



# Adam Sugar Mills Ltd.

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

## DIRECTORS' REPORT

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

Dear Members,

On behalf of the Board, we welcome you to the 57<sup>th</sup> Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30 September, 2022.

#### FINANCIAL RESULTS

Rs.

Profit after taxation	141,471,035
Incremental depreciation, net-off deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	93,943,976
Un-appropriated profit brought forward	541,364,302
Un-appropriated profit carried forward	743,908,776

#### OPERATING RESULTS

	<u>2022</u>	<u>2021</u>
Cane Crushed-Metric Tons	833,340	337,875
Sugar Recovery Rate	9.84%	8.74%
Sugar Produced-Metric Tons	82,039	29,543
Commenced Crushing on	15/11/2021	10/11/2020
Stopped Crushing on	05/04/2022	19/03/2021
Number of Season Days	142	130
EPS – basic & diluted	Rs.8.18	Rs.11.32





## Adam Sugar Mills Ltd.

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

The Punjab Government had fixed the minimum support price of sugarcane at Rs. 225 per 40 Kgs.

Alhamdulillah, season went very good with bumper crop and record production. 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 through its association had approached the Government for approval to export excess production without any subsidy. The surplus production country wide has led to a depressed market for sugar in the absence of a clear export policy.

The Government had not taken any decision till end of financial year September 30, 2022 regarding export of surplus sugar, however lately in December 2022; Government approved export of 100,000 M.Tons of surplus sugar with certain conditions.

### **FUTURE PROSPECTS**

The minimum support price for cane crushing season 2022-2023 of sugarcane has been increased by the Government from Rs. 225 to Rs. 300 per 40 kgs. We have already crushed 160,096 M.Tons of sugarcane at an average recovery of 9.30% and have produced 13,822 M. Tons of sugar.

The current political scenario of the country fuelled by global inflation along with depleting foreign reserves of the country depicts an uncertain business environment. The uncertainty at the political front has affected timely decision making at the establishment level for export business, as in the case of export decision of surplus sugar which was well delayed by approximately a year, leaving international markets open to the competitors.

The raw material support price increased by 33.33% along with rising overheads and increased cost of funding will affect future profitability of the Company, if the Government will control the sugar price by artificial means, such as suppressing exports creating excess supply.

We are hopeful that better sense will prevail and our Government which realizes it is in dire need of foreign exchange, will take timely decision to allow the export of surplus sugar in the coming season 2022-23, this would also give some much needed support to the local market where we are expecting lower prices due to expected surplus sugar production in the year 2022-2023.





## STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- The names of the persons who, at any time during the financial year, were Directors of the Company are given below:
  1. Mr. Ghulam Ahmed Adam
  2. Mr. Jawaid Ahmed
  3. Mr. Junaid G. Adam
  4. Mr. Omar G. Adam
  5. Mrs. Nabiah Omar Adam
  6. Lt. Col (Rtd) Muhammad Mujtaba
  7. Mr. Mustafa G. Adam
- The financial statements, prepared by the Management, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The company has maintained proper books of accounts as required by the law.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The accounting policies and disclosures are in accordance with the approved Accounting Standards applicable in Pakistan, unless otherwise disclosed.
- The system of internal control is sound in design and effectively implemented.
- There is no significant doubt as to the ability of the company to continue as an on-going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- No trading in the shares of the Company was carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children.
- The management of the Company follows the rigorous approach to risk management which is essential to running a successful sustainable business.
- The main trends and factors likely to affect the future development, performance and position of the Company's business are described in "Future Prospects".
- There are no contents with regard to modification in the Auditor's Report.
- Pattern of Shareholding is attached in the Annual Report.



## **BOARD MEETINGS**

During the four meetings of the Board of Directors were held. Participation of directors is as follows:

NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
1. Mr. Ghulam Ahmed Adam	5
2. Mr. Jawaid Ahmed	5
3. Lt. Col (Rtd) Muhammad Mujtaba	4
4. Mr. Junaid G. Adam	5
5. Mr. Omar G. Adam	5
6. Mrs. Nabiah Omar Adam	5
7. Mr. Mustafa G. Adam	4

Leave of absence was granted to Directors who could not attend the meetings.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company realizes its responsibility towards the society and in this regard, the Company has shown commitment to make education more easily available. The Company is running a free school at its Mills site where children of Company's staff and adjoining areas are enrolled.

Another goal is to make health care accessible without any discrimination therefore in this regard Free Eye Camps are arranged where Specialized Doctors performs surgeries free of cost.

## **ENVIROMENT**

The Company's processes are such that they do not bring any adverse effect to the environment; however the Company has already got approval from Environmental Protection Agency, Punjab for installation of Water Treatment Plant at Adam Sugar Mills Limited.

## **DIVIDEND**

The Board of Directors in their meeting held on December 30, 2022, has recommended a final cash dividend for the year ended September 30, 2022 at Rs.2.50 per share i.e. 25%.





# Adam Sugar Mills Ltd.

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

## ELECTION OF DIRECTORS

The Board of Director in their meeting held on December 22, 2022 have fixed Seven(7) number of Directors to be elected in election of Directors due on January 27, 2023.

## AUDITORS

M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, the auditors of the Company retires and offers them for reappointment. The Audit Committee has recommended their reappointment for the year 2022-2023.

## EMPLOYEE RELATIONS

Your directors appreciate the spirit of cooperation shown by the officers, staff and workers and we hope that their dedication will continue in future.

On behalf of the Directors

Karachi: December 30, 2022

  
OMAR G. ADAM  
Director

  
GHULAM AHMED ADAM  
Chief Executive