

**ADAM SUGAR MILLS LIMITED**



**QUARTERLY REPORT**

**FOR THE THIRD QUARTER ENDED  
30 June, 2022  
(UN-AUDITED)**



# **ADAM SUGAR MILLS LIMITED**

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

## **C O N T E N T S**

<b>Vision / Mission &amp; Company Information .....</b>	<b>2</b>
<b>Directors' Review .....</b>	<b>3</b>
<b>Statement of Financial Position .....</b>	<b>4</b>
<b>Statement of Profit or Loss .....</b>	<b>5</b>
<b>Statement of Comprehensive Income .....</b>	<b>6</b>
<b>Statement of Changes in Equity .....</b>	<b>7</b>
<b>Statement of Cash Flows .....</b>	<b>8</b>
<b>Notes to the Financial Statements .....</b>	<b>9</b>



# ADAM SUGAR MILLS LIMITED

## VISION

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

## MISSION

- Endeavour to be the market leader by offering high quality sugar to our customers at competitive prices.
- To continue improving operating performance and profitability thereby ensuring growth for the company while serving best interest of shareholders.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

MR. JAWAID AHMED - CHAIRMAN  
MR. GHULAM AHMED ADAM - CHIEF EXECUTIVE  
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

CHAIRPERSON  
MEMBER  
MEMBER

MRS. NABIAH OMAR ADAM  
MR. JUNAID G. ADAM  
MR. OMAR G. ADAM

### DIRECTOR FINANCE / CORPORATE SECRETARY

QAMAR RAFI KHAN

### CHIEF FINANCIAL OFFICER

FAISAL HABIB

### HEAD OF INTERNAL AUDIT

NOMAN IQBAL

### REGISTERED OFFICE

HAJI ADAM CHAMBERS, ALTAF HUSSAIN ROAD,  
NEW CHALLI, KARACHI-2  
TEL NO. 32417812 & 32401139-43  
WEBSITE: [www.adam.com.pk/adamsugar.html](http://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 un-audited financial statements of the Company for the nine months ended June 30, 2022.

### Overview

The comparative summary of operating performance of your Company is as follows:

	<b>Nine Months Ended June 30, 2022</b>	Nine Months Ended June 30, 2021
	<b>Season 2021-22</b>	Season 2020-21
Crushing Commenced	<b>15/11/2021</b>	10/11/2020
Crushing ends	<b>05/04/2022</b>	19/03/2021
Operating duration	<b>142 Days</b>	130 Days
Sugar Cane crushed	<b>833,340 M.Ton</b>	337,875 M.Ton
Sugar produced	<b>82,039 M.Ton</b>	29,543 M.Ton
Recovery	<b>9.84%</b>	8.74%
Minimum support price - Punjab Zone	<b>Rs. 225/40kg</b>	Rs. 200/40kg

As reported in our Half Yearly Review Report, overall country wide sugar production is 7.80 million M.Tons for the season 2021-22 which is surplus by around 1.00 million M.Tons of our country's requirement. The Industry through its association has approached the Government for approval to export excess production. The surplus production country wide has led to a depressed market for sugar in the absence of a clear export policy. We are hopeful that better sense will prevail and our government which realizes it is in dire need of foreign exchange, will allow the export of surplus sugar while the international market prices are still attractive. This would also give some much needed support to the local market.

### Future Outlook

The Russia / Ukraine war has raised commodity prices worldwide, fuelling global inflation and has resultantly lowered the growth outlook worldwide.

The recent country wide rains have been beneficial for the sugar cane crop and initial field surveys report slightly higher acreage of sugarcane year over year which would ultimately lead to higher sugar production in the upcoming season.

### Acknowledgement

We are pleased to place on record the appreciation for the devoted and dedicated services of the officers, staff and workers of the Company. We would 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 team.

**On behalf of the Board of Directors**

**Ghulam Ahmed Adam**  
Chief Executive  
Karachi: July 28, 2022

**Omar G. Adam**  
Director



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT JUNE 30, 2022

		(Un-audited) June 30 2022	(Audited) September 30 2021
	Note	Rupees	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	4,953,438,988	4,840,678,847
Long term deposits		4,311,481	4,311,481
		<u>4,957,750,469</u>	<u>4,844,990,328</u>
<b>Current assets</b>			
Stores and spares		108,691,162	109,727,672
Stock in trade	4	3,125,669,646	278,834,430
Short term investments		25,323,291	25,323,290
Trade debts - unsecured		44,924,596	410,047,952
Short term loans and advances	5	177,206,838	202,596,231
Prepayments	6	2,183,713	1,502,052
Others receivables - considered good		9,877,758	12,746,469
Cash and bank balances	7	77,733,573	191,784,566
		<u>3,571,610,577</u>	<u>1,232,562,662</u>
<b>Total assets</b>		<u>8,529,361,046</u>	<u>6,077,552,990</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<i>Authorized Capital</i>		250,000,000	250,000,000
Issued, subscribed and paid-up capital (17,290,962 ordinary shares of Rs.10/- each)		172,909,620	172,909,620
<i>Capital reserves:</i>			
Surplus on revaluation of property, plant and equipment- net		2,592,923,839	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		604,917,265	541,364,302
		<u>3,762,262,035</u>	<u>3,769,167,054</u>
<b>Non-current liabilities</b>			
Subordinated loan from Chief Executive		17,575,799	16,692,752
Long term financing	8	128,557,113	188,194,445
Deferred liabilities		807,022,284	794,518,087
Provident fund payable		10,151,009	9,486,443
		<u>963,306,205</u>	<u>1,008,891,727</u>
<b>Current liabilities</b>			
Short term borrowings	9	1,592,926,045	770,635,475
Trade and other payables	10	1,982,008,108	361,865,809
Accrued markup		82,035,460	20,270,153
Current maturity of long term financing		120,310,612	89,444,444
Unclaimed dividend		8,353,084	7,332,915
Taxation-net		18,159,497	49,945,413
		<u>3,803,792,806</u>	<u>1,299,494,209</u>
<b>Contingencies and commitments</b>	11		
<b>Total equity and liabilities</b>		<u>8,529,361,046</u>	<u>6,077,552,990</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
GHULAM AHMED ADAM  
Chief Executive

  
MR. OMAR G. ADAM  
Director

  
FAISAL HABIB  
Chief Financial Officer



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2022

	Note	Nine months period ended		Quarter ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		-----Rupees-----			
Sales revenue - net	12	2,922,910,363	3,143,265,400	351,720,568	1,949,131,352
Cost of sales		(2,604,574,564)	(2,526,569,730)	(322,960,687)	(1,543,098,744)
<b>Gross profit</b>		<b>318,335,799</b>	<b>616,695,670</b>	<b>28,759,881</b>	<b>406,032,608</b>
Administrative expenses		(123,120,309)	(70,459,311)	(45,758,416)	(20,694,538)
Selling and distribution costs		(5,930,489)	(5,909,765)	(681,073)	(3,299,922)
<b>Operating profit</b>		<b>189,285,001</b>	<b>540,326,594</b>	<b>(17,679,608)</b>	<b>382,038,148</b>
Finance costs		(123,155,201)	(85,469,908)	(67,522,289)	(41,635,862)
Other income		8,445,263	4,798,385	4,871,574	496,147
Other operating expenses		(5,145,679)	(31,716,200)	5,542,792	(22,664,932)
<b>Profit before taxation</b>		<b>69,429,384</b>	<b>427,938,871</b>	<b>(74,787,531)</b>	<b>318,233,501</b>
Taxation - net		(41,752,479)	(158,315,476)	(3,317,147)	(57,242,360)
<b>Profit after taxation</b>		<b>27,676,905</b>	<b>269,623,395</b>	<b>(78,104,678)</b>	<b>260,991,141</b>
<b>Earnings/(loss) per share- basic and diluted</b>		<b>1.60</b>	<b>15.59</b>	<b>(4.52)</b>	<b>15.09</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

GHULAM AHMED ADAM  
Chief Executive

MR. OMAR G. ADAM  
Director

FAISAL HABIB  
Chief Financial Officer



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2022

	Nine-month period ended		Quarter ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	Rupees			
Profit after taxation	27,676,905	269,623,395	(78,104,678)	260,991,141
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>27,676,905</b>	<b>269,623,395</b>	<b>(78,104,678)</b>	<b>260,991,141</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

GHULAM AHMED ADAM  
Chief Executive

MR. OMAR G. ADAM  
Director

FAISAL HABIB  
Chief Financial Officer



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 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							
<b>Balance as at September 30, 2020 (audited)</b>	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 year ended September 30, 2021</i>							
- Profit after tax	-	-	-	-	-	195,674,295	195,674,295
- Other comprehensive income	-	-	-	-	-	(1,820,666)	(1,820,666)
	-	-	-	-	-	193,853,629	193,853,629
Transferred from surplus on revaluation □ of property, plant and equipment - net of tax	-	(99,300,837)	-	-	-	99,300,837	-
Dividend	-	-	-	-	-	(69,163,848)	(69,163,848)
<b>Balance as at September 30, 2021 (audited)</b>	<b>172,909,620</b>	<b>2,663,381,821</b>	<b>172,909,620</b>	<b>18,601,691</b>	<b>200,000,000</b>	<b>541,364,302</b>	<b>3,769,167,054</b>
<i>Total comprehensive income for the nine months period ended June 30, 2022</i>							
- Profit after tax	-	-	-	-	-	27,676,905	27,676,905
- Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	-	27,676,905	27,676,905
Transferred from surplus on revaluation □ of property, plant and equipment - net of tax	-	(70,457,982)	-	-	-	70,457,982	-
Dividend	-	-	-	-	-	(34,581,924)	(34,581,924.00)
<b>Balance as at June 30, 2022 (un-audited)</b>	<b>172,909,620</b>	<b>2,592,923,839</b>	<b>172,909,620</b>	<b>18,601,691</b>	<b>200,000,000</b>	<b>604,917,265</b>	<b>3,762,262,035</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

GHULAM AHMED ADAM  
Chief Executive

MR. OMAR G. ADAM  
Director

FAISAL HABIB  
Chief Financial Officer





# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	69,429,384	427,938,871
<b>Adjustments:</b>		
Depreciation on property, plant and equipment	114,997,430	165,418,642
Provision for provident fund	664,566	341,241
Finance costs	123,155,201	85,469,908
Others	(5,769,182)	(4,798,385)
	<b>233,048,015</b>	<b>246,431,406</b>
Operating profit before working capital changes	<b>302,477,399</b>	<b>674,370,277</b>
<b>Working capital changes:</b>		
<i>Decrease / (increase) in current assets</i>		
Stores and spares	1,036,510	12,776,320
Stock in trade	(2,846,835,216)	90,869,493
Trade debts - unsecured	365,123,356	(1,100,054,745)
Short term loans and advances	25,389,393	106,595,905
Prepayments	(681,661)	(2,335,854)
Other receivables - considered good	2,868,711	8,419,288
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	1,620,142,299	113,732,485
	<b>(832,956,608)</b>	<b>(769,997,108)</b>
<b>Cash used in operations</b>	<b>(530,479,209)</b>	<b>(95,626,831)</b>
Financial costs paid	(60,506,847)	(71,650,259)
Gratuity paid	78,737	(441,735)
Taxes paid	(66,155,704)	(5,232,296)
	<b>(126,583,814)</b>	<b>(77,324,290)</b>
<b>Net cash used in operating activities</b>	<b>(657,063,023)</b>	<b>(172,951,121)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(227,757,571)	(93,798,207)
Profit received on saving & term deposit accounts	6,403,727	4,261,843
<b>Net cash used in investing activities</b>	<b>(221,353,844)</b>	<b>(89,536,364)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowing-net	822,290,570	307,871,294
Dividend paid	(33,561,755)	(56,448,204)
Long term loan repaid	(24,362,940)	34,296,853
<b>Net cash generated from financing activities</b>	<b>764,365,875</b>	<b>285,719,943</b>
<b>Net (decrease) / Increase in cash and cash equivalents</b>	<b>(114,050,992)</b>	<b>23,232,458</b>
Cash and cash equivalents at the beginning of the year	217,107,856	125,359,705
<b>Cash and cash equivalents at the end of the period</b>	<b>103,056,864</b>	<b>148,592,163</b>
Cash and cash equivalents comprise of the following:		
- Cash and Bank Balances	77,733,573	123,268,872
- Short term investments	25,323,291	25,323,291
	<b>103,056,864</b>	<b>148,592,163</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

GHULAM AHMED ADAM  
Chief Executive

MR. OMAR G. ADAM  
Director

FAISAL HABIB  
Chief Financial Officer



# ADAM SUGAR MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 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.



# ADAM SUGAR MILLS LIMITED

## 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.

		(Un-audited) June 30, 2022	(Audited) September 30, 2021
	Note	Rupees	
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	3.1	4,906,279,010	4,840,678,847
Capital work in progress	3.2	47,159,978	-
		<u>4,953,438,988</u>	<u>4,840,678,847</u>
<b>3.1 Operating fixed assets</b>			
<i>Cost / revalued amount</i>			
Opening balance as at the beginning of the period / year	3.1.1	6,263,834,294	6,142,592,550
Additions during the period / year		180,719,962	123,541,244
Disposals during the period / year		(1,069,828)	(2,299,500)
		6,443,484,428	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		114,997,430	221,455,981
Disposal during the period / year		(947,459)	(1,895,101)
		1,537,205,418	1,423,155,447
<b>Written down value at the end of period / year</b>		<u>4,906,279,010</u>	<u>4,840,678,847</u>
<b>3.1.1 Additions to operating fixed assets</b>			
Factory building on freehold land		1,797,395	669,952
Plant and Machinery		121,703,832	96,707,696
Vehicles		36,392,003	6,231,500
Office equipments		-	82,550
Computer and other equipments		933,954	1,322,700
Furniture and fixtures		963,356	427,600
Water connections and electrical installations	3.2	4,903,456	7,692,206
Tools and other equipment		12,716,034	10,287,040
Air conditioners and refrigerators		1,309,932	120,000
		<u>180,719,962</u>	<u>123,541,244</u>



# ADAM SUGAR MILLS LIMITED

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) June 30, 2022	(Audited) September 30, 2021
<b>4. STOCK IN TRADE</b>	Note	Rupees
Sugar/Molasses in process	3,903,896	5,293,746
Finished goods - sugar	3,121,765,750	273,540,684
	<u>3,125,669,646</u>	<u>278,834,430</u>
<b>5. SHORT TERM LOANS AND ADVANCES</b>		
Loan to staff	1,211,980	1,538,716
<i>Advances:</i>		
- to growers	2,976,081	2,174,653
- to contractors	1,222,795	1,102,245
- to suppliers	161,149,832	187,748,470
- against expenses	987,914	373,911
- others	9,658,236	9,658,236
	<u>175,994,858</u>	<u>201,057,515</u>
	<u>177,206,838</u>	<u>202,596,231</u>
<b>6. PREPAYMENTS</b>		
Short term prepayments	<u>2,183,713</u>	<u>1,502,052</u>
<b>7. CASH AND BANK BALANCES</b>		
Cash in hand	1,121,476	13,710
Cash at bank:		
- Current accounts	71,333,412	178,131,485
- Deposit accounts	5,278,685	13,639,371
	<u>76,612,097</u>	<u>191,770,856</u>
	<u>77,733,573</u>	<u>191,784,566</u>
<b>8. LONG TERM FINANCING - secured</b>		
<i>From conventional banking companies</i>		
Habib Bank Limited	120,000,000	120,000,000
JS Bank Limited	44,444,445	88,888,889
	<u>164,444,445</u>	<u>208,888,889</u>
<i>From Islamic banking companies</i>		
Albaraka Bank Pakistan Limited	40,625,000	68,750,000
Dubai Islamic Bank Pakistan Limited	43,798,280	-
	<u>84,423,280</u>	<u>68,750,000</u>
Current maturity shown under current liabilities	<u>(120,310,612)</u>	<u>(89,444,444)</u>
	<u>128,557,113</u>	<u>188,194,445</u>



# ADAM SUGAR MILLS LIMITED

		(Un-audited) June 30, 2022	(Audited) September 30, 2021
	Note	Rupees	
<b>9. SHORT TERM BORROWINGS</b>			
<b>Unsecured - interest free</b>			
- from Chief Executive	9.1	32,164,394	32,164,394
- from Adam Lubricants Limited (a related party)	9.2	-	176,000,000
		<b>32,164,394</b>	<b>208,164,394</b>
<b>Secured</b>			
- from conventional banking companies			
- JS Bank Limited	9.3	199,985,920	199,124,886
- Habib Bank Limited	9.4	298,780,903	32,346,195
		<b>498,766,823</b>	<b>231,471,081</b>
- from Islamic banking companies			
- Askari Bank Limited	9.5	270,000,000	210,000,000
- Dubai Islamic Bank Limited	9.6	192,759,789	121,000,000
- Al Baraka Bank (Pakistan) Limited	9.7	200,000,000	-
- Meezan Bank Limited	9.8	399,235,039	-
		<b>1,061,994,828</b>	<b>331,000,000</b>
		<b>1,592,926,045</b>	<b>770,635,475</b>

9.1 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.

9.2 This represents loan granted by M/S. Adam Lubricants Limited to meet working capital requirements of the Company. The loan is interest free and repayable on demand.

9.3 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 June 30, 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.

9.4 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 June 30, 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, ranking charge over fixed assets amounting to Rs. 300 million and personal guarantee of Director amounting to Rs. 667 million with 25% margin.

9.5 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 June 30, 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.

9.6 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 June 30, 2022, the limit of the facility amounted to Rs. 300 million (2021: 300 million). The facility carries



## ADAM SUGAR MILLS LIMITED

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.

- 9.7 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 June 30, 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.
- 9.8 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 June 30, 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.

	(Un-audited) June 30, 2022	(Audited) September 30, 2021
<b>10. TRADE AND OTHER PAYABLES</b>	<b>Rupees</b>	
Trade creditors	328,055,112	46,795,188
Accrued liabilities	20,085,949	18,217,428
Advance from customers	1,255,575,198	69,569,243
Sales tax payable	324,098,524	179,364,309
Withholding tax payable	12,752,744	12,442,294
Retention money	121,933	114,656
Provision for Workers' Profit Participation Fund	13,117,508	9,388,755
Provision for Workers' Welfare Fund	25,327,695	23,910,769
Others	2,873,445	2,063,167
	<b>1,982,008,108</b>	<b>361,865,809</b>

### 11. CONTINGENCIES AND COMMITMENTS

- 11.1 The Company has been in receipt of orders from Assistant Deputy Commissioner (Audit-1) Inland Revenue pertaining to tax year 2014 to tax year 2019 under section 122(1) of the Income Tax Ordinance 2001 which the Company confronted before Honorable Commissioner (Appeals) and subsequently before Honorable Appellate Tribunal Inland Revenue.

On 30 June 2022, the Honorable Appellate Tribunal has remanded back the orders passed by the Honorable Commissioner (Appeals) - FBR for the Tax year 2015 to Tax year 2019. The legal counsel is of the view that the case pertaining to tax year 2014 would be decided in the Company's favour since it bears similar grounds. As the cases are remanded back therefore no provision has been made in these financial statements and hence we don't foresee any contingent liability to arise.

- 11.2 The Deputy Commissioner (Audit-1) Inland Revenue has passed order under section 161(1) pertaining to tax year 2015, tax year 2016, tax year 2017 and tax year 2019 which were confronted by the Company before the Honorable Commissioner Inland Revenue (Appeals).

On 31 March 2022, the Honorable Commissioner Inland Revenue (Appeals) has remanded back the orders for the aforementioned tax years. As the cases are remanded back therefore no provision has been made in these financial statements and hence we don't foresee any contingent liability to arise.



# ADAM SUGAR MILLS LIMITED

	(Un-audited) June 30, 2022	(Audited) September 30, 2021
	Rupees	
<b>11.3 Commitments</b>		
Letter of credit for import of equipment & accessories	14,391,000	-
Inland Letter of credit for installation of Solar Plant	52,288,566	-
	<u>66,679,566</u>	<u>-</u>

11.4 Except above, there is no change in contingencies and commitments set out in note 22 to the Company's annual financial statements for the year ended September 30, 2021.

	Nine months period ended (un-audited)		Quarter ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	Rupees		Rupees	
<b>12. SALES REVENUE - net</b>				
Revenue from sale of sugar - gross	2,517,206,871	3,266,838,082	164,666,909	2,126,209,352
Revenue from sale of other by-products	761,329,577	213,142,945	216,644,275	36,000,000
Less: sales tax	(355,626,085)	(336,715,627)	(29,590,616)	(213,078,000)
	<u>2,922,910,363</u>	<u>3,143,265,400</u>	<u>351,720,568</u>	<u>1,949,131,352</u>

## 13. 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. 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) June 30, 2022	(Un-audited) June 30, 2021
			Rupees	
Adam Lubricants Limited	Company under common control	Purchases made during the period	5,981,291	6,046,259
		Payment made during the period	6,025,217	6,046,259
Adam Lubricants Limited	Company under common control	Loan received during the period	266,500,000	-
		Loan repaid during the period	442,500,000	-
Adam Pakistan Limited	Company under common control	Loan repaid during the period	-	260,000,000
Key management personnel		Remuneration to Chief Executive and Directors	32,564,000	3,143,000

### Balances at the end of the period / year

Name of the related party	Basis of relationship with the party	Particulars	(Un-audited) June 30, 2022	(Audited) September 30, 2021
			Rupees	
Adam Lubricants Limited	Company under common control	Balance payable (trade creditors) as at the period / year end	301	44,227
		Short term Loan payable as at the period / year end	-	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	24,959,713	24,959,713



# ADAM SUGAR MILLS LIMITED

## 14. 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.

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

	Level 1	Level 2	Level 3	Total
	Rupees			
<b>June 30, 2022</b>				
- Freehold land	-	873,884,000	-	873,884,000
- Factory building	-	144,908,212	-	144,908,212
- Non - factory building	-	66,785,484	-	66,785,484
- Plant and machinery	-	3,699,321,821	-	3,699,321,821
<b>September 30, 2021</b>				
- Freehold land	-	873,884,000	-	873,884,000
- Factory building	-	150,651,778	-	150,651,778
- Non - factory building	-	68,493,121	-	68,493,121
- Plant and machinery	-	3,670,774,210	-	3,670,774,210

## 15. GENERAL

### 15.1. 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 July 28, 2022.

### 15.2. 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. OMAR G. ADAM  
Director

FAISAL HABIB  
Chief Financial Officer





---

**ADAM SUGAR MILLS LIMITED**