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: 32401139-43  
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# 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, I am pleased to present you the Un-Audited Financial Statements of the Company for the first quarter ending December 31, 2022.

### Operating Results

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cane crushed – Metric Tons	175,099	218,140
Average Recovery	9.36%	9.01%
Sugar Produced – Metric Tons	15,324	19,060
Commenced Crushing on	27-11-2022	15-11-2021
No. of season days	35	47

The minimum support price of sugarcane has been increased by the Government from Rs. 225 to Rs. 300 per 40 kgs. The current average sugar cane cost will be much higher than the indicative support price of Rs.300 per 40 Kgs due to inflationary trends affecting other purchase incidentals.

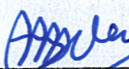
### Future Outlook

After almost one year of negotiations with Federal and Provincial Governments for export of surplus sugar stocks, The Economic Coordination Committee (ECC) of the Cabinet has finally given approval of 250,000 M.Ton of sugar exports, however the carry over stock from previous year are much higher which is weighing the local market down. Current year's production is expected to be almost same as last year which would add further surplus stocks.

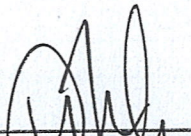
We are hopeful that the Government will allow further export to balance the local market and allow the industry to earn precious foreign exchange for betterment of economy.

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 Board of Directors

  
Ghulam Ahmed Adam  
Chief Executive

Karachi: January 30, 2023

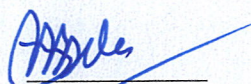
  
Omar G. Adam  
Director

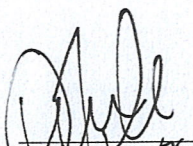
# Adam Sugar Mills Limited

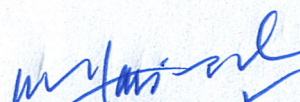
## Condensed Interim Statement of Financial Position (Un-Audited)

As at December 31, 2022

		December 31, 2022	September 30, 2022
		Rupees	
<b>ASSETS</b>	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	4	4,988,113,378	4,966,579,661
Long term advances		46,277,663	84,371,626
Long term deposits		4,306,481	4,306,481
		<u>5,038,697,522</u>	<u>5,055,257,768</u>
<b>Current assets</b>			
Stores and spares		144,930,670	112,739,378
Stock in trade	5	1,865,296,614	1,191,001,464
Short term investments		125,204,970	25,204,970
Trade debts - unsecured	6	613,664,299	317,686,918
Short term loans and advances	7	54,507,372	73,809,607
Short term prepayments		2,673,355	480,714
Others receivables		11,142,124	11,142,124
Cash and bank balances	8	350,462,378	64,817,637
		<u>3,167,881,782</u>	<u>1,796,882,812</u>
<b>Total assets</b>		<u>8,206,579,304</u>	<u>6,852,140,580</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<i>Authorized Capital</i>		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up capital		172,909,620	172,909,620
<i>Capital reserves:</i>			
Surplus on revaluation of property, plant and equipment- net		2,546,514,414	2,569,437,845
Share premium		172,909,620	172,909,620
Capital contribution from director		18,601,691	18,601,691
		<u>2,738,025,725</u>	<u>2,760,949,156</u>
<i>Revenue reserves:</i>			
General reserve		200,000,000	200,000,000
Unappropriated profits		689,637,397	743,908,776
		<u>889,637,397</u>	<u>943,908,776</u>
<b>Total equity</b>		<u>3,800,572,742</u>	<u>3,877,767,552</u>
<b>Non-current liabilities</b>			
Subordinated loan from Chief Executive	9	18,947,081	18,458,845
Long term financing	10	421,171,828	107,667,302
Deferred liabilities		872,031,230	871,489,389
Provident fund payable		9,636,078	9,625,273
		<u>1,321,786,218</u>	<u>1,007,240,809</u>
<b>Current liabilities</b>			
Short term borrowings	11	1,451,207,538	963,244,526
Trade and other payables		1,467,311,869	778,569,189
Accrued markup		20,003,506	38,347,012
Current maturity of long term financing		59,097,222	116,074,971
Current maturity of deferred income - Government grant		2,664,988	2,664,988
Dividend		48,397,121	5,207,966
Taxation-net		35,538,099	63,023,567
		<u>3,084,220,344</u>	<u>1,967,132,219</u>
<b>Contingencies and commitments</b>	12	-	-
<b>Total equity and liabilities</b>		<u>8,206,579,304</u>	<u>6,852,140,580</u>

  
Chief Executive

  
Director

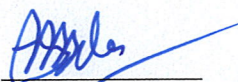
  
Chief Financial Officer

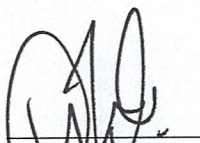
# Adam Sugar Mills Limited

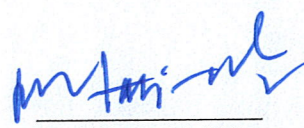
## Condensed Interim Statement of Profit or Loss (Un-Audited)

For the period ended December 31, 2022

		December 31, 2022	December 31, 2021
	Note	Rupees	
Sales revenue - net	13	900,731,372	1,370,173,199
Cost of sales		(847,392,724)	(1,173,059,741)
<b>Gross profit</b>		<b>53,338,648</b>	<b>197,113,458</b>
Administrative expenses		(54,240,529)	(31,545,581)
Selling and distribution costs		(1,267,095)	(1,159,753)
		(55,507,624)	(32,705,334)
<b>Operating profit</b>		<b>(2,168,976)</b>	<b>164,408,124</b>
Finance costs		(25,401,343)	(11,501,893)
Other income		4,862,056	2,090,782
Other operating expenses		-	(10,694,794)
		(20,539,287)	(20,105,905)
<b>(Loss) / Profit before taxation</b>		<b>(22,708,263)</b>	<b>144,302,219</b>
Taxation - net		(11,259,142)	(24,829,124)
<b>(Loss) / Profit after taxation</b>		<b>(33,967,405)</b>	<b>119,473,095</b>
<b>Earnings per share- basic and diluted</b>		<b>(1.96)</b>	<b>6.91</b>

  
Chief Executive

  
Director

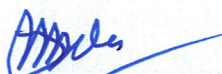
  
Chief Financial Officer

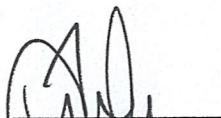
## Adam Sugar Mills Limited

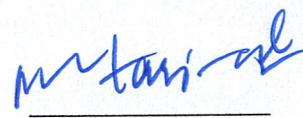
### Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the period ended December 31, 2022

	December 31, 2022	December 31, 2021
	Rupees	
(Loss) / Profit after taxation	(33,967,405)	119,473,095
<b>Other comprehensive (loss) / income for the year</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Gain / (Loss) on remeasurement of defined benefit obligation	-	-
Deferred tax on above	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b>(33,967,405)</b>	<b>119,473,095</b>

  
Chief Executive

  
Director

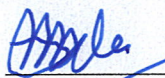
  
Chief Financial Officer

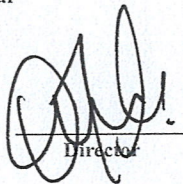
# Adam Sugar Mills Limited

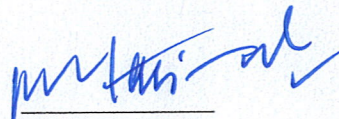
## Condensed Interim Statement of Cash Flows (Un-Audited)

For the period ended December 31, 2022

		December 31, 2022	December 31, 2021
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<i>Note</i>		
Profit before taxation		(22,708,263)	144,302,219
<i>Adjustments for non cash and other items:</i>			
- Depreciation on property, plant and equipment	4.1	54,711,912	76,344,125
- Provision for gratuity		541,841	977,415
- Finance cost		25,401,343	11,501,893
- Provision for Workers' Profit Participation Fund		-	7,749,851
- Provision for Workers' Welfare Fund		-	2,944,943
- Provision for provident fund		108,519	254,622
		<u>80,763,615</u>	<u>99,772,849</u>
<b>Cash generated from operating activities before working capital changes</b>		<b>58,055,352</b>	<b>244,075,068</b>
<b>Working capital changes:</b>			
<i>Decrease / (increase) in current assets</i>			
- Stores and spares		(32,191,292)	(6,705,633)
- Stock in trade		(674,295,150)	(293,399,523)
- Trade debts		(295,977,381)	(11,027,425)
- Short term loans and advances		19,302,235	73,624,204
- Trade deposits and short term prepayments		(2,192,641)	(2,149,327)
- Other receivables - considered good			(291,318)
<i>Increase / (decrease) in current liabilities</i>			
- Trade and other payables		688,742,680	466,681,326
		<u>(296,611,549)</u>	<u>226,732,304</u>
<b>Cash (used) / generated from operations</b>		<b>(238,556,197)</b>	<b>470,807,372</b>
- Financial costs paid		(43,256,612)	(9,812,697)
- Payment to Provident fund		(97,714)	(193,012)
- Gratuity paid		-	(35,000)
- Taxes paid		(38,744,610)	(60,637,093)
		<u>(82,098,936)</u>	<u>(70,677,802)</u>
<b>Net cash (used) / generated from operating activities</b>		<b>(320,655,133)</b>	<b>400,129,570</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
- Fixed Capital Expenditure		(76,245,629)	(119,319,584)
- Long term advances transferred		38,093,963	-
- Short term investments		(100,000,000)	-
<b>Net cash used in investing activities</b>		<b>(138,151,666)</b>	<b>(119,319,584)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
- Dividend paid		(38,250)	-
- Long term loan obtained		295,624,000	41,830,853
- Long term loan repaid		(39,097,222)	-
<b>Net cash generated from financing activities</b>		<b>256,488,528</b>	<b>41,830,853</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(202,318,270)</b>	<b>322,640,839</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(898,426,889)</b>	<b>(578,850,909)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>(1,100,745,159)</b>	<b>(256,210,070)</b>

  
Chief Executive

  
Director

  
Chief Financial Officer

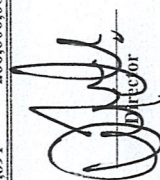
# Adam Sugar Mills Limited

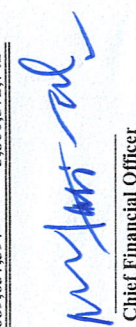
## Condensed Interim Statement of Changes in Equity (Un-Audited)

For the period ended December 31, 2022

	Capital reserves			Revenue reserves		
	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)
						Total
<b>Balance as at September 30, 2021</b>	172,909,620	2,663,381,821	172,909,620	18,601,691	200,000,000	541,364,302
<i>Total comprehensive income for the year ended September 30, 2022</i>						3,769,167,054
- Profit after tax	-	-	-	-	-	141,471,035
- Other comprehensive income	-	-	-	-	-	1,711,387
Transfer to unappropriated profits on account of incremental depreciation - net of deferred tax	-	-	-	-	-	143,182,422
Transfer to unappropriated profits on account of incremental depreciation - net of deferred tax	-	(93,943,976)	-	-	-	93,943,976
Transaction with owners						
Final Cash dividend @ 20% for the year ended September 30, 2021	-	-	-	-	-	(34,581,924)
<b>Balance as at September 30, 2022</b>	172,909,620	2,569,437,845	172,909,620	18,601,691	200,000,000	743,908,776
<i>Total comprehensive income for the period ended December 31, 2022</i>						3,877,767,552
- Loss after tax	-	-	-	-	-	(33,967,405)
- Other comprehensive income/loss	-	-	-	-	-	(33,967,405)
Transfer to unappropriated profits on account of incremental depreciation	-	(22,923,431)	-	-	-	22,923,431
Transaction with owners						
Final Cash dividend @ 25% for the year ended September 30, 2022	-	-	-	-	-	(43,227,405)
<b>Balance as at December 31, 2022</b>	172,909,620	2,546,514,414	172,909,620	18,601,691	200,000,000	689,637,397
						3,800,572,742

  
Chief Executive

  
Director

  
Chief Financial Officer

**Adam Sugar Mills Limited**  
**Notes to the Condensed Interim Financial Statements (Un-Audited)**  
**For the quarter ended December 31, 2022**

**1. STATUS AND NATURE OF BUSINESS**

Adam Sugar Mills Limited ('the Company') was incorporated in Pakistan on October 19, 1965 in the name of Bahawalnagar Sugar Mills Limited as a public limited company under the provisions of the Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984, and subsequently, the Companies Act, 2017, promulgated in May 2017). 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 with the applicable accounting and reporting standards**

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 provision of, and directive issued under, the Companies Act, 2017 have been followed.

**2.2 Basis of measurement of items in these financial statements**

Items included in these financial statements have been measured at their historical cost except for freehold land, factory building, non-factory building and plant and machinery which are carried at revalued amounts less accumulated depreciation charged thereon.

**2.3 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.

## 2.4 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### (a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Area of judgement	Brief description of the judgement applied
Property, plant and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'diminishing balance method' as the depreciation method.
Timing of revenue recognition	<i>Local sales revenue :</i> Whether control of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises. <i>Export sales revenue :</i> Whether control of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.

### (b) Assumptions and other major sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Property, plant and equipment	- Estimation of useful lives and residual values of the operating fixed assets - Estimation of revalued amounts of freehold land, factory building, non-factory building and plant and machinery.
Deferred taxation	Recognition of deferred tax assets on unused tax losses and unused tax credits - availability of future taxable profit against which deductible temporary differences and unused tax losses and unused tax credits can be utilised

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these interim condensed financial statements are those applied in the preparation of the financial statements for the year ended September 30, 2022.

	Note	31-Dec-22 Un-Audited Rupees	30-Sep-22 Audited
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	4,935,724,543	4,825,029,489
Capital work-in-progress		52,388,835	141,550,172
		<u>4,988,113,378</u>	<u>4,966,579,661</u>
<b>4.1 Operating fixed assets</b>			
Opening written down value		4,825,029,489	4,840,678,847
Addition to fixed assets - tangible		165,406,966	208,813,082
Depreciation charged		(54,711,912)	(224,218,383)
Disposal of fixed assets		-	(244,057)
		<u>4,935,724,543</u>	<u>4,825,029,489</u>
<b>4.2 Additions to fixed assets - tangible</b>			
Factory buildings on freehold land		1,395,245	4,402,919
Plant and machinery		138,141,385	143,851,383
Vehicles		-	39,242,003
Computer and other equipments		888,708	1,086,754
Furniture and fixtures		44,750	1,010,856
Water connections and electrical installations		23,421,377	4,999,456
Tools and other equipments		1,515,500	12,788,099
Air conditioners and refrigerators		-	1,431,612
		<u>165,406,966</u>	<u>208,813,082</u>
<b>5 STOCK IN TRADE</b>			
Work-in-process		93,232,638	4,013,142
Finished goods- Sugar		1,487,350,262	1,186,988,322
Finished goods- Molasses		284,713,714	-
		<u>1,772,063,976</u>	<u>1,186,988,322</u>
		<u>1,865,296,614</u>	<u>1,191,001,464</u>
<b>6 TRADE DEBTS - unsecured, considered good</b>			
Receivable against sales of sugar		<u>613,664,299</u>	<u>317,686,918</u>
<b>7 SHORT TERM LOANS AND ADVANCES</b>			
Loans to staff		999,531	1,074,121
Advances:			
- to growers		2,181,663	56,321,215
- to contractors		915,250	4,680,005
- to suppliers		40,663,742	1,910,950
- against expenses		88,950	165,080
- others		9,658,236	9,658,236
		<u>53,507,841</u>	<u>72,735,486</u>
		<u>54,507,372</u>	<u>73,809,607</u>

## 8 CASH AND BANK BALANCES

Cash in hand	1,786,268	49,226
Cash at bank		
- Current accounts	346,230,384	60,128,574
- Deposit accounts	2,445,726	4,639,837
	348,676,110	64,768,411
	<u>350,462,378</u>	<u>64,817,637</u>

## 9 SUBORDINATED LOAN FROM THE CHIEF EXECUTIVE- unsecured

Outstanding amount of the loan (on undiscounted basis)	<u>24,959,713</u>	<u>24,959,713</u>
Outstanding amount of the loan (on discounted basis):		
Balance as at the beginning of the year	18,458,845	16,692,752
Add: Interest on unwinding of the loan during the year	488,236	1,766,093
	<u>18,947,081</u>	<u>18,458,845</u>

As of September 30, 2020, the outstanding carrying amount of the loan was fully amortized to its nominal value (i.e. Rs. 24.96 million). However, the terms of the loan were renegotiated with the Chief Executive of the Company whereby the contractual maturity of the loan was extended for a further period of five (05) years ending on September 30, 2025. Accordingly, in view thereof, the nominal value of the loan was, again, discounted to its present value, as of September 30, 2020, determined using the discount rate of 10.58% (computed as 1-year KIBOR + 3% credit spread).

## 10 LONG TERM FINANCE - secured

From conventional banking companies

Habib Bank Limited	400,624,000	112,500,000
JS Bank Limited	22,222,222	44,444,445
	<u>422,846,222</u>	<u>156,944,445</u>

From Islamic banking companies

Al Baraka Bank (Pakistan) Limited	21,875,000	31,250,000
Dubai Islamic Bank Pakistan Limited - SBP Solar Financing	35,547,828	35,547,828
	<u>57,422,828</u>	<u>66,797,828</u>

	480,269,050	223,742,273
Current maturity shown under current liabilities	<u>(59,097,222)</u>	<u>(116,074,971)</u>
	<u>421,171,828</u>	<u>107,667,302</u>

## 11 SHORT TERM BORROWINGS

Unsecured - interest free		
- from Chief Executive	32,164,394	32,164,394
- from Adam Lubricants Limited (a related concern)	557,500,000	502,500,000
	<u>589,664,394</u>	<u>534,664,394</u>

Secured

- from Conventional banking companies

- JS Bank Limited	198,714,799	199,921,844
- Habib Bank Limited	277,348,579	78,658,288
	<u>476,063,377</u>	<u>278,580,132</u>

- from Islamic banking companies

- AlBaraka Bank Limited	-	150,000,000
- Meezan Bank Limited	231,683,629	
- Askari Bank Limited	153,796,138	-
	<u>385,479,767</u>	<u>150,000,000</u>

	<u>1,451,207,538</u>	<u>963,244,526</u>
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11.1 The short term credit facilities availed from banking companies comprise of Conventional Financing and Islamic Financing. 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 relevant KIBOR + 1.25% to relevant KIBOR + 3.0% and for Islamic Financing markup rate ranges from relevant KIBOR + 1.50% to relevant KIBOR + 2.25%.

## 12 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, 2022.

31-Dec-22	31-Dec-21
Un-Audited	Un-Audited
Rupees	

## 13 SALES REVENUE - net

Local sales - Sugar	900,731,372	1,199,255,040
Local sales - Molasses	-	168,583,880
Local sales - Others	-	2,334,279
	<u>900,731,372</u>	<u>1,370,173,199</u>

## 14 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: -


	31-Dec-22	30-Sep-22
	Un-Audited	Audited
Rupees		
<b>Adam Lubricants Limited</b>		
Purchases made during the period	12,364,853	5,981,291
Loan received during the period	55,000,000	769,000,000
Loan payable at the end of the period	557,500,000	502,500,000
<b>Chief Executive</b>		
Short term loan	32,164,394	32,164,394
Subordinated loan (On undiscounted basis)	24,959,713	24,959,713

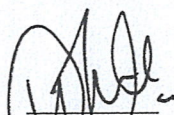
## 15 DATE OF AUTHORISATION FOR ISSUE

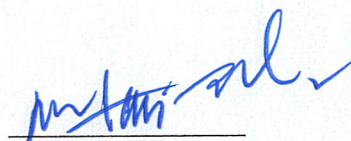
These financial statements have been authorised for issue on January 30, 2023 by the Board of Directors of the Company.

## 16 GENERAL

Figures have been rounded off to the nearest rupees.

  
Ghulam Ahmad Adam  
Chief Executive

  
Ghulam Ahmad Adam  
Director

  
Faisal Habib  
Chief Financial Officer