

ADAM SUGAR MILLS LIMITED
QUARTERLY REPORT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED
DECEMBER 31, 2024

DIRECTORS' REVIEW

On behalf of the Board of Directors, I am pleased to present the Un-Audited Financial Statements of the Company for the first quarter ending December 31, 2024.

Operating Results

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cane crushed – Metric Tons	155,660	212,881
Average Recovery	8.60%	9.67%
Sugar Produced – Metric Tons	13,387	19,920
Commenced Crushing on	21-11-2024	25-11-2023
No. of season days	41	37

The current season started on a challenging note due to uncertainty within the grower community, as the Punjab Government has not fixed the minimum support price and this caused hesitation among growers as they are not accustomed to global market dynamics where prices are determined by market forces. Furthermore, both sugarcane yield per acre and recoveries are unexpectedly low this season. This is a countrywide phenomenon and has affected almost all sugarcane growing regions of Pakistan.

Despite the challenges of the previous season, the Company successfully fulfilled its sugar export commitments within the allocated quota and time frame allotted, and has started the current crushing season smoothly.

Future Outlook

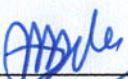
We remain optimistic about achieving favorable results in current financial year. The countrywide sugar production outlook does not indicate any major surplus on the horizon as in previous financial year. The local market should have ample supply however and we hope that the Government will once again allow export of surplus stocks if any after taking into account the requirements of the country.

We are optimistic about Government's efforts towards strengthening economy and that it will bring positive results.

Acknowledgment

The Board sincerely appreciates the unwavering dedication and cooperation demonstrated by the Company's officers, staff, and workers. We look forward to their continued commitment to the success of the Company.

On behalf of the Board of Directors

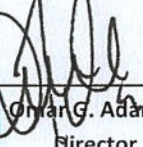


Ghulam Ahmed Adam

Chief Executive

Karachi: January 29, 2025





Omar G. Adam
Director

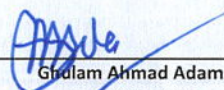
Adam Sugar Mills Limited

Condensed Interim Statement of Financial Position (Un-Audited)

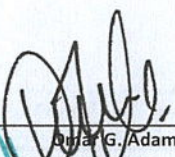
As at December 31, 2024

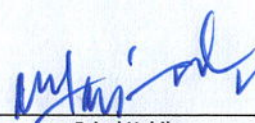
As at December 31, 2024		December 31, 2024	September 30, 2024
ASSETS	Note	Rupees	
Non-current assets			
Property, plant and equipment	4	6,361,353,688	6,418,184,008
Long term advances		-	30,864,400
Long term deposits		4,191,581	4,191,581
		<u>6,365,545,269</u>	<u>6,453,239,989</u>
Current assets			
Stores and spares		187,206,848	154,330,437
Stock in trade	5	1,249,194,616	3,249,144,346
Short term investments		25,020,460	25,020,460
Trade debts - unsecured	6	1,213,740,287	506,643,021
Short term loans, advances, deposits and prepayments	7	110,279,209	89,558,315
Others receivables		12,549,819	12,549,818
Cash and bank balances	8	417,191,902	53,025,872
		<u>3,215,183,141</u>	<u>4,090,272,269</u>
Total assets		<u><u>9,580,728,410</u></u>	<u><u>10,543,512,258</u></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		3,624,268,152	3,654,432,478
Share premium		172,909,620	172,909,620
Capital contribution from director		18,601,691	18,601,691
		3,815,779,463	3,845,943,789
Revenue reserves:			
General reserve		200,000,000	200,000,000
Unappropriated profits		1,031,832,690	1,038,641,867
		<u>1,231,832,690</u>	<u>1,238,641,867</u>
Total equity		<u>5,220,521,773</u>	<u>5,257,495,276</u>
Non-current liabilities			
Long term financing	9	100,908,877	219,882,722
Deferred liabilities		1,143,212,861	1,142,225,610
Provident fund payable		5,255,418	4,945,994
		1,249,377,156	1,367,054,326
Current liabilities			
Short term borrowings	10	1,719,525,132	2,718,924,732
Subordinated loan from Chief Executive	11	23,111,297	22,571,399
Trade and other payables		1,129,485,908	835,408,349
Accrued markup		6,528,180	208,113,890
Current maturity of long term financing		187,223,440	115,055,580
Current maturity of deferred income - Government grant		1,330,401	1,618,314
Dividend		33,093,141	7,156,698
Taxation-net		10,531,982	10,113,694
		<u>3,110,829,481</u>	<u>3,918,962,656</u>
Contingencies and commitments	12	-	-
Total equity and liabilities		<u><u>9,580,728,410</u></u>	<u><u>10,543,512,258</u></u>

The annexed notes from 1 to 16 form an integral part of these financial statements.


Ghulam Ahmad Adam
Chief Executive




Ghulam G. Adam
Director


Faizal Habib
Chief Financial Officer

Adam Sugar Mills Limited

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

For the period ended December 31, 2024

		December 31, 2024	December 31, 2023
	Note	Rupees	
Sales revenue - net	13	3,880,456,855	1,801,716,579
Cost of sales		(3,708,895,610)	(1,304,189,891)
Gross profit		171,561,245	497,526,688
Administrative expenses		(53,636,681)	(47,397,315)
Selling and distribution costs		(40,988,364)	(1,799,988)
		(94,625,045)	(49,197,303)
Operating profit		76,936,201	448,329,385
Finance costs		(39,696,828)	(41,702,897)
Other income		2,556,478	3,479,123
Other operating expenses		(1,933,580)	(2,689,820)
		(39,073,930)	(40,913,594)
Profit before levies and taxation		37,862,271	407,415,791
Levies		(2,612,497)	(28,111,690)
Profit before taxation		35,249,774	379,304,101
Taxation - current		(46,286,834)	(144,552,719)
Profit after taxation		(11,037,060)	234,751,382
Earnings per share- basic and diluted		(0.64)	13.58

Ghulam Ahmad Adam
Chief Executive



Omar S. Adam
Director

Faisal Habib
Chief Financial Officer

Adam Sugar Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the period ended December 31, 2024

	December 31, 2024	December 31, 2023
	Rupees	
Profit after taxation	(11,037,060)	234,751,382
Other comprehensive (loss) / income for the year		
Items that will not be reclassified subsequently to profit or loss		
Gain / (Loss) on remeasurement of defined benefit obligation	-	-
Deferred tax on above	-	-
Total comprehensive income for the year	(11,037,060)	234,751,382

Ghulam Ahmad Adam
Chief Executive



Omar B. Adam
Director

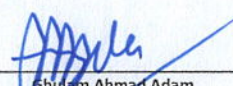
Faisal Habib
Chief Financial Officer

Adam Sugar Mills Limited

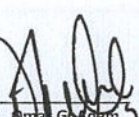
Condensed Interim Statement of Cash Flows (Un-Audited)

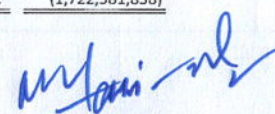
For the period ended December 31, 2024

		December 31, 2024	December 31, 2023
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Profit before taxation		37,862,271	407,415,791
<i>Adjustments for non cash and other items:</i>			
- Depreciation on property, plant and equipment	4.1	70,035,317	70,321,864
- Provision for gratuity		914,238	493,881
- Finance cost		39,696,828	41,702,897
- Amortization of deferred government grant - Net		(214,900)	-
- Provision for Workers' Profit Participation Fund		1,893,114	20,370,790
- Provision for Workers' Welfare Fund		719,383	7,740,900
- Provision for provident fund		720,900	60,837
		113,764,880	140,691,168
Cash generated from operating activities before working capital changes		151,627,150	548,106,959
Working capital changes:			
<i>Decrease / (increase) in current assets</i>			
- Stores and spares		(32,876,411)	(21,296,053)
- Stock in trade		1,999,949,730	(1,173,538,994)
- Trade debts		(1,051,499,713)	(156,907,755)
- Short term loans, advances		(20,720,894)	993,615
<i>Increase / (decrease) in current liabilities</i>			
- Trade and other payables		635,867,510	11,912,074
		1,530,720,222	(1,338,837,113)
Cash generated from / (used) in operations		1,682,347,372	(790,730,154)
- Financial costs paid		(240,742,640)	(98,278,947)
- Payment to Provident fund		(411,477)	(481,692)
- Gratuity paid		-	(2,047,631)
- Taxes paid		(48,481,043)	(132,959,936)
		(289,635,160)	(233,768,206)
Net cash generated from / (used) in operating activities		1,392,712,212	(1,024,498,360)
CASH FLOWS FROM INVESTING ACTIVITIES			
- Fixed Capital Expenditure		(13,204,997)	(17,299,529)
- Long term advances transferred		30,864,400	(41,255,644)
Net cash generated from / (used) in investing activities		17,659,403	(58,555,173)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Short term borrowings - net		30,792,738	-
- Long term loan repaid		(46,805,986)	(9,757,221)
Net cash (used) in financing activities		(16,013,248)	(9,757,221)
Net increase / (decrease) in cash and cash equivalents		1,394,358,368	(1,092,810,754)
Cash and cash equivalents at the beginning of the period		(977,166,466)	(629,571,084)
Cash and cash equivalents at the end of the period		417,191,902	(1,722,381,838)


Shuhaim Ahmad Adam
Chief Executive




Omar G. Adam
Director


Faisal Habib
Chief Financial Officer

Adam Sugar Mills Limited

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

For the period ended December 31, 2024

	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
Balance as at September 30, 2022 (as previously reported)	172,909,620	2,661,730,994	172,909,620	18,601,691	200,000,000	788,775,896
						4,014,927,821
Effect of restatement of corresponding figures	-	(92,293,149)	-	-	-	(37,595,040)
						(129,888,189)
Balance as at September 30, 2022 (as restated)	172,909,620	2,569,437,845	172,909,620	18,601,691	200,000,000	751,180,856
						3,885,039,632
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax (restated)		(119,064,024)				119,064,024
						-
Total comprehensive income/ (loss) for the year ended September 30, 2023						
- Profit after taxation (restated)	-	-	-	-	-	117,516,678
- Other comprehensive income / (loss) (restated)	-	1,330,353,018	-	-	-	1,330,269,043
						1,447,785,721
Transaction with owners						
Final cash dividend @ 25% for the year ended September 30, 2022	-	-	-	-	-	(43,227,405)
Interim cash dividend @ 15% for the quarter ended June 30, 2023	-	-	-	-	-	(25,936,443)
Balance as at September 30, 2023 (as restated)	172,909,620	3,780,726,839	172,909,620	18,601,691	200,000,000	918,513,735
						5,263,661,505
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax		(126,294,361)				126,294,361
						-
Total comprehensive income for the year ended September 30, 2024						
- Profit after taxation	-	-	-	-	-	54,245,694
- Other comprehensive income	-	-	-	-	-	106,445
						54,352,139
Transaction with owners						
Final cash dividend @ 35% for the year ended September 30, 2023	-	-	-	-	-	(60,518,368)
Balance as at September 30, 2024	172,909,620	3,654,432,478	172,909,620	18,601,691	200,000,000	1,038,641,867
						5,257,495,276

Total comprehensive income for the period ended December 31, 2024

- Profit after tax
- Other comprehensive income/loss

Transfer to unappropriated profits on account of incremental depreciation

Transaction with owners

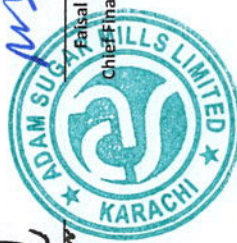
Final Cash dividend @ 15% for the year ended September 30, 2024

Balance as at December 31, 2024

-	-	-	-	-	(11,037,060)	(11,037,060)
-	-	-	-	-	-	-
-	-	-	-	-	(11,037,060)	(11,037,060)
-	(30,164,326)	-	-	-	30,164,326	-
-	-	-	-	-	(25,936,443)	(25,936,443)
172,909,620	3,624,268,152	172,909,620	18,601,691	200,000,000	1,031,837,690	5,220,521,773


 Ghulam Ahmad Adam
 Chief Executive


 Faisal Habib
 Chief Financial Officer



Adam Sugar Mills Limited
Notes to the Condensed Interim Financial Statements (Un-Audited)
For the quarter ended December 31, 2024

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 MATERIAL ACCOUNTING POLICIES

The material 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, 2024.

		31-Dec-24 Un-Audited	30-Sep-24 Audited
	Note	Rupees	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	6,352,788,453	6,371,399,758
Capital work in progress		-	3,780,786
Capital Spares		8,565,235	43,003,464
		<u>6,361,353,688</u>	<u>6,418,184,008</u>
.1 Operating fixed assets			
Opening written down value		6,371,399,758	6,532,712,172
Addition to fixed assets - tangible		51,424,012	121,079,368
Depreciation charged		(70,035,317)	(282,001,899)
Disposal of fixed assets		-	(389,883)
		<u>6,352,788,453</u>	<u>6,371,399,758</u>
.2 Additions to fixed assets - tangible			
Factory buildings on freehold land		9,976,501	5,030,467
Plant and machinery		5,446,800	66,548,130
Vehicles		30,861,466	4,111,254
Computer and other equipments		-	1,832,460
Furniture and fixtures		100,000	235,500
Water connections and electrical installations		3,973,595	34,565,881
Tools and other equipments		1,065,650	8,755,676
		<u>51,424,012</u>	<u>121,079,368</u>
5 STOCK IN TRADE			
Work-in-process		135,967,361	5,226,045
Finished goods- Sugar		955,662,800	3,234,728,318
Finished goods- Molasses		157,564,455	9,189,983
		<u>1,113,227,255</u>	<u>3,243,918,301</u>
		<u>1,249,194,616</u>	<u>3,249,144,346</u>
6 TRADE DEBTS - unsecured, considered good			
Receivable against sales of sugar - Net		1,213,740,287	506,643,021

7 SHORT TERM LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

Loans to staff	3,393,101	3,617,921
Advances:		
- to growers	22,267,707	10,564,830
- to contractors	3,188,261	679,480
- to suppliers	18,552,361	10,820,649
- against expenses	236,479	81,549
- others	16,315,813	20,596,036
	60,560,621	42,742,544
- Security deposit - Commissioner Workmen's Compensation Bahawalnagar	42,841,568	42,841,568
Prepayments	3,483,919	356,282
	<u>67,437,641</u>	<u>89,558,315</u>

8 CASH AND BANK BALANCES

Cash in hand	1,357,665	-
Cash at bank		
- Current accounts	414,874,487	47,248,737
- Deposit accounts	959,750	5,777,135
	<u>415,834,237</u>	<u>53,025,872</u>
	<u>417,191,902</u>	<u>53,025,872</u>

9 LONG TERM FINANCE - secured

From conventional banking companies

Habib Bank Limited	266,718,000	311,171,000
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From Islamic banking companies

Dubai Islamic Bank Pakistan Limited - SBP Solar Financing	21,414,317	23,767,302
	288,132,317	334,938,302
Current maturity shown under current liabilities	(187,223,440)	(115,055,580)
	100,908,877	219,882,722

10 SHORT TERM BORROWINGS

Unsecured - interest free

- from Chief Executive	32,164,394	32,164,394
- from Adam Lubricants Limited (a related concern)	1,052,000,000	830,068,000
	1,084,164,394	862,232,394

Secured

- from Conventional banking companies

- Habib Bank Limited	-	1,030,192,338
	-	1,030,192,338

- from Islamic banking companies

- AL Baraka Bank Limited	-	318,500,000
- Askari Bank Limited	481,384,006	508,000,000
- Dubai Islamic Bank Pakistan Limited	153,976,732	-
	635,360,738	826,500,000

	1,719,525,132	2,718,924,732
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10.1 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 at the rate of 1-Month KIBOR + 1.25% and for Islamic Financing markup at the rate of relevant KIBOR + 1.50% to 2.25%.

**11 SUBORDINATED LOAN FROM THE
CHIEF EXECUTIVE- unsecured**

Outstanding amount of the loan
(on undiscounted basis)

24,959,713

24,959,713

Outstanding amount of the loan
(on discounted basis):

Balance as at the beginning of the year

22,571,399

20,411,807

Add: Interest on unwinding of the loan during the period

539,898

2,159,592

23,111,297

22,571,399

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).

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, 2024.

31-Dec-24	Dec 31, 2023
Un-Audited	Un-Audited
— Rupees —	

13 SALES REVENUE - net

Local

Sale of Sugar

2,977,325,816

1,783,387,049

Sale of Molasses

11,943,878

17,010,023

Sale of Others

3,636,593

1,319,507

2,992,906,287

1,801,716,579

Export

Sale of Sugar

887,550,568

-

3,880,456,855

1,801,716,579

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: -

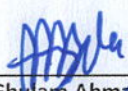
	31-Dec-24 Un-Audited	30-Sep-24 Audited
	Rupees	
Adam Lubricants Limited		
<i>Transactions during the period</i>		
Lubricants purchased during the period / year	7,647,770	14,873,910
Payment against purchases during the period / year	5,667,642	13,699,698
Loan received during the period / year	742,532,000	1,540,000,000
Loan repaid during the period / year	520,600,000	874,932,000
<i>Balances at the end of the period</i>		
Payable against purchases	3,510,771	1,530,643
Short term loan payable	1,052,000,000	830,068,000
Chief Executive		
<i>Balances at the end of the period / year</i>		
Short term loan	32,164,394	32,164,394
Subordinated loan (On undiscounted basis)	24,959,713	24,959,713

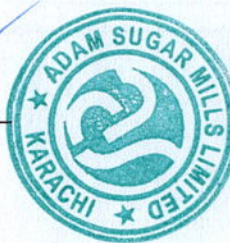
15 DATE OF AUTHORISATION FOR ISSUE


These financial statements have been authorised for issue on January 29, 2025 by the Board of Directors of the Company.

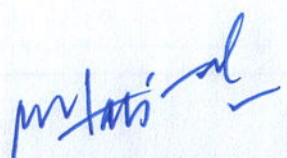
16 GENERAL

Figures have been rounded off to the nearest rupees.


Ghulam Ahmad Adam
Chief Executive




Omar G. Adam
Director


Faisal Habib
Chief Financial Officer