

Adam Sugar Mills Ltd.



HEAD OFFICE :
HAJI ADAM CHAMBERS,
P.O. BOX 4274,
ALTAF HUSSAIN ROAD,
NEW CHALLI,
KARACHI-PAKISTAN.

DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present you the unaudited financial statements of the Company for the nine months ended June 30, 2023.

Overview

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

Operating Highlights	Nine Months Ended June 30, 2022 Season 2022-23	Nine Months Ended June 30, 2022 Season 2021-22
Crushing commenced	27/11/2022	15/11/2021
Crushing ends	12/03/2023	05/04/2022
Operating duration	106 Days	142 Days
Sugar cane crushed	590,048 M.Ton	833,340 M.Ton
Sugar produced	57,790 M.Ton	82,039 M.Ton
Recovery	9.79%	9.84%
Minimum support price - Punjab Zone	Rs.300/40Kg	Rs.225/40Kg

VIS Credit Rating Company Limited has done 1st Annual Review in June 2023 after Credit Rating was first done in May 2022 and maintained our rating at a favorable Long Term and Short Term Credit Rating of A- and A2 respectively.

As reported in our Half Yearly Review Report, crushing season concluded on 106th day in comparison to previous year's 142 days thus the sugar cane crushing season was significantly shorter, yield was low country wide due to erratic weather and flooding.

A shorter season was the main reason for lower production due to which fixed costs were not fully absorbed, further global inflation has raised overall costs. The surge in KIBOR rates in recent periods to 22% to 23% has also significantly increased the cost. Sugar Industry is fully dependent on Cash Finance Facility from Banks for purchase of sugar cane from grower and with this hike in KIBOR Rates plus premium above it has jeopardize all the future projections as the average sale price of sugar was also not increased in relation to the raw material and other input costs.

Future Outlook

IMF Executive Board's recent approval of USD 3Billion Stand-By Arrangement for Pakistan is a breather for the time being. Improvement has been witnessed as other friendly countries have also rollover their deposits/loan for future dates. Temporarily it has also brought down USD/PKR parity, restrictions on



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letter of credits has withdrawn and other positive indicators. However, all these factors depend solely on future political conditions and trends in global markets. As the Government of Pakistan has announced general elections in coming months therefore a lot more depends upon the future elected Government that how their team stewards Pakistan from current troubled economic waters and safely sailed to settled shore.

The performance of sugar industry is contingent upon the sugarcane yield along with setting of minimum support price by representative provincial governments coupled with the increase in sugar prices by the authorities. Sugar retail prices are also lower than international prices. The price of white crystalline sugar in international market is also on the higher side at approx. FOB value of USD 630 per M.Ton, which when translated into PKR with all other import incidentals works out at approx. PKR 210 per Kg. Conversely, the prices of sugar can't be increased by the same margin due to government intervention. This is squeezing the margins of the industry and increasing the chances of smuggling of the commodity, hence need serious deliberation.

We understand that Government's interference in setting the retail price of sugar will affect the industry. Price should be decided by the market forces. Conducive atmosphere for business including strict measures to curb smuggling of sugar should be the Government's role.

The current price situation will not be improved until and unless the Government takes concrete steps to curb the smuggling of sugar to adjacent Afghanistan where price of sugar is two times of the local retail prices.

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 27, 2023


Omar G. Adam
Director

Adam Sugar Mills Limited

Condensed Interim Statement of Financial Position (Un-Audited)

As at June 30, 2023

		June 30, 2023	September 30, 2022 (Re-stated)
ASSETS	Note	Rupees	
Non-current assets			
Property, plant and equipment	3	6,590,348,793	4,966,579,661
Long term advances		-	84,371,626
Long term deposits		4,306,481	4,306,481
		<u>6,594,655,274</u>	<u>5,055,257,768</u>
Current assets			
Stores and spares		191,410,700	112,739,378
Stock in trade	4	3,774,631,027	1,240,419,370
Short term investments		25,204,970	25,204,970
Trade debts - unsecured	5	9,172,408	317,686,918
Short term loans and advances	6	62,414,161	73,809,607
Short term prepayments		1,880,678	480,714
Others receivables		11,456,837	11,142,124
Cash and bank balances	7	37,620,513	64,817,637
		<u>4,113,791,292</u>	<u>1,846,300,718</u>
Total assets		<u>10,708,446,566</u>	<u>6,901,558,486</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized Capital		250,000,000	250,000,000
Issued, subscribed and paid-up capital		172,909,620	172,909,620
Capital reserves:			
Surplus on revaluation of property, plant and equipment- net		3,812,116,335	2,569,437,845
Share premium		172,909,620	172,909,620
Capital contribution from director		18,601,691	18,601,691
		<u>4,003,627,646</u>	<u>2,760,949,156</u>
Revenue reserves:			
General reserve		200,000,000	200,000,000
Unappropriated profits		864,189,338	776,284,676
		<u>1,064,189,338</u>	<u>976,284,676</u>
Total equity		<u>5,240,726,604</u>	<u>3,910,143,452</u>
Non-current liabilities			
Subordinated loan from Chief Executive		19,923,564	18,458,845
Long term financing	8	343,255,794	107,667,302
Deferred liabilities		1,083,016,693	880,377,103
Provident fund payable		4,092,817	9,625,273
		<u>1,450,288,867</u>	<u>1,016,128,523</u>
Current liabilities			
Short term borrowings	9	2,082,909,400	963,244,526
Trade and other payables	10	1,679,359,018	781,452,669
Accrued markup		114,930,666	38,347,012
Current maturity of long term financing	8	78,444,169	116,074,971
Current maturity of deferred income - Government grant		2,392,940	2,664,988
Unclaimed dividend		5,814,711	5,207,966
Taxation-net		53,580,191	68,294,379
		<u>4,017,431,095</u>	<u>1,975,286,511</u>
Contingencies and commitments	11	-	-
Total equity and liabilities		<u>10,708,446,566</u>	<u>6,901,558,486</u>

Chief Executive

Director

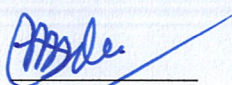
Chief Financial Officer

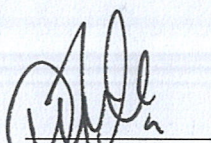
Adam Sugar Mills Limited

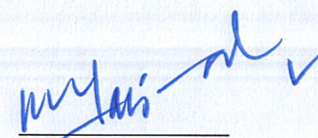
Condensed Interim Statement of Profit or Loss (Un-Audited)

For the Nine Months Period Ended June 30, 2023

	Note	Nine Months period ended		Quarter ended	
		June 30,	June 30,	June 30,	June 30,
		2023	2022	2023	2022
		Rupees		Rupees	
			(Re-stated)		(Re-stated)
Sales revenue - net	12	2,950,886,596	2,922,910,363	370,069,652	351,720,568
Cost of sales		(2,621,409,117)	(2,441,355,298)	(256,923,553)	(325,523,465)
Gross profit		329,477,478	481,555,065	113,146,098	26,197,103
Administrative expenses		(142,399,085)	(123,120,309)	(43,323,427)	(45,758,416)
Selling and distribution costs		(28,810,599)	(5,930,489)	(4,947,184)	(681,073)
		(171,209,684)	(129,050,798)	(48,270,611)	(46,439,489)
Operating profit		158,267,794	352,504,267	64,875,487	(20,242,386)
Finance costs		(217,935,576)	(123,155,201)	(97,811,261)	(67,522,289)
Other income		23,168,694	8,445,263	11,815,485	4,871,574
Others		-	(16,407,809)	841,825	5,719,624
		(194,766,881)	(131,117,747)	(85,153,950)	(56,931,091)
(Loss) / Profit before taxation		(36,499,087)	221,386,521	(20,278,463)	(77,173,476)
Taxation - net		79,956,623	(52,580,165)	193,563	21,322,590
Profit / (Loss) after taxation		43,457,536	168,806,356	(20,084,900)	(55,850,886)
Earnings per share- basic and diluted		2.51	9.76	(1.16)	(3.23)


Chief Executive


Director

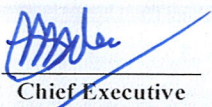

Chief Financial Officer

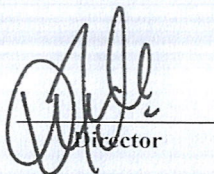
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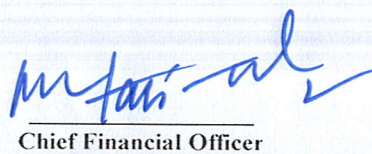
Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Nine Months Period Ended June 30, 2023

	Nine Months period ended		Quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	Rupees		Rupees	
Profit after taxation	43,457,536	(Re-stated) 168,806,356	(20,084,900)	(Re-stated) (55,850,886)
Other comprehensive income / (loss) for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation on Fixed Assets	1,646,634,380	-	-	-
Less: Deferred Tax on above	(316,281,360)	-	-	-
	1,330,353,020	-	-	-
Total comprehensive income for the period	1,373,810,556	168,806,356	(20,084,900)	(55,850,886)


Chief Executive


Director


Chief Financial Officer


Adam Sugar Mills Limited

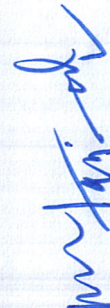
Condensed Interim Statement of Changes in Equity (Un-Audited)

For the Nine Months Period Ended June 30, 2023

	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)	
Balance as at September 30, 2021	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 year ended September 30, 2022</i>							
- Profit after tax - restated	-	-	-	-	-	173,846,935	173,846,935
- Other comprehensive income	-	-	-	-	-	1,711,387	1,711,387
Transfer to unappropriated profits on account of incremental depreciation	-	-	-	-	-	175,558,322	175,558,322
- net of deferred tax	-	(93,943,976)	-	-	-	93,943,976	-
<i>Transaction with owners</i>							
Final Cash dividend @ 20% for the year ended September 30, 2021	-	-	-	-	-	(34,581,924)	(34,581,924)
Balance as at September 30, 2022 (restated)	172,909,620	2,569,437,845	172,909,620	18,601,691	200,000,000	776,284,676	3,910,143,452
<i>Total comprehensive income for the period ended June 30, 2023</i>							
- Profit after tax	-	-	-	-	-	43,457,536	43,457,536
- Other comprehensive income	-	1,330,353,020	-	-	-	-	1,330,353,020
Impact of revaluation of fixed assets	-	1,330,353,020	-	-	-	43,457,536	1,373,810,556
Transfer to unappropriated profits on account of incremental depreciation	-	-	-	-	-	87,674,530	-
- net of deferred tax	-	(87,674,530)	-	-	-	-	-
Final Cash dividend @ 25% for the year ended September 30, 2022	-	-	-	-	-	(43,227,405)	(43,227,405)
Balance as at June 30, 2023	172,909,620	3,812,116,335	172,909,620	18,601,691	200,000,000	864,189,338	5,240,726,603

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Chief Executive


Chief Financial Officer

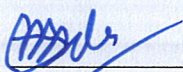
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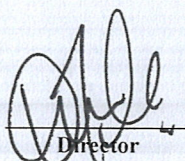
Condensed Interim Statement of Cash Flows (Un-Audited)

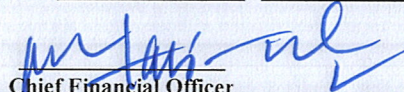
For the Nine Months Period Ended June 30, 2023

		June-2023	June-2022
		Rupees	(Re-stated)
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Profit before taxation		(36,499,087)	221,386,521
<i>Adjustments for non cash and other items:</i>			
- Depreciation on property, plant and equipment	4.1	198,450,643	114,997,430
- Deferred Government Grant amortization		(1,398,637)	(288,414)
- Gain on disposal of property, plant and equipment		(224,952)	(27,631)
- Provision for gratuity		1,635,098	792,019
- Unwinding of subordinated loan from director		1,464,719	883,047
- Finance cost		216,470,856	122,272,154
- Profit on term deposit receipts		(3,970,201)	(4,804,979)
- Profit on saving accounts		(1,243,357)	(1,598,748)
- Provision for Workers' Profit Participation Fund		-	11,889,716
- Provision for Workers' Welfare Fund		-	4,518,092
- Provision for provident fund		670,023	1,099,090
		<u>411,854,192</u>	<u>249,731,777</u>
Cash generated from operating activities before working capital changes		375,355,105	471,118,297
Working capital changes:			
<i>Decrease / (increase) in current assets</i>			
- Stores and spares		(78,671,322)	1,036,510
- Stock in trade		(2,534,211,657)	(3,010,054,482)
- Trade debts		308,514,511	365,123,356
- Short term loans and advances		11,395,446	25,389,393
- Trade deposits and short term prepayments		(1,399,964)	(681,661)
- Other receivables - considered good		(314,713)	2,868,711
<i>Increase / (decrease) in current liabilities</i>			
- Sales tax payable		(377,608,492)	324,098,524
- Trade and other payables		1,275,514,841	1,290,898,095
		<u>(1,396,781,350)</u>	<u>(1,001,321,554)</u>
Cash used in operations		(1,021,426,245)	(530,203,256)
- Financial costs paid		(139,887,202)	(60,506,847)
- Provident fund		(6,202,480)	(434,524)
- Gratuity		-	(78,737)
- Taxes		(48,907,844)	(66,155,704)
		<u>(194,997,526)</u>	<u>(127,175,812)</u>
Net cash used in operating activities		(1,216,423,771)	(657,379,068)
CASH FLOWS FROM INVESTING ACTIVITIES			
- Fixed Capital Expenditure		(175,760,440)	(227,879,940)
- Proceed from sale of operating fixed assets		400,000	150,000
- Long term advances		84,371,626	-
- Profit received on saving accounts		3,970,201	1,598,748
- Profit received on investment in term deposit receipts		1,243,357	4,804,979
Net cash used in investing activities		(85,775,257)	(221,326,213)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Short term borrowings - net		1,219,687,620	821,429,536
- Dividend paid		(42,620,660)	(33,561,755)
- Long term loan obtained/(repaid)		197,957,690	(24,074,526)
Net cash generated from financing activities		1,375,024,650	763,793,255
Net increase / (decrease) in cash and cash equivalents		72,825,622	(114,912,026)
Cash and cash equivalents at the beginning of the year		(109,899,237)	17,982,970
Cash and cash equivalents at the end of the year		(37,073,615)	(96,929,056)
Cash and cash equivalent comprise the following:			
- Cash and Bank Balances		37,620,513	77,733,573
- Short term investments		25,204,970	25,323,291
- Short term Borrowings - running finance		(99,899,097)	(199,985,920)
		<u>(37,073,615)</u>	<u>(96,929,056)</u>

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Chief Executive


Director


Chief Financial Officer

Adam Sugar Mills Limited

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Period Ended June 30, 2023

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, 2022.

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, 2022.

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, 2022.

		(Un-audited) June 30, 2023	(Audited) September 30, 2022
		Rupees	
3. PROPERTY, PLANT AND EQUIPMENT	<i>Note</i>		
Operating fixed assets	3.1	6,590,227,059	4,825,029,489
Capital work in progress		121,734	141,550,172
		<u>6,590,348,793</u>	<u>4,966,579,661</u>
3.1 Operating fixed assets			
<i>Cost / revalued amount</i>			
Opening balance as at the beginning of the period / year		6,470,139,136	6,263,834,294
Additions during the period / year	3.1.1	317,188,879	208,813,082
Revaluation surplus of Land, Building & Plant and machinery		1,646,634,382	
Disposals during the period / year		(1,647,205)	(2,508,240)
		<u>8,432,315,192</u>	<u>6,470,139,136</u>
<i>Accumulated depreciation</i>			
Opening balance as at the beginning of the period / year		1,645,109,647	1,423,155,447
Charge for the period / year		198,450,643	224,218,383
Disposal during the period / year		(1,472,157)	(2,264,183)
		<u>1,842,088,133</u>	<u>1,645,109,647</u>
Written down value at the end of period / year		<u>6,590,227,059</u>	<u>4,825,029,489</u>
3.1.1 Additions to operating fixed assets			
Factory building on freehold land		17,445,225	4,402,919
Plant and Machinery		216,262,888	143,851,383
Vehicles		-	39,242,003
Computer and other equipments		1,368,703	1,086,754
Furniture and fixtures		2,558,436	1,010,856
Water connections and electrical installations		25,409,477	4,999,456
Solar panel System		52,267,101	
Tools and other equipment		1,877,049	12,788,099
Air conditioners and refrigerators		-	1,431,612
		<u>317,188,879</u>	<u>208,813,082</u>
4. STOCK IN TRADE			
Sugar / Molasses in process		4,339,864	4,175,664
Finished goods - Sugar		3,680,530,875	1,236,243,706
Finished goods - Molasses		89,760,288	-
		<u>3,774,631,027</u>	<u>1,240,419,370</u>

4.1 Correction of a prior period error

In its condensed interim financial statements for the nine months ended June 30, 2022 as well as the annual financial statements for the year ended September 30, 2022, the Company had, inadvertently, valued its closing stock of finished goods (i.e. sugar) by deducting, from the cost of goods manufactured, the total net realizable value of bagasse produced (including bagasse consumed internally into the production process) instead of deducting only a portion thereof representing the net realizable value of bagasse sold to external customers

In these condensed interim financial statements, the above error has been rectified retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and all the corresponding figures affected by the error have been restated. However, since these restatements had no effect on the statement of financial position as at the beginning of the earliest period presented (i.e. September 30, 2021), the same has not been presented in these condensed interim financial statements.

	(Un-audited) June 30, 2023	(Audited) September 30, 2022
	Rupees	
5. TRADE DEBTS - unsecured, considered good		
Receivable against sales of sugar	9,172,408	317,686,918
6. SHORT TERM LOANS AND ADVANCES		
Loan to staff	3,186,071	1,074,121
<i>Advances:</i>		
- to growers	12,900,032	56,321,215
- to contractors	410,500	4,680,005
- to suppliers	35,879,561	1,910,950
- against expenses	379,760	165,080
- others	9,658,236	9,658,236
	59,228,090	72,735,486
	62,414,161	73,809,607
7. CASH AND BANK BALANCES		
Cash in hand	616,843	49,226
Cash at bank:		
- Current accounts	36,828,528	60,128,574
- Deposit accounts	175,142	4,639,837
	37,003,670	64,768,411
	37,620,513	64,817,637
8. LONG TERM FINANCING - secured		
<i>From conventional banking companies</i>		
Habib Bank Limited	385,624,000	112,500,000
JS Bank Limited	-	44,444,445
	385,624,000	156,944,445
<i>From Islamic banking companies</i>		
AlBaraka Bank Pakistan Limited	3,125,000	31,250,000
Dubai Islamic Bank Pakistan Limited	32,950,963	35,547,828
	36,075,963	66,797,828
Current maturity shown under current liabilities	(78,444,169)	(116,074,971)
	343,255,794	107,667,302

9. SHORT TERM BORROWINGS

Unsecured - interest free

- from Chief Executive	9.1	32,164,394	32,164,394
- from Adam Lubricants Limited (a related party)	9.2	862,500,000	502,500,000

Secured

- from conventional banking companies		894,664,394	534,664,394
- JS Bank Limited	9.3	99,899,097	199,921,844
- Habib Bank Limited	9.4	305,924,154	78,658,288
		405,823,251	278,580,132
- from Islamic banking companies			
- Askari Bank Limited	9.5	326,000,000	-
- Al Baraka Bank (Pakistan) Limited	9.6	299,300,000	150,000,000
- Meezan Bank Limited	9.7	157,121,755	-
		782,421,755	150,000,000
		2,082,909,400	963,244,526

- 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 is 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, 2023, the limit of the facility amounted to Rs. 100 million (2022: Rs. 200 million). The facility carries markup at the rate of 3-Month KIBOR + 3%. (2022: 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, 2023, the limit of the facility amounted to Rs. 500 million (2022: Rs. 300 million). The facility carries markup at the rate of 1-Month KIBOR + 1.25%. (2022: 1-Month KIBOR + 1.25%) and is secured against pledge over stock of sugar bags with 25% margin, finance against open pledge of stock allowed upto Rs 200 million, ranking charge over fixed assets amounting to Rs. 500 million and personal guarantee of Director.
- 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, 2023, the limit of the facility amounted to Rs. 400 million (2022: Rs. 300 million). The facility carries markup at the rate of Matching KIBOR + 1.50%. (2022: KIBOR + 1.50%) and is secured against pledge of sugar stock of Rs. 533 million with 25% margin, charge over current assets for Rs. 533 million and personal guarantee of directors of the company.
- 9.6 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, 2023, the limit of the facility amounted to Rs. 300 million (2022: Rs 300 million). 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.
- 9.7 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, 2023, the limit of the facility amounted to Rs. 400 million (2022: Rs 400 million). The facility carries markup at the rate of Respective KIBOR + 1.50%. (2022: Respective KIBOR + 1.50%) and is secured against ranking charge over current assets with 25% margin, pledge of sugar stock with 20% margin in case of stock placed in godown and 25% margin in case of open pledge of stock duly covered and personal guarantee of directors of the company.

	(Un-audited) June 30, 2023	(Audited) September 30, 2022
	Rupees	
10. TRADE AND OTHER PAYABLES		
Trade creditors	159,726,488	88,344,209
Accrued liabilities	33,283,486	39,150,281
Advance from customers	1,347,010,200	130,464,112
Sales tax payable	56,317,591	433,926,083
Withholding tax payable	22,283,439	27,732,781
Retention money	167,872	121,933
Provision for Workers' Profit Participation Fund	29,071,238	29,071,238
Provision for Workers' Welfare Fund	31,390,112	31,390,112
Others	108,594	1,251,920
	<u>1,679,359,020</u>	<u>781,452,669</u>

11. CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments set out in note 13 to the Company's financial statements for the half year ended March 31, 2023.

	June 30, 2023 Un-Audited	June 30, 2022 Un-Audited
	Rupees	
12. SALES REVENUE - net		
Sales - Sugar (Local)	2,197,116,491	2,517,206,871
Less: Sales tax	(330,343,051)	(348,603,042)
	1,866,773,440	2,168,603,829
Sales - Sugar (Export)	345,470,678	-
Local sales - Molasses	731,500,000	750,204,337
Local sales - Other By products	8,581,198	11,125,240
Less: Sales tax	(1,438,720)	(7,023,043)
	7,142,478	4,102,197
	<u>2,950,886,596</u>	<u>2,922,910,363</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 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 year

Name of the related party	Particulars	(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
		Rupees	
Adam Lubricants Limited	Lubricants purchased during the year	13,080,004	5,891,291
	Payments made against lubricant during the period	13,080,305	6,025,217
	Short term loan received during the period	360,000,000	266,500,000
	Short term loan repaid during the period		442,500,000
Key Management Personnel	Remuneration to Chief Executive and Directors	47,191,295	32,564,000

Balances at the year end

Name of the related party	Particulars	(Un-audited) June 30, 2023	(Audited) September 30, 2022
		Rupees	
Adam Lubricants Limited	Payable against purchases	-	301
	Short term loan payable	862,500,000	502,500,000
Chief Executive (Mr. Ghulam Ahmed Adam)	Short term loan payable	32,164,394	32,164,394
	Subordinated loan payable	24,959,713	24,959,713
Chief Executive (Mr. Ghulam Ahmed Adam), Directors (Mr. Junaid Ghulam Adam and Mr. Omar Ghulam Adam)	Guarantees provided to banks against financing on behalf of the Company	3,783,812,384	2,362,120,000

14. OPERATING SEGMENTS

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

Revenue from sale of sugar represents 75% (June 30, 2022: 74%) of the total revenue whereas remaining represent revenue from sale of molasses, bagasse and mud.

All non-current assets of the Company at June 30, 2023 and September 30, 2022 were located in Pakistan.

15. 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
June 30, 2023				
Freehold Land	-	1,429,893,000	-	1,429,893,000
Factory Building	-	234,557,347	-	234,557,347
Non-Factory Building	-	355,784,136	-	355,784,136
Plant and Machinery	-	4,660,052,966	-	4,660,052,966
September 30, 2022				
Freehold Land	-	873,884,000	-	873,884,000
Factory Building	-	139,844,196	-	139,844,196
Non-Factory Building	-	65,068,465	-	65,068,465
Plant and Machinery	-	3,627,020,750	-	3,627,020,750

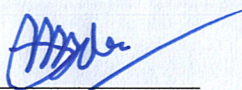
16. GENERAL

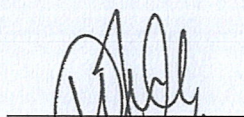
16.1. Date of authorization for issue

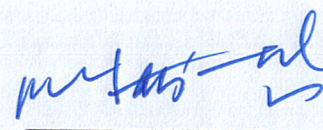
These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on **July 27, 2023**.

16.2. Level of rounding

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


Chief Executive


Director


Chief Financial Officer