,784,566
		<u>3,688,929,444</u>	<u>1,232,562,662</u>
Total assets		<u>8,635,612,068</u>	<u>6,077,552,990</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized Capital</i>		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up capital (17,290,962 ordinary shares of Rs. 10/- each)		172,909,620	172,909,620
<i>Capital reserves:</i>			
Surplus on revaluation of property, plant and equipment- net	8	2,616,409,833	2,663,381,821
Share premium		172,909,620	172,909,620
Capital contribution from director		18,601,691	18,601,691
<i>Revenue reserve:</i>			
General reserve		200,000,000	200,000,000
Unappropriated profits		659,535,949	541,364,302
		<u>3,840,366,713</u>	<u>3,769,167,054</u>
Non-current liabilities			
Subordinated loan from Chief Executive		17,575,799	16,692,752
Long term financing	9	162,427,978	188,194,445
Deferred liabilities	10	807,313,136	794,518,087
Provident fund payable		9,925,539	9,486,443
		<u>997,242,452</u>	<u>1,008,891,727</u>
Current liabilities			
Short term borrowings	11	2,093,057,998	770,635,475
Trade and other payables	12	1,526,828,252	361,865,809
Accrued markup		38,831,132	20,270,153
Current maturity of long term financing		112,810,612	89,444,444
Unclaimed dividend		8,353,085	7,332,915
Taxation-net		18,121,824	49,945,413
		<u>3,798,002,903</u>	<u>1,299,494,209</u>
Contingencies and commitments	13		
Total equity and liabilities		<u>8,635,612,068</u>	<u>6,077,552,990</u>

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


GHULAM AHMED ADAM
Chief Executive


MR. JUNAID G. ADAM
Director


FAISAL HABIB
Chief Financial Officer




ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2022

	Note	Six-month period ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		Rupees			
Sales revenue - net	14	2,571,189,795	1,194,134,048	1,201,016,596	714,559,861
Cost of sales	15	(2,281,613,877)	(984,094,666)	(1,108,554,136)	(624,876,995)
Gross profit		289,575,918	210,039,382	92,462,460	89,682,866
Administrative expenses		(77,361,893)	(49,771,248)	(45,816,312)	(27,854,417)
Selling and distribution costs		(5,249,416)	(2,609,843)	(4,089,663)	(2,010,774)
		(82,611,309)	(52,381,091)	(49,905,975)	(29,865,191)
Operating profit		206,964,609	157,658,291	42,556,485	59,817,675
Finance costs		(55,632,912)	(43,906,877)	(44,131,019)	(32,181,359)
Other income		3,573,689	4,302,238	1,482,907	2,428,797
Other operating expenses		(10,688,471)	(9,051,268)	6,323	(2,980,059)
		(62,747,694)	(48,655,907)	(42,641,789)	(32,732,621)
Profit before taxation		144,216,915	109,002,384	(85,304)	27,085,054
Taxation - net	16	(38,435,332)	(22,480,656)	(13,606,208)	(3,332,886)
Profit after taxation		105,781,583	86,521,728	(13,691,512)	23,752,168
Earnings/(loss) per share- basic and diluted	17	6.12	5.00	(0.79)	1.37

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


GHULAM AHMED ADAM
Chief Executive


MR. JUNAID G. ADAM
Director


FAISAL HABIB
Chief Financial Officer



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2022

	Six-month period ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rupees			
Profit after taxation	105,781,583	86,521,728	(13,691,512)	23,752,168
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	105,781,583	86,521,728	(13,691,512)	23,752,168

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

GHULAM AHMED ADAM
Chief Executive

MR. JUNAID G. ADAM
Director

FAISAL HABIB
Chief Financial Officer



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED MARCH 31, 2022

	Capital reserves			Revenue reserves		Total	
	Issued, subscribed and paid up capital	Surplus on revaluation of property, plant and equipment	Share premium	Capital contribution from Director	General reserve		Unappropriated profits / (losses)
	Rupees						
Balance as at September 30, 2020 (as restated)(audited)	172,909,620	2,762,682,658	172,909,620	18,601,691	200,000,000	317,373,684	3,644,477,273
<i>Total comprehensive income for the half year ended March 31, 2021</i>							
- Profit after tax	-	-	-	-	-	86,521,728	86,521,728
- Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	-	86,521,728	86,521,728
Transferred from surplus on revaluation of property, plant and equipment - net of tax	-	(46,211,329)	-	-	-	46,211,329	-
Balance as at March 31, 2021 (un-audited)	<u>172,909,620</u>	<u>2,716,471,329</u>	<u>172,909,620</u>	<u>18,601,691</u>	<u>200,000,000</u>	<u>450,106,741</u>	<u>3,730,999,001</u>
Balance as at September 30, 2021 (audited)	172,909,620	2,663,381,821	172,909,620	18,601,691	200,000,000	541,364,302	3,769,167,054
<i>Total comprehensive income for the half year ended March 31, 2022</i>							
- Profit after tax	-	-	-	-	-	105,781,583	105,781,583
- Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	-	105,781,583	105,781,583
Transferred from surplus on revaluation of property, plant and equipment - net of tax	-	(46,971,988)	-	-	-	46,971,988	-
Dividend paid	-	-	-	-	-	(34,581,924)	(34,581,924.00)
Balance as at March 31, 2022 (un-audited)	<u>172,909,620</u>	<u>2,616,409,833</u>	<u>172,909,620</u>	<u>18,601,691</u>	<u>200,000,000</u>	<u>659,535,949</u>	<u>3,840,366,713</u>

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


GHULAM AHMED ADAM
Chief Executive


MR. JUNAID G. ADAM
Director


FAISAL HABIB
Chief Financial Officer



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2022

	March 31, 2022	March 31, 2021
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	144,216,915	109,002,384
Adjustments:		
Depreciation on property, plant and equipment	109,525,481	109,835,690
Provision for gratuity	792,019	158,042
Finance costs	55,632,912	43,906,877
Amortization of deferred grant	(288,414)	-
Interest on saving accounts	(1,592,245)	(243,871)
Interest on term deposit receipts	(588,002)	(781,509)
Provision for Worker Profit Participation Fund	7,745,269	5,902,683
Provision for Worker Welfare Fund	2,943,202	3,148,585
Provision for Provident Fund	873,620	387,938
	175,043,842	162,314,435
Operating profit before working capital changes	319,260,757	271,316,819
Working capital changes:		
<i>Decrease / (increase) in current assets</i>		
Stores and spares	11,674,211	8,326,793
Stock in trade	(3,012,972,932)	(1,334,260,468)
Trade debts	280,636,694	(303,564,027)
Short term loans and advances	134,730,669	33,013,582
Trade deposits and short term prepayments	(2,772,538)	(2,979,746)
Other receivables - considered good	3,380,311	-
<i>Increase / (decrease) in current liabilities</i>		
Sales tax payable	65,856,065	(16,008,027)
Trade and other payables	1,088,417,907	429,898,299
	(1,431,049,613)	(1,185,573,594)
Cash used in operations	(1,111,788,856)	(914,256,775)
Financial costs paid	(34,751,178)	(26,318,916)
Payment to Provident fund	(434,524)	(240,315)
Gratuity paid	(35,000)	-
Taxes paid	(62,629,116)	(2,368,918)
	(97,849,818)	(28,928,149)
Net cash used in operating activities	(1,209,638,674)	(943,184,924)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(169,386,924)	(60,415,269)
Profit received on saving accounts	1,592,245	243,871
Interest received on term deposits	186,539	191,815
Net cash used in investing activities	(167,608,140)	(59,979,583)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowing-net	1,323,929,536	1,008,964,154
Dividend paid	(33,561,754)	-
Long term loan repaid	(40,972,222)	(9,375,000)
Net cash generated from financing activities	1,249,395,560	999,589,154
Net decrease in cash and cash equivalents	(127,851,254)	(3,575,353)
Cash and cash equivalents at the beginning of the year	(7,340,320)	(99,960,082)
Cash and cash equivalents at the end of the period	(135,191,574)	(103,535,435)

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


GHULAM AHMED ADAM
Chief Executive


MR. JUNAID G. ADAM
Director


FAISAL HABIB
Chief Financial Officer



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2022

1. STATUS AND NATURE OF BUSINESS

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

These condensed interim financial statements do not include all the information and disclosures required in the audited financial statements, and should be read in conjunction with Company's annual audited financial statements as at September 30, 2021.

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

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

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

2.3 Functional and presentation currency

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

2.4 Judgements and sources of estimation uncertainty

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual financial statements of the Company as at and for the year ended September 30, 2021.

2.5 Significant accounting policies

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2021.



ADAM SUGAR MILLS LIMITED

	(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Rupees	
3. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	3.1 4,900,437,522	4,840,678,847
Capital work in progress	3.2 41,933,621	-
	4,942,371,143	4,840,678,847
3.1 Operating fixed assets		
<i>Cost / revalued amount</i>		
Opening balance as at the beginning of the period / year	6,263,834,294	6,142,592,550
Additions during the period / year	3.1.1 169,284,156	123,541,244
Disposals during the period / year	-	(2,299,500)
	6,433,118,450	6,263,834,294
<i>Accumulated depreciation</i>		
Opening balance as at the beginning of the period / year	1,423,155,447	1,203,594,567
Charge for the period / year	109,525,481	221,455,981
Disposal during the period / year	-	(1,895,101)
	1,532,680,928	1,423,155,447
Written down value at the end of period / year	4,900,437,522	4,840,678,847
3.1.1 Additions to operating fixed assets		
Factory building on freehold land	1,463,570	669,952
Plant and Machinery	117,391,366	96,707,696
Vehicles	33,692,677	6,231,500
Office equipments	-	82,550
Computer and other equipments	533,650	1,322,700
Furniture and fixtures	114,101	427,600
Water connections and electrical installations	4,471,756	7,692,206
Tools and other equipment	10,307,104	10,287,040
Air conditioners and refrigerators	1,309,932	120,000
	169,284,156	123,541,244
3.2		
During the period, the Company entered into a contract for the procurement and installation of solar panel, with a capacity to generate 509.2 KW of electricity, on Company's land in Bhawalnagar. The total estimated cost of the project is Rs. 52.288 million. In off season, these solar panels would reduce the need to rely on national grid and would cater the electricity requirements of office and staff colony. The project is expected to be completed by September 2022.		
	(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Rupees	
4. STOCK IN TRADE		
Sugar in process	30,281,222	5,293,746
Finished goods - sugar	3,084,626,140	273,540,684
Finished goods - Molasses	176,900,000	-
	3,291,807,362	278,834,430



ADAM SUGAR MILLS LIMITED

	(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Rupees	
5. SHORT TERM LOANS AND ADVANCES		
Loan to staff	1,427,386	1,538,716
<i>Advances:</i>		
- to growers	2,945,636	2,174,653
- to contractors	775,245	1,102,245
- to suppliers	52,925,339	187,748,470
- against expenses	133,720	373,911
- others	9,658,236	9,658,236
	66,438,176	201,057,515
	67,865,562	202,596,231
6. PREPAYMENTS		
Short term prepayments	4,274,590	1,502,052
7. CASH AND BANK BALANCES		
Cash in hand	243,725	13,710
Cash at bank:		
- Current accounts	42,282,515	178,131,485
- Deposit accounts	19,900,059	13,639,371
	62,182,574	191,770,856
	62,426,299	191,784,566
8. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net		
On freehold land		
<i>Gross surplus</i>	855,028,970	855,028,970
On buildings / plant and machinery		
<i>Gross surplus</i>		
Balance as at the beginning of the period / year	2,546,975,847	2,686,836,175
Incremental depreciation transferred to retained earnings	(66,157,730)	(139,860,328)
	2,480,818,117	2,546,975,847
<i>Related deferred tax charge</i>		
Balance as at the beginning of the period / year	(738,622,992)	(779,182,487)
Related deferred tax	19,185,742	40,559,491
	(719,437,254)	(738,622,996)
	2,616,409,833	2,663,381,821



ADAM SUGAR MILLS LIMITED

		(Un-audited) March 31, 2022	(Audited) September 30, 2021
9. LONG TERM FINANCING - secured			
<i>From conventional banking companies</i>			
Habib Bank Limited	9.1	120,000,000	120,000,000
JS Bank Limited	9.2	66,666,667	88,888,889
		186,666,667	208,888,889
<i>From Islamic banking companies</i>			
Albaraka Bank Pakistan Limited	9.3	50,000,000	68,750,000
Dubai Islamic Bank Pakistan Limited	9.4	38,571,923	-
		88,571,923	68,750,000
Current maturity shown under current liabilities		(112,810,612)	(89,444,444)
		162,427,978	188,194,445

- 9.1. This represents the amount availed under Term Loan Facility obtained from M/s. Habib Bank Limited. The principal terms and conditions of the financing arrangement are as follows:

Purpose:	For procurement of plant and machinery
Facility availed amount (Rs.):	120 million
Principal repayment frequency	Quarterly
Mark up payment frequency	Quarterly
Date of the first installment	July 21, 2022
Date of the last installment	April 21, 2026
Total number of installments	16
Principal repayable in each installment (Rs.):	7,500,000
Markup rate (formula):	3 month KIBOR + 2%
Security:	1) First Pari Passu equitable mortgage charge of Rs. 267 Mn over mills premises (land & building). 2) First Pari Passu hypothecation charge for Rs. 267 million over present and future plant & machinery of company. 3) Personal guarantee of Mr. Ghulam Ahmad Adam for Rs. 667 million with 25% margin.

- 9.2 This represents the amount availed under Term Finance facility obtained from M/s. JS Bank Limited. The principal terms and conditions of the financing arrangement are as follows:

Purpose:	For procurement of plant and machinery
Facility availed amount (Rs.):	200 million
Principal repayment frequency	Semi-annually
Mark up payment frequency	Quarterly
Date of the first installment	May 17, 2018
Date of the last installment	May 17, 2023
Total number of installments	9
Principal repayable in each installment (Rs.):	22,222,222
Markup rate (formula):	6 month KIBOR + 2.5%
Security:	1) First Pari Passu future hypothecation charge of Rs. 301 million over plant & Machinery, tools, spares & Equipment with 25% Margin. 2) Additional First Pari Passu Hypothecation charge of Rs. 40 million on present machinery, equipment, furniture, fixture appliance, stores, spare tools & accessories constructed or to be installed at factory premises. 3) Personal Guarantee of directors along with net worth statement.



ADAM SUGAR MILLS LIMITED

- 9.3 This represents the amount availed under Diminishing Musharaka Plant and Machinery on the basis of Sale and Leaseback obtained from M/s. Al Baraka Bank Pakistan Limited. The principal terms and conditions of the financing arrangement are as follows:

Purpose:	For procurement of plant and machinery
Facility availed amount (Rs.):	150 million
Principal repayment frequency	Monthly
Mark up payment frequency	Monthly
Date of the first installment	December 13, 2018
Date of the last installment	July 14, 2023
Total number of installments	48
Principal repayable in each installment (Rs.):	3,125,000
Markup rate (formula):	Matching KIBOR + 3%
Security:	1) First Pari Passu charge over all present and future fixed assets (land, building, plant and machinery) of the Company with 25% margin amounting to Rs. 200 million. 2) Personal guarantees of the directors, Mr. Ghulam Ahmed Adam, Mr. Junaid Ahmed Adam & Mr. Omar Adam amounting to Rs. 396.9 million.

	(Un-audited) March 31, 2022	(Audited) September 30, 2021
9.4 Long term Islamic Finance Facility	Rupees	
Loan proceeds received from the bank	41,830,853	-
Less: Element of government grant recognized as deferred income	(4,696,638)	-
	37,134,215	-
Interest recognized on unwinding of the liability	1,437,708	-
Loan installments paid during the year	-	-
Closing carrying amount - net of deferred grant	38,571,923	-

- 9.4.1 During the period, M/s. Dubai Islamic Bank Pakistan Limited sanctioned the Company, a long term Islamic financing facility amounting to Rs. 60 million, under SBP's Islamic Financing Facility for Renewable Energy (IFRE) notified vide IH & SMEFD Circular No. 12 of 2019 dated August 21, 2019. As at the reporting date, the facility utilized by the Company under the Scheme amounted to Rs. 41.83 million.



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

Purpose:	For procurement and installation of solar panel of 509.22 KW on Company's land in Bhawalnagar
Facility availed amount (Rs.):	41.83 million
Principal repayment frequency	Semi annually
Mark up payment frequency	Semi annually
Date of the first installment	August 04, 2022
Date of the last installment	December 22, 2026
Total number of installments	30
Principal repayable in each installment (Rs.):	First ten installments each of Rs. 1,045,771, next ten installments each of Rs. 784,328 and last ten installments each of Rs. 2,352,985
Markup rate (formula):	SBP rate+2.5%
Security:	1) First Pari Passu charge of Rs. 80 million over fixed assets of the Company with 25% margin 2) Subordination of Director's Loan amounting to Rs. 16.2 million and personal guarantee of Mr. Ghulam Ahmed Adam with net worth statement.

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

		(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Note	Rupees	
10. DEFERRED LIABILITIES			
Deferred taxation - net	10.1	794,386,137	786,756,331
Staff retirement benefits - gratuity		8,518,775	7,761,756
Deferred grant	9.4	4,408,224	-
		<u>807,313,136</u>	<u>794,518,087</u>



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10.1 Deferred taxation-net

	For the period ended March 31, 2022			
	Balance at beginning of the period	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of the period
	(Rupees)			
Deferred tax liability in respect of:				
Surplus on revaluation of property, plant and equipment	738,622,996	(19,185,742)	-	719,437,254
Accelerated tax depreciation	253,129,128	12,943,526	-	266,072,654
	991,752,124	(6,242,216)	-	985,509,908
Deferred tax asset in respect of:				
Provision for gratuity	(2,250,909)	(219,536)	-	(2,470,445)
Excess of Alternative Corporate Tax over Corporate Tax	(16,173,387)	-	-	(16,173,387)
Unused tax losses	(84,712,309)	20,419,040	-	(64,293,269)
Deferred grant	-	(1,278,385)	-	(1,278,385)
Excess of Minimum Tax over normal tax liability	(101,859,188)	(5,049,097)	-	(106,908,285)
	(204,995,793)	13,872,022	-	(191,123,771)
Net deferred tax liability	786,756,331	7,629,806	-	794,386,137

	For the year ended September 30, 2021			
	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	782,621,578	(43,998,582)	-	738,622,996
Accelerated tax depreciation	238,876,862	14,252,266	-	253,129,128
	1,021,498,440	(29,746,316)	-	991,752,124
Deferred tax asset in respect of:				
Provision for gratuity	(714,216)	(1,536,693)	-	(2,250,909)
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)	(79,185)	-	(16,173,387)
Unused tax losses	(16,790,493)	(67,921,816)	-	(84,712,309)
Excess of Minimum Tax over normal tax liability	(137,700,983)	35,841,795	-	(101,859,188)
	(178,610,747)	(26,385,046)	-	(204,995,793)
Net deferred tax liability	842,887,693	(56,131,362)	-	786,756,331



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		(Un-audited) March 31, 2022	(Audited) September 30, 2021
		Rupees	
11. SHORT TERM BORROWINGS	<i>Note</i>		
Unsecured - interest free			
- from Chief Executive	11.1	32,164,394	32,164,394
- from Adam Lubricants Limited (a related party)	11.2	427,500,000	176,000,000
		459,664,394	208,164,394
Secured			
- from conventional banking companies			
- JS Bank Limited	11.3	197,617,873	199,124,886
- Habib Bank Limited	11.4	298,780,903	32,346,195
		496,398,776	231,471,081
- from Islamic banking companies			
- Askari Bank Limited	11.5	300,000,000	210,000,000
- Dubai Islamic Bank Limited	11.6	237,759,789	121,000,000
- Al Baraka Bank (Pakistan) Limited	11.7	200,000,000	-
- Meezan Bank Limited	11.8	399,235,039	-
		1,136,994,828	331,000,000
		2,093,057,998	770,635,475

- 11.1** This represents loan granted by Mr. Ghulam Ahmed Adam, the Chief Executive of the Company, in previous years, to meet working capital requirements of the Company. The loan is interest free and is repayable on demand.
- 11.2** This represents loan granted by M/S. Adam Lubricants Limited to meet working capital requirements of the Company. The loan is interest free and is repayable on demand.
- 11.3** This represents the amount availed under the running finance facility obtained from M/s. JS Bank Limited in order to meet the working capital requirements of the Company. As of March 31, 2022, the limit of the facility amounted to Rs. 200 million (2021: Rs. 200 million). The facility carries markup at the rate of 3-Month KIBOR + 3%. (2021: 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 2022.
- 11.4** This represents the amount availed under the cash finance facility obtained from M/s. Habib Bank Limited in order to meet the working capital requirements of the Company. As of March 31, 2022, the limit of the facility amounted to Rs. 300 million (2021: Rs. 300 million). The facility carries markup at the rate of 1-Month KIBOR + 1.25%. (2021: 1-Month KIBOR + 1.25%) and is secured against pledge over stock of sugar bags with 25% margin amounting to Rs. 200 million, ranking charge over fixed assets amounting to Rs. 300 million and personal guarantee of Director amounting to Rs. 667 million with 25% margin. Further, the said facility is due to expire in February, 2023.
- 11.5** This represents the amount availed under the Salam facility obtained from M/s. Askari Bank Limited in order to meet working capital requirements of the Company. As of March 31, 2022, the limit of the facility amounted to Rs. 300 million (2021: Rs. 300 million). The facility carries markup at the rate of Matching KIBOR + 1.50%. (2021: KIBOR + 1.50%) and is secured against pledge of sugar stock of Rs. 400 million with 25% margin, charge over current assets for Rs. 400 million and personal guarantee of directors of the company namely Mr. Ghulam Ahmed Adam and any other two other directors. Further, the said facility is due to expire in June, 2022.



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- 11.6 This represents the amount availed under the Istisna cum Wakala facility obtained from M/s. Dubai Islamic Bank Limited in order to meet working capital requirements of the Company. As of March 31, 2022, the limit of the facility amounted to Rs. 300 million (2021: 300 million). The facility carries markup at the rate of relevant KIBOR + 2.25%. (2021: KIBOR + 2.25%) and is secured against pledge of sugar stock of Rs. 375 million with 20% margin, sixth charge over stocks and fifth charge over receivables for Rs. 267 million with 25% margin, subordination of director's loan amounting to Rs. 16.2 million and personal guarantee of Director Mr. Ghulam Ahmed Adam. Further, the said facility is due to expire in October 2022.
- 11.7 This represents the amount availed under the salam facility obtained from M/s. AlBaraka Bank (Pakistan) Limited in order to meet working capital requirements of the Company. As of March 31, 2022, the limit of the facility amounted to Rs. 300 million (2021: NIL). The facility carries markup at the rate of Matching KIBOR + 2.25% and is secured against pledge of sugar stock of Rs. 400 million with 25% margin, and personal guarantee of directors of the company namely Mr. Ghulam Ahmed Adam, Mr. Junaid Ahmed Adam and Mr. Omer Adam amounting to Rs. 368.75 million. Further, the said facility is due to expire in September 2022.
- 11.8 This represents the amount availed under the Tijarah facility obtained from M/s. Meezan Bank Limited in order to meet working capital requirements of the Company. As of March 31, 2022, the limit of the facility amounted to Rs. 400 million (2021: Nil). The facility carries markup at the rate of Respective KIBOR + 1.50%. (2021: Nil) and is secured against ranking charge over current assets with 25% margin, ranking charge over fixed assets amounting to Rs. 267 million (inclusive of 25% margin) and personal guarantee of directors of the company namely Mr. Ghulam Ahmed Adam and Mr. Omer Adam along with personal net worth statement.
- 11.9 As at the reporting date, the Company had unavailed financing facilities amounting to Rs. 166.606 million (September 30, 2021: Rs. 537.528 million).

	(Un-audited) March 31, 2022	(Audited) September 30, 2021
12. TRADE AND OTHER PAYABLES	Rupees	
Trade creditors	1,066,944,977	46,795,188
Accrued liabilities	26,777,150	18,217,428
Advance from customers	127,898,141	69,569,243
Sales tax payable	245,220,374	179,364,309
Withholding tax payable	12,908,910	12,442,294
Retention money	121,933	114,656
Provision for Workers' Profit Participation Fund	17,134,024	9,388,755
Provision for Workers' Welfare Fund	26,853,971	23,910,769
Others	2,968,772	2,063,167
	<u>1,526,828,252</u>	<u>361,865,809</u>

13. CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments set out in note 22 to the Company's annual financial statements for the year ended September 30, 2021.



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14. SALES REVENUE - net

	Six month period ended (un-audited)	
	March 31, 2022	March 31, 2021
	----- Rupees -----	
Revenue from sale of sugar - gross	2,352,539,962	1,140,628,730
Revenue from sale of others (by-product)	10,946,452	-
Less: sales tax	(326,035,469)	(123,637,627)
	<u>2,037,450,945</u>	<u>1,016,991,103</u>
Revenue from sale of molasses (by-product)	533,738,850	177,142,945
	<u>2,571,189,795</u>	<u>1,194,134,048</u>

15. COST OF SALES

	Note	Six-month period ended (un-audited)	
		March 31, 2022	March 31, 2021
		----- Rupees -----	
Opening stock of finished goods			
- Sugar		273,540,684	200,793,701
- Molasses		-	21,450
		<u>273,540,684</u>	<u>200,815,151</u>
Cost of finished goods manufactured	15.1	5,269,599,333	2,322,031,282
Closing stock of finished goods			
- Sugar		(3,084,626,140)	(1,390,772,640)
- Molasses		(176,900,000)	(147,979,127)
		<u>(3,261,526,140)</u>	<u>(1,538,751,767)</u>
		<u>2,281,613,877</u>	<u>984,094,666</u>

15.1 Cost of finished goods manufactured

Raw materials consumed		4,933,705,843	2,052,849,812
Conversion costs incurred	15.1.1	360,880,966	265,505,322
		<u>5,294,586,809</u>	<u>2,318,355,134</u>
-Opening stock of work in process		5,293,746	4,099,195
-Closing stock of work in process		(30,281,222)	(423,047)
		<u>(24,987,476)</u>	<u>3,676,148</u>
		<u>5,269,599,333</u>	<u>2,322,031,282</u>

Conversion costs incurred

Depreciation	106,017,596	107,888,034
Salaries, wages and allowances	109,490,148	89,281,933
Repairs and maintenance	50,129,464	27,551,402
Stores and spares consumed	80,195,913	30,334,871
Fuel and power	6,776,401	5,692,823
Insurance	4,891,133	3,068,386
Market committee fees	3,380,311	1,687,873
	<u>360,880,966</u>	<u>265,505,322</u>



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	(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
16. TAXATION-net	Rupees	
Current	30,805,526	45,622,364
Deferred	7,629,806	(23,141,708)
	<u>38,435,332</u>	<u>22,480,656</u>
17. EARNINGS / (LOSS) PER SHARE		
Basic earnings / (loss) per share		
Profit after taxation	<u>105,781,583</u>	<u>86,521,728</u>
	Number	
Weighted average number of ordinary shares outstanding during the year	<u>17,290,962</u>	<u>17,290,962</u>
	Rupees	
Earnings / (loss) per share - basic	<u>6.12</u>	<u>5.00</u>
17.1 Diluted earnings / (loss) per share		

There was no dilutive effect on the basic earnings / loss per share of the Company, since there were no potential ordinary shares in issue as at the reporting date.

		(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
18. CASH AND CASH EQUIVALENTS	<i>Note</i>	Rupees	
Cash and bank balances	7	62,426,299	96,351,883
Short term borrowings	11	<u>(197,617,873)</u>	<u>(199,887,318)</u>
		<u>(135,191,574)</u>	<u>(103,535,435)</u>

19. RELATED PARTY TRANSACTIONS AND BALANCES

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

Transactions during the period

Name of the related party	Basis of relationship	Particulars	(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
			Rupees	
Adam Lubricants Limited	Company under common control	Purchases made during the period	5,965,669	1,894,166
		Payment made during the period	5,174,437	6,046,259
Adam Lubricants Limited	Company under common control	Loan received during the period	266,500,000	-
		Loan repaid during the period	15,000,000	-
Adam Pakistan Limited	Company under common control	Loan repaid during the period	-	40,726,075
Key management personnel		Remuneration to Chief Executive and Directors	16,952,000	2,694,000



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Balances at the end of the period / year

Name of the related party	Basis of relationship with the party	Particulars	(Un-audited)	(Audited)
			March 31, 2022	September 30, 2021
			----- Rupees -----	
Adam Lubricants Limited	Company under common control	Balance payable (trade creditors) as at the period / year end	835,459	44,227
		Short term Loan payable as at the period / year end	427,500,000	176,000,000
Chief Executive (Mr. Ghulam Ahmed Adam)	Key management personnel	Short term Loan payable as at the period / year end	32,164,394	32,164,394
		Subordinated loan payable as at the period / year end	17,575,799	16,692,752

20. OPERATING SEGMENTS

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

Revenue from sale of sugar represents 77% (September 30, 2021: 90.92%) of the total revenue whereas remaining represent revenue from sale of molasses, bagasse and mud.

All non-current assets of the Company at March 31, 2022 and September 30, 2021 were located in Pakistan.

21. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

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

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



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

	Level 1	Level 2	Level 3	Total
	Rupees			
March 31, 2022				
- Freehold land	-	873,884,000	-	873,884,000
- Factory building	-	144,574,387	-	144,574,387
- Non - factory building	-	66,785,484	-	66,785,484
- Plant and machinery	-	3,695,009,355	-	3,695,009,355
September 30, 2021				
- 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

22. GENERAL

22.1. Date of authorization for issue

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 30 May, 2022.

22.2. Level of rounding

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

GHULAM AHMED ADAM
Chief Executive

MR. JUNAID G. ADAM
Director

FAISAL HABIB
Chief Financial Officer



ADAM SUGAR MILLS LIMITED