

ADAM SUGAR MILLS LIMITED



QUARTERLY REPORT

**FOR THE FIRST QUARTER ENDED
31 December, 2020
(UN-AUDITED)**



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. NABIHA OMAR ADAM
MR. MUSTAFA G. ADAM

AUDIT COMMITTEE

CHAIRMAN
MEMBER
MEMBER

MR. JAWAID AHMED
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

CHIEF FINANCIAL OFFICE/ CORPORATE SECRETARY

QAMAR RAFI KHAN
Chartered Accountant

HEAD OF INTERNAL AUDIT

NOMAN IQBAL

REGISTERED OFFICE

Haji Adam Chambers,
Altaf Hussain Road,
New Chali, Karachi-2
Tel No. 32417812 & 32401139-43
Website: www.adam.com.pk/adamsugar.html

FACTORY

Chak No. 4, Fordwah, Chishtian
District Bahawalnagar

STATUTORY AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

SHARE REGISTRARS

C & K Management Associates (Pvt) Ltd
4th Floor, 404 Trade Tower,
Abdullah Haroon Road, Karachi
Tel No. 35685930
Fax No. 35687839



ADAM SUGAR MILLS LIMITED

IN THE NAME OF ALLAH THE BENEFICIENT, THE MERCIFUL

CHIEF EXECUTIVE'S REVIEW

On behalf of the Board of Directors, I am pleased to present to you the unaudited accounts of the Company for the first quarter ended December 31, 2020.

OPERATING RESULTS:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cane Crushed - Metric Tons	138,035	90,118
Average Recovery	7.76%	9.23%
Sugar Produced - Metric Tons	9,915	7,890
Commenced Crushing on	10-11-2020	26-11- 2019
Number of season days	52	36

The minimum support price of sugarcane has been increase by the Government from Rs.190 to 200 per K.G but the growers are supplying the sugarcane above the support price.

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

(GHULAM AHMED ADAM)
(CHIEF EXECUTIVE)

Karachi: February 26, 2021



ADAM SUGAR MILLS LIMITED

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

		December 31, 2020	September 30, 2020
	Note	Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,910,091,747	4,938,997,983
Long term deposits		32,400	32,400
		<u>4,910,124,147</u>	<u>4,939,030,383</u>
Current assets			
Stores and spares		121,045,933	113,987,091
Stock in trade	5	688,269,197	204,914,346
Short term investments		25,323,290	25,323,290
Trade debts - unsecured	6	247,711,275	244,685,999
Short term loans and advances	7	149,758,146	214,750,414
Trade deposits and short term prepayments		2,245,954	743,439
Other receivables - considered good		12,750,898	13,250,358
Cash and bank balances	8	166,113,527	100,036,414
		<u>1,413,218,220</u>	<u>917,691,351</u>
Total assets		<u>6,323,342,366</u>	<u>5,856,721,734</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
<i>Capital reserves:</i>			
Revaluation surplus on property, plant and machinery - net		2,737,857,450	2,762,682,658
Share premium		172,909,620	172,909,620
Capital contribution from director		18,601,691	18,601,691
<i>Revenue reserves:</i>			
Unappropriated profits / (losses)		404,968,451	317,373,684
General reserve		200,000,000	200,000,000
		<u>3,707,246,832</u>	<u>3,644,477,273</u>
Non-current liabilities			
Subordinated loan from the Chief Executive	9	15,494,914	15,095,634
Long term finance - secured	10	113,194,445	113,194,445
Deferred liabilities	11	835,220,983	845,360,857
Provident fund payable		8,853,531	9,090,756
		<u>972,763,873</u>	<u>982,741,692</u>
Current liabilities			
Short term borrowings	12	769,838,319	592,160,889
Trade and other payables		733,614,007	521,803,489
Accrued markup		10,477,262	15,060,728
Current maturity of long term financing		72,569,444	72,569,444
Unclaimed dividend		5,672,993	5,672,993
Taxation-net		51,159,636	22,235,226
		<u>1,643,331,661</u>	<u>1,229,502,769</u>
Contingencies and commitments	13	-	-
Total equity and liabilities		<u>6,323,342,366</u>	<u>5,856,721,734</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

MR. OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED

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

		December 31, 2020	December 31, 2019
	Note	Rupees	
Sales revenue - net	14	479,574,187	863,767,374
Cost of sales		(359,217,671)	(748,714,630)
Gross profit		120,356,516	115,052,744
Administrative expenses		(21,916,831)	(19,852,034)
Selling and distribution costs		(599,069)	(2,149,404)
		(22,515,900)	(22,001,438)
Operating profit		97,840,616	93,051,306
Finance costs		(11,725,518)	(49,503,440)
		86,115,098	43,547,866
Other income		1,873,441	3,217,608
Other operating expenses		(6,071,209)	(3,320,349)
Profit before taxation		81,917,330	43,445,126
Taxation		(19,147,770)	(1,973,896)
Profit after taxation		62,769,560	41,471,230
Earnings per share - basic and diluted		3.63	2.40

The annexed notes from 1 to 17 form an integral part of these financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

MR. OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2020

	December 31, 2020 Rupees	December 31, 2019 Rupees
Profit after taxation	62,769,559	41,471,230
Other comprehensive income		
Remeasurement of defined benefit liability	-	-
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	-	-
	-	-
Total comprehensive Income	62,769,559	41,471,230

The annexed notes from 1 to 17 form an integral part of these financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

MR. OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2020

	December 31, 2020 Rupees	December 31, 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	81,917,330	43,445,126
Adjustments:		
Depreciation	54,616,611	55,783,107
Finance cost	11,725,518	49,503,440
Provision for Workers Welfare Fund	1,671,782	982,075
Provision for Workers Profit Participation Fund	4,399,427	2,338,274
Gain on disposal of property, plant and equipment	-	(2,357,656)
Provision for provident fund	191,094	166,572
	<u>72,604,433</u>	<u>106,415,812</u>
Operating profit before working capital changes	154,521,763	149,860,938
Working capital changes:		
<i>Decrease / (increase) in current assets</i>		
Stores and spares	(7,058,842)	(7,860,426)
Stock in trade	(483,354,851)	185,554,747
Trade debts	(3,025,276)	-
Loans and advances	64,992,268	51,211,263
Deposits and prepayments	(1,502,515)	(2,813,364)
Other Receivables	499,460	448,763
	<u>205,739,308</u>	<u>302,060,365</u>
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(223,710,447)	528,601,348
	<u>(69,188,684)</u>	<u>678,462,285</u>
Net cash generated from / (used in) operations	(69,188,684)	678,462,285
Financial charges paid	(15,909,705)	(17,437,369)
Provident fund paid	(428,319)	(162,194)
Taxes paid	(363,233)	(15,303,535)
	<u>(16,701,257)</u>	<u>(32,903,098)</u>
Net cash generated from / (used in) operating activities	<u>(85,889,941)</u>	<u>645,559,187</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(25,710,375)	(11,154,005)
Proceeds from disposal of property, plant and equipment	-	3,150,000
Capital work in progress	-	-
Net cash used in investing activities	<u>(25,710,375)</u>	<u>(8,004,005)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	-	(31,672,222)
Net cash (used in) / generated from financing activities	-	<u>(31,672,222)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(111,600,316)</u>	<u>605,882,960</u>
Cash and cash equivalents at the beginning of the year	(492,124,475)	(1,124,122,316)
Cash and cash equivalents at the end of the year	<u><u>(603,724,791)</u></u>	<u><u>(518,239,356)</u></u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

MR. OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2020

Description	Issued, subscribed and paid up capital	Capital Reserve		Revenue Reserve		Total	
		Surplus on revaluation of property and equipment	Share premium	Capital contribution from director	General reserve		Unappropriated profits / (losses)
Balance as at October 01, 2019	172,909,620	2,867,668,114	172,909,620	8,737,612	200,000,000	(106,478,382) 3,315,746,584	
Total comprehensive income for the year ended September 30, 2020							
- Profit after tax	-	-	-	-	-	318,557,054 318,557,054	
- Other comprehensive income	-	-	-	-	-	309,556 309,556	
	-	-	-	-	-	318,866,610 318,866,610	
Transferred from surplus on revaluation of property and equipment - net of tax	-	(104,985,456)	-	-	-	104,985,456 -	
Effect of discounting of Subordinated loan from Chief Executive	-	-	-	9,864,079	-	- 9,864,079	
Balance as at September 30, 2020	172,909,620	2,762,682,658	172,909,620	18,601,691	200,000,000	317,373,684 3,644,477,273	
-Profit after tax	-	-	-	-	-	62,769,559 62,769,559	
Transferred from surplus on revaluation of property and equipment - net of tax	-	(24,825,208)	-	-	-	24,825,208 -	
Balance as at December 31, 2020	172,909,620	2,737,857,450	172,909,620	18,601,691	200,000,000	404,968,451 3,707,246,832	

Annexed notes from 1 to 17 form an integral part of these financial statements

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

MR. OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2020

1 STATUS AND NATURE OF BUSINESS

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

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provision of, and directives issued under, the Companies Act, 2017.

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

2.2 Functional and presentation currency

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

2.3 Use of estimates and judgments

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended September 30, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report is the same as those applied in the preparation of the financial statements for the year ended September 30, 2020.



ADAM SUGAR MILLS LIMITED

		December 31 2020 (Unaudited) Rupees	September 30, 2020 (Audited) Rupees
4	PROPERTY, PLANT AND EQUIPMENT	Note	
	Operating fixed assets	4.1	4,910,091,747
			<u>4,910,091,747</u>
4.1	Operating fixed assets		
	Opening written down value		4,938,997,983
	Additions to fixed assets - tangible	4.2	5,115,423,652
	Depreciation charged		25,710,375
	Disposal of Fixed Assets		(54,616,611)
			(227,859,390)
			<u>-</u>
			<u>(792,821)</u>
			<u>4,910,091,747</u>
			<u>4,938,997,983</u>
4.2	Additions to fixed assets - tangible		
	Factory Build.On Freehold Land		6,323,008
	Plant And Machinery		838,458
	Water Connection & Electric Ins		8,632,060
	Tools And Other Equipments		36,011,367
	Vehicles		5,088,942
	Furniture & Fixture		752,484
	Computer & Other Equipments		5,425,565
			10,793,277
			-
			3,294,250
			33,000
			41,271
			207,800
			495,435
			<u>25,710,375</u>
			<u>52,226,542</u>
5	STOCK IN TRADE		
	Sugar in process		170,275,600
	Sugar - finished goods		4,099,195
	Molasses		513,608,080
			200,793,701
			4,385,516
			21,450
			<u>688,269,197</u>
			<u>204,914,346</u>
6	TRADE DEBTS - UNSECURED		
	Local debtors - unsecured		247,711,275
			<u>244,685,999</u>
7	SHORT TERM LOANS AND ADVANCES		
	Loan to staff		1,808,070
			1,671,470
	Advances:		
	- to growers		3,411,136
	- to contractors		1,211,136
	- to suppliers		1,631,665
	- against expenses		142,149,732
			209,412,720
			757,543
			798,423
			<u>147,950,076</u>
			<u>213,078,944</u>
			<u>149,758,146</u>
			<u>214,750,414</u>
8	CASH AND BANK BALANCES		
	Cash in hand		805,462
			-
	Cash at bank - current accounts		159,943,906
	Cash at bank - deposit accounts		85,726,143
			<u>5,364,160</u>
			<u>14,310,271</u>
			<u>165,308,065</u>
			<u>100,036,414</u>
			<u>166,113,527</u>
			<u>100,036,414</u>



ADAM SUGAR MILLS LIMITED

	December 31 2020 (Unaudited) Rupees	September 30, 2020 (Audited) Rupees
9 DIRECTOR'S SUBORDINATED LOAN		
Balance as at October 01,	15,095,634	22,898,819
Add: Unwinding of director loan during the year	399,280	2,060,894
Less: Effect of re-discounting upon extension in maturity of the loan		(9,864,079)
	15,494,914	15,095,634

This represents the unsecured loan of Rs. 24.96 million given by Chief Executive of the Company. This loan had been measured to its present value using prevailing market rate of mark-up at 10.58% per annum respectively for a similar instrument, having similar terms and credit risk profile, at the time the loan was granted.

10 LONG TERM FINANCE - SECURED

From banking company - Secured

JS Bank Limited	88,888,889	88,888,889
AI Baraka Bank Limited	96,875,000	96,875,000
	185,763,889	185,763,889
Current maturity shown under current liabilities	(72,569,444)	(72,569,444)
	113,194,445	113,194,445

11 DEFERRED LIABILITIES

Deferred taxation	832,747,819	842,887,693
Staff retirement benefits - Gratuity	2,473,164	2,473,164
	835,220,983	845,360,857

12 SHORT TERM BORROWINGS Note

Unsecured - interest free

- from chief executive	32,164,394	32,164,394
- from Adam Pakistan Limited (a related concern)	238,273,925	260,000,000

Secured - interest bearing

- from banking companies	12.1 499,400,000	299,996,495
	769,838,319	592,160,889

- 12.1** The short term credit facilities availed from banking companies comprise of Conventional Financing and Islamic Financing amounting to Rs.100.00 million and 399.40 million respectively. These finances are secured against pledge of white refined sugar and personal guarantee of Chief Executive of the Company. Mark up charging rate for Conventional Financing ranges from one month KIBOR + 1.25% to one month KIBOR + 3.0% and for Islamic Financing markup rate ranges from relevant KIBOR + 1.50% to relevant KIBOR + 2.25%.



ADAM SUGAR MILLS LIMITED

13 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in the audited financial statements for the year ended September 30, 2020.

	December 31 2020 (Unaudited) Rupees	September 30, 2020 (Audited) Rupees
14 TURNOVER - NET		
Local sale - Sugar	438,392,327	956,714,574
Sales Tax	(47,134,057)	(145,401,000)
	391,258,270	811,313,574
Molasses	88,315,918	52,453,800
	479,574,187	863,767,374

15 TRANSACTION WITH RELATED PARTIES

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

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

	December 31 2020 (Unaudited) Rupees	September 30, 2020 (Audited) Rupees
Purchases of oil and lubricants - from associated undertaking	5,693,483	3,677,642
Payment to associated undertaking against oil and lubricants	394,166	3,571,395

16 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on February 26, 2021 by the Board of Directors of the Company.

17 GENERAL

Figures have been rounded off to the nearest rupees.

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

MR. OMAR G. ADAM
Director



ADAM SUGAR MILLS LIMITED