



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.

SIX YEARS' REVIEW AT A GLANCE

	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Cane Curshed (Metric Tons)	710,053	464,014	360,301	527,222	506,091	523,558
Recovery	9.17%	9.48%	9.75%	9.28%	10.00%	9.84%
Sugar Produced (Metric Tons)	65,097	43,979	35,175	48,894	50,650	51,530
	Rs	Rs	Rs	Rs	Rs	Rs
Paid up Capital	172,909,620	172,909,620	172,909,620	172,909,620	57,636,540	57,636,540
Reserve & Surplus	586,338,979	649,510,537	523,971,788	583,000,430	392,807,255	312,185,754
Shareholders Equity	759,248,599	822,420,157	696,881,408	755,910,050	450,443,795	369,822,294
Fixed Assets	1,580,825,659	1,531,192,067	1,483,401,468	1,531,781,049	1,408,055,065	1,163,459,026
Sales	1,849,979,187	3,261,246,962	2,451,996,557	3,174,410,211	2,069,488,065	1,535,411,250
Cost of Sales	1,787,420,927	2,948,835,097	2,586,099,968	3,005,957,329	1,759,311,056	1,363,541,357
Gross profit/(Loss)	62,576,260	312,411,865	(136,103,411)	168,452,882	310,311,056	171,869,893
(Loss) / Profit Before Tax	(5,732,576)	168,520,042	(82,608,478)	(59,433,850)	113,250,559	62,052,713
(Loss) / Profit After Tax	(2,988,340)	124,459,437	(70,500,029)	30,377,420	84,284,533	42,710,537
(Loss/Earning Per Share	(0.17)	7.20	(4.08)	2.64	13.50	7.41
Break up Value of Share	43.91	47.56	40.30	43.72	78.51	64.14



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 52nd Annual General Meeting of the shareholders of the Company will be held at 10:00 a.m on Saturday, January 27, 2018 at The Arts Council of Pakistan, M.R.Kiyani Road, Karachi to transact the following business:-

- 1) To confirm the Minutes of 51st Annual General Meeting held on January 31, 2017.
- 2) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2017 together with Directors' and Auditors' Reports thereon.
- 3) To appoint auditors of the Company for the year 2017-2018 and to fix their remuneration. The present Auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
- 4) To obtain consent of the shareholders in term of S.R.O 470(1) 2016 dated 31 may 2016 issued by Securities and Exchange Commission of Pakistan , for the transmission of the annual reports including annual audited accounts, notes of annual legal meeting and other information contained therein of Company either through CD or DVD or USB .
- 5) To transact any other ordinary business with the permission of the Chair.

Karachi: January 03, 2018

By Order of the Board
QAMAR RAFI KHAN
Corporate Secretary

NOTES:

- 1) Members who are not able to attend the meeting in person may send their respective proxies duly signed and stamped in the usual form. Such proxies should reach the Registered Office of the Company atleast 48 hours before the meeting.
- 2) The Share Transfer Book of the Company will remain closed from 18th January, 2018 to 27th January, 2018 (both days inclusive). Transfer received at Company Share Registrar M/s C & K Management Associates (Pvt) Ltd, 4th Floor, 404 Trade Tower, Abdullah Haroon Road, Karachi at the close of business on 17th January, 2018 will be treated in time for attending of meeting.
- 3) For identification, CDC account holders should present the participant's CNIC, and CDC Account Number.
- 4) Shareholders are requested to notify the Company of any change in address immediately.



IN THE NAME OF ALLAH
THE BENEFICENT, THE MERCIFUL

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BOARD MEETINGS:

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

NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
Mr. Ghulam Ahmed Adam	4
Mr. Jawaid Ahmed	4
Lt. Col (Rtd) Muhammad Mujtaba	4
Mr. Junaid G. Adam	4
Mr. Omar G. Adam	4
Syed NazarMahmood Shah	2
Mr. Mustafa G. Adam	2

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

Statement of Corporate and Financial Reporting Framework.

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

- * 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.

COMPANY INFORMATION**BOARD OF DIRECTORS**

MR. GHULAM AHMED ADAM
MR. SYED NAZAR MAHMOOD SHAH
MR. JAWAID AHMED
LT. COL. (RTD.) MUHAMMAD MUJTABA
MR. JUNAID G. ADAM
MR. OMAR G. ADAM
MR. MUSTAFA G. ADAM

AUDIT COMMITTEE**CHAIRMAN**

MR. JUNAID G. ADAM

MEMBER

MR. MUSTAFA G. ADAM

MEMBER

MR. JAWAID AHMED

**HUMAN RESOURCES AND REMUNERATION
COMMITTEE**

MR. JUNAID G. ADAM
MR. OMAR G. ADAM
LT. COL. (RTD.) MUHAMMAD MUJTABA

**DIRECTOR FINANCE / CORPORATE
SECRETARY**

QAMAR RAFI KHAN
Chartered Accountant

HEAD OF INTERNAL AUDIT

MUHAMMAD IBRAHIM
FCMA, FPFA

REGISTERED OFFICE

HAJI ADAM CHAMBERS,
ALTAF HUSSAIN ROAD,
NEW CHALLI, KARACHI-2
TEL NO. 32417812-16 & 32401139-43
FAX NO. 32427560
WEBSITE: www.adam.com.pk/adamsugar.html

FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN
DISTRIC BAHAWALNAGAR

STAUTORY AUDITORS

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

SHARE REGISTRAR

C & K MANAGEMENT ASSOCIATES (PVT) LTD
4TH FLOOR, 404 TRADE TOWER,
ABDULLAH HAROON ROAD, KARACHI
TEL NO. 35685930
FAX NO. 35687839



CATAGORIES OF SHAREHOLDERS	NUMBERS	SHARES HELD	PERCANTAGE
Individuals	2,558	13,645,384	78.92%
Investment Companies	1	117	00.00 %
Insurance Companies	1	190	00.00 %
Joint Stock Companies.	19	3,644,262	21.08 %
Financial Institutions	2	401	00.00 %
Others (See below)	3	608	00.00 %
	2,584	17,290,962	100.00 %

OTHERS:

Administrator abandoned Properties	91
Ismail Usman & Co.	17
Trustee Karachi Sheraton Hotel & Tower Employees	500
	608

DIRECTOR REPORT

IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL

Dear Shareholders,

On behalf of the Board, we welcome you to the 52nd Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30 September, 2017.

FINANCIAL RESULTS:

Profit/(Loss) after taxation	Rs. (2,988,340)
Incremental Depreciation net of deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	Rs. 2,380,902
Amortization of Sub-ordinated Director Loan	Rs. 1,591,388
Un-appropriated profit brought forward	Rs. 276,600,917
Un-appropriated profit carried forward	Rs. 213,429,359 =====

OPERATING RESULTS	2017	<u>2016</u>
Cane Crushed-Metric Tons	710,053	464,014
Average Recovery	9.17%	9.48%
Sugar Produced-Metric Tons	65,097	43,979
Commenced Crushing on	12/11/2016	29/11/2015
Stopped Crushing on	28/04/2017	20/03/2016
Number of Season Days	168	113
(Loss)/Earning Per Share (Rupees)	(0.17)	7.20

The Company incurred an after-tax Loss of Rs. 2.988 million. The Punjab Government had fixed the minimum support price of sugarcane at Rs. 180 per 40 K.G, whereas the Sindh Government fixed the price at Rs. 182 per 40 K.G.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
ADAM SUGAR MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Note	2017 Rupees	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(5,732,576)	168,520,042
Adjustments:			
Depreciation	4.2	64,899,968	61,871,004
Finance cost	27	116,317,822	77,084,389
Workers' Profit Participation Fund		-	9,050,486
Workers' Welfare Fund		-	3,439,185
Gain on disposal of property, plant and equipment	4.3	(1,341,749)	(129,665)
Provision for gratuity	19.2	241,882	229,711
		180,117,923	151,545,110
<i>Cash generated from operating activities before working capital changes</i>		174,385,347	320,065,152
Working capital changes:			
<i>Decrease / (increase) in current assets</i>			
Stores and spares		15,996,946	(34,960,240)
Stock in trade		(1,748,793,503)	509,880,418
Trade debts		(23,817,935)	-
Rebate receivable		169,751,200	(114,411,200)
Loans and advances		(103,818,786)	(130,509,235)
Deposits and prepayments		(7,833,409)	199,260
Interest accrued on short term investment		(760,875)	(814,959)
<i>Increase / (decrease) in current liabilities</i>			
Trade and other payables		800,330,890	11,751,202
		(898,945,472)	241,135,246
Net cash generated from / (used in) operations		(724,560,125)	561,200,398
Financial charges paid		(97,827,097)	(100,025,472)
Workers' Profit Participation Fund paid	21.1	(9,050,486)	-
Gratuity paid	19.2	(21,000)	(13,000)
Taxes paid		(25,108,319)	(5,419,261)
		(132,006,902)	(105,457,733)
Net cash generated from / (used in) operating activities		(856,567,027)	455,742,665


GHULAM AHMED ADAM
 Chief Executive

BALANCE SHEET
AS AT SEPTEMBER 30, 2017

ASSETS		2017	2016
NON- CURRENT ASSETS	Note	Rupees	
Property, plant and equipment			
Long term deposits	4	1,580,825,659	1,531,192,067
Intangible assets		32,400	32,400
	5	-	-
		<u>1,580,858,059</u>	<u>1,531,224,467</u>
CURRENT ASSETS			
Biological assets	6	-	138,600
Stores and spares	7	129,060,805	145,057,751
Stock in trade	8	1,830,849,322	82,055,819
Short term investments	9	23,518,154	28,798,264
Trade debts - considered good	10	61,325,835	37,507,900
Loans and advances - considered good	11	271,281,873	167,463,087
Deposits and prepayments	12	11,116,370	3,282,961
Rebate receivable		6,460,000	176,211,200
Others receivables - considered good		1,018,692	966,192
Interest accrued		1,967,285	1,206,410
Taxation - net	13	75,856,270	56,351,262
Cash and bank balances	14	70,586,289	40,453,287
		<u>2,483,040,895</u>	<u>739,492,733</u>
		<u>4,063,898,954</u>	<u>2,270,717,200</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
25,000,000 ordinary shares of Rs 10/= each		250,000,000	250,000,000
Issued, subscribed and paid up capital			
Accumulated profit	15	172,909,620	172,909,620
General reserve		213,429,359	276,600,917
Share premium		200,000,000	200,000,000
		<u>172,909,620</u>	<u>172,909,620</u>
		<u>759,248,599</u>	<u>822,420,157</u>
Surplus on revaluation of property, plant & equipment	16	393,910,254	396,291,156
NON-CURRENT LIABILITIES			
Director's subordinated loan	17	19,273,478	17,682,090
Long term financing	18	117,406,195	61,534,943
Deferred liabilities	19	89,492,580	97,278,988
		<u>226,172,253</u>	<u>176,496,021</u>
CURRENT LIABILITIES			
Short term borrowings			
Trade and other payables	20	1,487,737,018	479,479,428
Accrued markup	21	1,059,781,137	268,472,725
Current maturity of long term financing		32,086,499	13,595,774
Unclaimed dividend		99,263,537	109,281,076
		<u>5,699,657</u>	<u>4,680,863</u>
Contingencies and commitments	22	2,684,567,848	875,509,866
		-	-
		<u>4,063,898,954</u>	<u>2,270,717,200</u>

The annexed notes from 1 to 43 form an integral part of these financial statements



GHULAM AHMED ADAM
Chief Executive



JUNAID G. ADAM
DIRECTOR



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2017

1 STATUS AND NATURE OF BUSINESS

1.1 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 Company is principally engaged in the manufacturing and sale of sugar. The registered office of the Company is situated at first floor Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi and its factory is situated in 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23/2017 dated October 04, 2017 communicated Commission's decision that the Companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provision of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise disclosed in relevant notes to the financial statements.

2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Note	2017 Rupees	2016
Sales-net	23	1,849,979,187	3,261,246,962
Cost of sales	24	(1,787,402,927)	(2,948,835,097)
Gross profit		<u>62,576,260</u>	312,411,865
Administrative expenses	25	(66,876,436)	(63,058,788)
Selling and distribution cost	26	(7,456,076)	(3,777,396)
		<u>(74,332,512)</u>	(66,836,184)
Operating profit		<u>(11,756,252)</u>	245,575,681
Finance cost	27	(116,317,822)	(77,084,389)
Other operating income	28	122,341,498	12,518,421
Other operating charges	29	-	(12,489,671)
(Loss) / profit before taxation		<u>(5,732,576)</u>	168,520,042
Taxation	30	2,744,236	(44,060,605)
Net (loss) / profit after taxation		<u>(2,988,340)</u>	<u>124,459,437</u>
(Loss) / Earnings per share- basic & diluted	31	<u>(0.17)</u>	<u>7.20</u>

*The annexed notes from 1 to 43 form an integral part of these financial statements



GHULAM AHMED ADAM
Chief Executive



JUNAID G. ADAM
DIRECOTR

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	2017	2016
	Rupees	
(Loss) / profit after taxation	(2,988,340)	124,459,437
Other comprehensive income for the year		
<i>Items that will not be reclassified subsequently to profit and loss</i>		
Remeasurement of defined benefit liability	(649,093)	-
Deferred tax related to defined benefit liability	194,728	-
	(454,365)	-
Total comprehensive (loss) / income for the year	<u>(3,442,705)</u>	<u>124,459,437</u>

'The annexed notes from 1 to 43 form an integral part of these financial statements



GHULAM AHMED ADAM
Chief Executive



JUNAID G. ADAM
DIRECOTR



charged on the revalued assets the related surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit.

Capital work in progress is stated at cost less impairment if any, and consists of expenditure incurred and advances made in respect of property, plant and equipment in the course of their construction and installation. Transfers are made to relevant asset's category as and when assets are available for intended use.

3.2 Intangible Assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the enterprise and the cost of such asset can be measured reliably. Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and other directly attributable costs of preparing the software for its intended use.

Computer software acquisition or development cost is stated at cost less accumulated amortisation and impairment losses, if any, and is amortised on a straight-line basis over its estimated useful life.

3.3 Biological asset

Biological assets are measured at their fair value less their point of sale costs. Gain / (loss) on such measurement is recognized in profit and loss account. Gain / (loss) on disposal of biological asset is recognized in profit and loss account in the year of disposal.

3.4 Stores, spares and loose tools

Stores and spares excluding items in transit are valued at lower of average cost and net realizable value. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

3.5 Stock-in-trade

These are valued at lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined as follows.

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure		(117,016,811)	(110,031,935)
Proceeds from disposal of property, plant and equipment	4.3	3,825,000	500,000
Net cash used in investing activities		(113,191,811)	(109,531,935)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term loan obtained / (repaid) - net		45,853,713	(97,149,261)
Short term loan obtained / (repaid) - net		1,008,257,590	(273,709,416)
Dividend paid		(59,499,573)	-
Net cash (used in) / generated from financing activities		994,611,730	(370,858,677)
Net increase / (decrease) in cash and cash equivalents		24,852,892	(24,647,947)
Cash and cash equivalents at the beginning of the year		69,251,551	93,899,498
Cash and cash equivalents at the end of the year	32	94,104,443	69,251,551

'The annexed notes from 1 to 43 form an integral part of these financial statements



JUNAID G. ADAM
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Share Capital	Share Premium	General reserve	Accumulated Profit	Total
	Rupees				
Balance as at October 01, 2015	172,909,620	172,909,620	200,000,000	151,062,168	696,881,408
Total comprehensive income for the year ended September 30, 2016	-	-	-	124,459,437	124,459,437
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	2,539,302	2,539,302
Amortization of subordinated loan	-	-	-	(1,459,990)	(1,459,990)
Balance as at September 30, 2016	172,909,620	172,909,620	200,000,000	276,600,917	822,420,157
Total comprehensive loss for the year ended September 30, 2017	-	-	-	(3,442,705)	(3,442,705)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	2,380,902	2,380,902
Amortization of subordinated loan	-	-	-	(1,591,388)	(1,591,388)
Final cash dividend paid @ 35% for the year ended September 2016	-	-	-	(60,518,367)	(60,518,367)
Balance as at September 30, 2017	172,909,620	172,909,620	200,000,000	213,429,359	759,248,599

'The annexed notes from 1 to 43 form an integral part of these financial statements

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
DIRECOTR



become effective for the Company's annual accounting periods beginning on or after October 1, 2017. However, these amendments will not have a significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further, the new standards are yet to be adopted by the SECP. In addition to the foregoing, the Companies Act 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except freehold land, factory building, Non-factory buildings and Plant and machinery which are stated at revalued amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalised and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Major spare parts qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation is charged to profit and loss account using reducing balance method at the rates given in note 4. Depreciation is charged from the date when the asset is available for use till the date of disposal.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account.

Surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation

Finished goods	: at lower of average manufacturing cost and net realizable value
Imported goods in transit	: at actual incurred cost
Work in process	: at average raw material cost and overheads
Molasses	: at net realizable value

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

3.6 Trade debts and other receivables

Trade debts and other receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment, if any. A provision is established when there is an objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and cheques in hand, balances with banks on current and savings accounts, and short term investments.

3.8 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.9 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payable are classified as current if payment is due within one year or less (or in normal operating cycle of business, if longer), if not, they are classified as non current liabilities. Liabilities for trade and other amounts payable are carried at amortised cost.

3.10 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

- Return on PLS savings account is accounted for on accrual basis.

3.14 Taxation

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rate enacted by or substantively enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous year. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any or minimum tax u/s 113 of Income Tax Ordinance, 2001 after taking into account tax credits or Alternative corporate tax u/s 113C of Income Tax Ordinance, 2001. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using the balance sheet liability method, providing for temporary differences, at the balance sheet date, between carrying amount and the tax base of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and /or carry forward of unused tax losses or tax credits can be utilized.

3.15 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit and loss account.

Non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment



3.11 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expire or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the balance sheet include trade debts and other receivables, loans, cash and bank balances, subordinated director's loan, long term finances, accrued markup, unclaimed dividend, short term borrowing and trade and other payables excluding Workers' Profit Participation Fund, Workers' Welfare Fund and special excise duty. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.12 Staff retirement benefits - Defined contribution plan

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution and will have no legal or constructive obligation to pay further amounts. Obligations for the defined contributions plans are recognized as an employee benefit expense in profit or loss when they are due.

The Company operates a recognized provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 6.25% of basic salary for labourers and 7% of basic salary for officers. Company's contribution are charged to profit and loss account.

Defined Benefit Plan

The Company also operates an unfunded gratuity scheme for its permanent employees. Provisions are made in the financial statements to cover the obligations using the projected unit credit method. Actuarial gains / losses are amortized over the expected future service of the employees.

3.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria has been met for each of the Company's activities as described below:

- Sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer;



2.4 Use of estimates and judgments

The preparation of financial statements is in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to an accounting estimate are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Areas where various assumptions and estimates are significant to the company's financial statements or where judgments was exercised in application of accounting policy are as follows:

	Note
a) Residual values and useful lives of items of Property, plant and equipment	3.1
b) Provision for obsolete / slow moving stores and spares	3.4
c) Provision for obsolete / slow moving inventory	3.5
d) Provision for doubtful debts	3.6
e) Staff retirement benefits - Defined contribution plan	3.12
f) Provision for taxation	3.14

2.5 Changes in accounting standards, interpretations and pronouncements

- a) Amendments to approved accounting standards effective during the year ended September 30, 2017:

There were certain new amendments to the approved accounting standards which became effective during the year ended September 30, 2017 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these financial statements.

- b) Standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after October 1, 2017:

There are certain new standards and amendments to the approved accounting standards that will



4.2 The depreciation for the year has been allocated as follows:	2017	2016
	————— Rupees —————	
Cost of sales	60,805,856	57,944,483
Administrative expenses	4,094,112	3,926,521
	<u>64,899,968</u>	<u>61,871,004</u>

4.3 Disposal of operating property, plant and equipment:

Description of asset	Cost	Accumulated depreciation	Net Book Value	Sale proceed	Gain /(loss)	Mode of disposal	Particulars of buyer
Toyota Fortuner	5,457,140	3,235,866	2,221,274	3,525,000	1,303,726	Negotiation	Toyota Western Motors
Toyota Corolla	1,729,000	1,467,023	261,977	300,000	38,023	Negotiation	Afshan Nadeem
September 2017	<u>7,186,140</u>	<u>4,702,889</u>	<u>2,483,251</u>	<u>3,825,000</u>	<u>1,341,749</u>		
September 2016	<u>1,839,000</u>	<u>1,468,665</u>	<u>370,335</u>	<u>500,000</u>	<u>129,665</u>		

4.4 Had there been no revaluation, the related figures of freehold land, buildings and plant and machinery as at September 30, 2017 would have been as follows:

Particulars	September 30 2017			September 30 2016		
	Cost	Accumulated Depreciation	Written Down value	Cost	Accumulated Depreciation	Written Down value
- Freehold Land	18,855,030	-	18,855,030	18,855,030	-	18,855,030
- Factory Building	93,284,970	57,949,931	35,335,039	91,065,530	54,219,482	36,846,048
- Non - Factory Building	10,605,562	6,517,897	4,087,665	10,605,562	6,302,757	4,302,805
- Plant and Machinery	1,557,121,917	516,430,904	1,040,691,013	1,399,438,522	475,910,447	923,528,075
	<u>1,679,867,479</u>	<u>580,898,732</u>	<u>1,098,968,747</u>	<u>1,519,964,644</u>	<u>536,432,686</u>	<u>983,531,958</u>

4.5 Capital work in progress		2017	2016
		————— Rupees —————	
Building and civil works		33,211,042	31,974,793
Plant and machinery		461,310	58,173,380
	4.5.1	<u>33,672,352</u>	<u>90,148,173</u>

4.5.1 Movement of capital work in progress is as under:

	Building and civil works	Plant and Machinery	Total
	Rupees		
Balance as at 1 October 2015	16,432,789	843,380	17,276,169
Additions during the year	15,542,004	57,330,000	72,872,004
Transfer to operating fixed asset	-	-	-
Balance as at 30 September 2016	<u>31,974,793</u>	<u>58,173,380</u>	<u>90,148,173</u>
Additions during the year	1,236,249	854,179	2,090,428
Transfer to operating fixed asset	-	(58,566,249)	(58,566,249)
Balance as at 30 September 2017	<u><u>33,211,042</u></u>	<u><u>461,310</u></u>	<u><u>33,672,352</u></u>

	2017	2016
	Rupees	
5 INTANGIBLE ASSETS		
Accounting Software		
Cost	1,209,500	1,209,500
Accumulated amortisation	<u>(1,209,500)</u>	<u>(1,209,500)</u>
Net book value	<u><u>-</u></u>	<u><u>-</u></u>
6 BIOLOGICAL ASSETS		
Carrying value at beginning of the year	138,600	138,600
Addition due to cultivation	688,277	656,813
Gain arising from changes in fair value less estimated cost to sell	<u>2,687,359</u>	<u>1,805,971</u>
	<u>3,514,236</u>	<u>2,601,384</u>
Deduction due to harvesting	<u>(3,514,236)</u>	<u>(2,462,784)</u>
	<u><u>-</u></u>	<u><u>138,600</u></u>

6.1 The Company's agriculture activities include sugar cane, seeds and wheat cultivation which is supplied to various sugar cane growers and other customers.

	2017	2016
	Rupees	
7 STORES, SPARES AND LOOSE TOOLS		
Stores	106,301,369	129,118,542
Spares	<u>22,759,436</u>	<u>15,939,209</u>
	<u><u>129,060,805</u></u>	<u><u>145,057,751</u></u>



		2017	2016
	Note	Rupees	
8 STOCK-IN-TRADE			
Sugar-in-process		6,118,261	5,473,209
Finished goods		1,819,967,686	58,209,945
Molasses		4,763,375	18,372,665
		<u>1,830,849,322</u>	<u>82,055,819</u>
9 SHORT TERM INVESTMENTS			
<p>This represents investments in term deposit receipts of various banks. Rate of return on these investments ranges from 4.25% to 4.85% (2016 : 4.25% to 5.6%).</p>			
10 TRADE DEBTORS -Considered good			
Local debtors - unsecured	10.1	<u>61,325,835</u>	<u>37,507,900</u>
10.1	<p>This includes receivable from Province of Punjab through District Collector Bahawalnagar and other related Government departments amounting to Rs. 37.5 million (Refer Note 22.2)</p>		
11 LOANS AND ADVANCES - [considered good]			
Loan to staff	11.1	1,576,768	1,047,632
Advances:			
- to growers		4,701,243	60,791,338
- to suppliers		259,131,136	105,554,362
- against expenses		5,872,726	69,755
		<u>269,705,105</u>	<u>166,415,455</u>
		<u>271,281,873</u>	<u>167,463,087</u>
11.1	<p>This represents interest free loan provided to employees in accordance with the Company's policy and are recoverable in equal monthly installments.</p>		
12 DEPOSITS AND PREPAYMENTS			
	Note	2017	2016
		Rupees	
Trade deposits		8,891,120	1,783,591
Prepayments		2,225,250	1,499,370
		<u>11,116,370</u>	<u>3,282,961</u>
13 TAXATION - net			
Advance income tax		164,017,857	138,795,430
Provision for taxation		(88,161,587)	(82,444,168)
		<u>75,856,270</u>	<u>56,351,262</u>



		2017	2016
		Rupees	
17	DIRECTOR'S SUBORDINATED LOAN		
		Note	
	Balance as at October 01,	17,682,090	16,222,100
	Add: Unwinding of director loan during the year	1,591,388	1,459,990
		19,273,478	17,682,090
17.1	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 9% per annum respectively for a similar instrument, having similar terms and credit risk profile, at the time the loan was granted.		
18	LONG TERM FINANCING		
	<i>From conventional banking companies - Secured</i>		
	Habib Bank Limited	18.1	83,146,923
	JS Bank Limited	18.2	62,131,817
			108,684,202
			170,816,019
	Current maturity shown under current liabilities		(99,263,537)
			117,406,195
			61,534,943
18.1	This represents term loan of Rs.97 million from Habib bank limited for the purpose of expansion of production facility from 7000 TCD to 8000 TCD and carries mark up at the rate of 6 months KIBOR plus 2.5%. The loan is payable in 6 equal semi annual installments of Rs.13.857 million. The loan is secured against equitable mortgage of 267 million over mill premises and hypothecation charge for PKR 267 million over present and future plant and machinery.		
18.2	This represents term loans of Rs.400 million from JS Bank Limited for purchase of Plant, machinery and allied equipments under BMR process and subsequent enhancement of production capacity and carries mark up at the rate of 6 months KIBOR plus 2.5%. The loan is payable in 9 equal semi annual installments of Rs.22.22 million. The facility is secured against lien on import documents, already registered FPP hypothecation charge with SECP for 301 million and additional FPP hypothecation charge of PKR 40 million on new machinery to be registered with SECP.		
19	DEFERRED LIABILITIES		
		Note	
	Deferred taxation	19.1	87,387,198
	Staff retirement benefits - Gratuity	19.2	96,043,581
			1,235,407
			97,278,988



loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in profit and loss account.

3.16 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to setoff the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

3.17 Foreign currency transactions

Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated into Pak Rupee at the exchange rate prevailing at that date. Foreign currency differences, if any, arising on retranslation are recognised in profit and loss account.

3.18 Borrowing and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

3.19 Dividend and appropriation to reserve

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized as a liability in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the balance sheet date is considered as a non adjusting event and is recognized in the financial statements in the period in which such transfers are made.

4	PROPERTY, PLANT AND EQUIPMENT	Note	2017	2016
			Rupees	
	Operating fixed assets	4.1	1,547,153,307	1,441,043,894
	Capital work in progress	4.5	33,672,352	90,148,173
			<u>1,580,825,659</u>	<u>1,531,192,067</u>



19.2.5 Year end sensitivity analysis on Defined Benefit Obligation

Discount Rate + 100 bps	2,038,950	-
Discount Rate - 100 bps	2,181,496	-
Salary Increase + 100 bps	2,180,749	-
Salary Increase -100 bps	2,038,370	-

19.2.6 Principal assumptions used in valuation of gratuity

Discount rate used for interest cost in profit and loss	9.25%	9.25%
Discount rate used for year end obligation	8.00%	-
Expected rate of increase in salary level (per annum)	8.00%	-
Mortality rates	SLIC 2001- 2005	-

		2017	2016
	Note	Rupees	
20 SHORT-TERM BORROWING			
Unsecured - interest free			
- from Chief Executive		32,164,394	142,122,394
Secured - profit / interest bearing			
- from conventional banking companies	20.1	1,342,072,624	337,357,034
- from Islamic banking companies	20.2	113,500,000	-
		<u>1,487,737,018</u>	<u>479,479,428</u>

20.1 This represents short term credit facilities available from various banking companies and aggregate unavailed as at September 30, 2017 amounting to Rs. 207.93 million (2016 : Rs.1,650 million). These facilities are secured against pledge of refined sugar, equitable mortgage on property of directors to the extent of market value, ranking charge over current and fixed assets and subordination of director's loan and personal guarantee of Chief executive. Rate of mark up ranges from one month KIBOR + 1.25% to 3 months KIBOR + 2% (2016: one month KIBOR + 1.75% to 3 months KIBOR + 2.5%).

20.2 This represents Istisna and Salam finance facilities available from various Islamic banking companies and aggregate unavailed as at September 30, 2017 amounting to Rs. 686.50 million (2016 : Nil). These facilities are secured against pledge of refined sugar, first paripassu charge over plant and machinery, ranking charge over present and future current assets and subordination of director's loan and personal guarantee of Chief executive. Rate of profit ranges from relevant KIBOR + 1.75% to 2.25% (2016: Nil).

19.1 Deferred taxation comprises differences relating to:

Deferred tax liability arising from:

-Accelerated tax depreciation 214,980,995 198,446,757

Deferred tax asset arising from:

-Provision for gratuity	(631,615)	(364,232)
-Unused tax losses	(36,862,239)	(26,868,836)
-Minimum tax carry forward	(90,099,943)	(75,170,108)
	(127,593,797)	(102,403,176)
	87,387,198	96,043,581

19.2 Staff retirement benefits - Gratuity

As disclosed in note 3.11, the company operates an unfunded gratuity scheme for its staff employees. The latest actuarial valuation was carried out as at September 30, 2017, using the Projected Unit Credit Actuarial Cost Method.

	Note	2017	2016
		Rupees	
19.2.1 Movement in net liability in the balance sheet			
Balance as at October 01		1,235,407	1,018,696
Expense charged to profit and loss		241,882	229,711
Remeasurements chargeable in other comprehensive income		649,093	-
Benefits paid		(21,000)	(13,000)
Balance as at September 30		2,105,382	1,235,407

19.2.2 Expense recognized in the profit and loss account

Current service cost	128,578	114,183
Interest cost on defined benefit obligation	113,304	115,528
	241,882	229,711

19.2.3 Remeasurement losses / (gains) recognised in other comprehensive income

Actuarial losses / (gains) on defined benefit obligation due to

-Changes in demographic assumptions	-	-
-Changes in financial assumptions	-	-
-Experience adjustments	649,093	-
	649,093	-

14 CASH AND BANK BALANCES

Cash in hand		445,775	521,171
Cash at bank - current accounts		69,867,199	39,313,617
Cash at bank - deposit accounts	14.1	273,315	618,499
		70,140,514	39,932,116
		70,586,289	40,453,287

14.1 These carry mark up ranging from 3% to 3.25% (2016 : 4.5% to 6%).

15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
Number			Rupees	
14,968,221	14,968,221	Ordinary shares of Rs. 10 each issued for cash	149,682,210	149,682,210
250,000	250,000	Issued to PICIC under terms of loan agreement	2,500,000	2,500,000
2,072,741	2,072,741	Issued as fully paid bonus shares	20,727,410	20,727,410
17,290,962	17,290,962		172,909,620	172,909,620

16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulting from the revaluation of Land, buildings and Plant and machinery carried out in the years 2004, 2006, 2009 and 2014 as reduced by the surplus realized on disposal, if any, of the revalued assets and incremental depreciation arising out of revaluation. The latest revaluation of land, building, plant and machinery of the Company was carried out by an independent valuer M/s Asif Associates (Private) Limited as on June 30, 2014.

	2017	2016
	Rupees	
On freehold land		
<i>Gross surplus</i>		
Balance as at 01 October	356,384,970	356,384,970
Revaluation increase recognized during the year	-	-
	356,384,970	356,384,970
Building and Plant and machinery		
<i>Gross surplus</i>		
Balance as at 01 October	59,942,341	63,569,915
Revaluation increase recognized during the year	-	-
Incremental depreciation transferred to retained earnings	(3,401,288)	(3,627,574)
	56,541,053	59,942,341
Related deferred tax charge		
Balance as at 01 October	(20,036,155)	(21,124,427)
Revaluation increase recognized during the year	-	-
Related deferred tax liability of incremental depreciation	1,020,386	1,088,272
	(19,015,769)	(20,036,155)
	393,910,254	396,291,156

21 TRADE AND OTHER PAYABLES

Trade creditors		730,766,375	128,602,039
Accrued liabilities		142,039,241	106,386,930
Advance from customers		167,885,747	-
Retention money		87,083	96,054
Workers Profit Participation Fund	21.1	-	9,050,486
Workers Welfare Fund		11,630,065	11,630,065
Provident fund payable		7,160,502	7,132,494
Market committee fee payable		-	4,074,794
Others		212,124	1,499,863
		<u>1,059,781,137</u>	<u>268,472,725</u>

21.1 Workers' Profits Participation Fund

Balance at the beginning of the year		9,050,486	-
Allocation for the year		-	9,050,486
Paid during the year		(9,050,486)	-
Balance at the end of the year		<u>-</u>	<u>9,050,486</u>

22 CONTINGENCIES AND COMMITMENTS
Contingencies

- 22.1 The Food Secretary Punjab imposed a penalty of Rs. 372,494 for late payment of sugarcane cess for the season 1999-2000 against the Company. The Company made appeal in Lahore High Court which was dismissed by the Honourable Court. Now the case has been filed in the Supreme Court of Pakistan and the legal counsel expects favourable outcome of the case.
- 22.2 The Company has filed case in Honourable Lahore High Court, Bahawalpur Bench, Bahawalpur against Province of Punjab through District Collector Bahawalnagar and other related Government departments praying for the recovery of Rs. 56,015,087 along with interest at the prevailing market rate with effect from November 12, 2009 being market value of 987 metric tons of sugar stock forcefully lifted by the Government of Punjab over and above from the quantity fixed by the Honorable Supreme Court of Pakistan at the rate of Rs. 38/kg. The legal counsel is confident that the decision of the case will be in favour of the company. Therefore, the Company has recorded receivable amounting to Rs.37,507,900 for 987.05 metric tons at Rs.38/kg in trade debts from Government of Punjab and the remaining amount of Rs. 18,507,187 is disclosed as contingent asset pending at the outcome of the case.
- 22.3 CPLA titled "Adam Sugar Mills Vs. Secretary to Govt. of Punjab, Food Department and Others" filed by the Company on 10-07-2010 in the Supreme Court against the judgment dated 17-05-2010 of the Lahore High Court.

The company has paid amount of Rs. 1,755,853 under protest payment and claimed a refund against it. The legal counsel expect that the decision will be in favour of the company.

24	COST OF SALES	Note	2017	2016
			Rupees	
	Sugarcane consumed		3,195,233,721	2,135,102,450
	Handling expenses		615,110	1,171,648
	Road cess		26,627,190	17,400,701
	Stores consumed	24.1	97,031,851	76,031,716
	Market committee fees		3,387,751	2,320,067
	Salaries, wages and allowances	24.2	130,040,615	109,986,848
	Fuel and power		13,661,123	30,629,323
	Insurance		5,774,417	6,333,646
	Flying ash removal expenses		3,018,796	2,033,796
	Depreciation		60,805,856	57,944,483
			3,536,196,430	2,438,954,678
	Add: Opening work in process		5,473,209	5,190,763
	Less: Closing work in process		(6,118,261)	(5,473,209)
			(645,052)	(282,446)
	Cost of goods manufactured		3,535,551,378	2,438,672,232
	Opening stock -Molasses		18,372,665	5,684,998
	Opening stock -Sugar		58,209,945	581,060,477
			76,582,610	586,745,475
	Closing stock -Molasses		(4,763,375)	(18,372,665)
	Closing stock -Sugar		(1,819,967,686)	(58,209,945)
			(1,824,731,061)	(76,582,610)
			1,787,402,927	2,948,835,097

24.1 It includes an amount of Rs. 10.12 million (2016: Rs.6.11 million) against purchase of lube oil from Adam Lubricants Limited (associated undertaking).

24.2 It includes Rs. 428,916 (2016 :Rs. 416,428) contribution each from the employees and the Company towards the provident fund.



22.4 A case has been filed by the Company in Honorable Lahore High Court against Additional Collector in which legal interpretation is sought about whether the Company should pay sales tax on the price charged by the Company or on the rate fixed by the FBR. The legal counsel is confident of favourable outcome of this case.

22.5 An appeal is pending against order of Commissioner Social Security dated May 02, 2005 involving the disputed demand of Rs.1.6 million on account of alleged unpaid social security contribution on special allowance.

In the opinion of legal counsel, no likelihood of liability is expected and right of appeal in the Supreme Court of Pakistan exists with the Company.

22.6 An appeal is pending in the Lahore High Court Bahawalpur bench against order of Punjab Social Security Court dated February 02, 2012 involving the disputed demand of Rs. 4.519 million.

In the opinion of legal counsel, no provision has been made as appellate remedy in Supreme Court is available against an adverse order, if any.

22.7 Commitments

Guarantees issued by Banking Companies on behalf of the Company are as follows:

Note	2017	2016
	Rupees	
Market Committee Chishtian	130,000	130,000
Excise duty collection Multan	50,000	50,000
Punjab Employees Social Security Institution	23,518,154	23,518,154

23 SALES - NET

Local sale - Sugar	1,345,030,539	2,027,609,374
Export sale - Sugar	411,387,361	982,230,237
Molasses	244,205,000	159,576,320
	2,000,622,900	3,169,415,931
Rebate	-	270,853,050
Sales Tax	(150,643,713)	(179,022,019)
	1,849,979,187	3,261,246,962



		2017	2016
		Rupees	
25 ADMINISTRATIVE EXPENSES	Note		
Salaries, wages and other allowances	25.1	38,525,349	35,220,165
Director remuneration		3,544,450	1,321,787
Printing and stationery		1,990,343	1,626,526
Postage, telegram and telephone		1,676,033	1,596,157
Vehicle running expenses		2,317,061	1,857,275
Conveyance and travelling expenses		1,353,102	1,286,357
Auditors' remuneration	25.2	810,000	750,000
Legal and professional charges		2,907,564	2,261,068
Rent, rates and taxes		907,090	4,697,325
Electricity charges		2,396,390	2,578,226
Fees and subscription		713,059	770,943
Entertainment		904,647	843,024
General expenses		753,991	787,335
TCP Charges		9,200	4,480
Repair and maintenance		344,151	397,708
Charity and donation	25.3	3,317,985	2,226,440
Computer expenses		311,909	907,451
Depreciation	4.2	4,094,112	3,926,521
		66,876,436	63,058,788
25.1	This includes staff retirement benefits of Rs. 241,882 (2016 : Rs. 229,711).		
25.2 Auditors' remuneration			
- Statutory audit fee		660,000	600,000
- Review of half yearly accounts		100,000	100,000
- Review of compliance with corporate governance		50,000	50,000
		810,000	750,000
25.3	None of the directors or their spouses had any interest in the donor institutions.		
26 SELLING AND DISTRIBUTION EXPENSES			
Loading and unloading expenses		948,939	1,307,008
Shifting expenses		3,443,590	2,152,766
Advertisement expenses		208,814	249,782
Export expenses		2,604,733	67,840
Commission expenses		250,000	-
		7,456,076	3,777,396
27 FINANCE COST			
<i>From conventional banking companies</i>			
Markup on short term borrowings		57,299,015	35,577,267
Markup on Long term borrowings		31,612,161	36,613,922
		88,911,176	72,191,189
28	<i>From conventional banking companies</i>		
Profit on Istisna and Salam finance		24,961,943	-
Bank charges		2,444,703	4,893,200
		116,317,822	77,084,389

OTHER OPERATING INCOME
Income from financial assets

Profit on term and fixed deposits		1,153,036	4,674,853
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Income from non-financial assets

Rental income		18,000	18,000
Gain arising from changes in fair value of biological assets	6	2,687,359	1,805,971
Gain on disposal of fixed assets	4.3	1,341,749	129,665
Deposits forfeited	28.1	117,141,354	-
Miscellaneous		-	5,889,932
		122,341,498	12,518,421

28.1 This represents deposits forfeited as penalty @ 10% of the amount of contract cancelled by various customers as per the terms of the contract.

29 OTHER OPERATING CHARGES	Note	2017 Rupees	2016 Rupees
Workers' profit participation fund		-	9,050,486
Workers' welfare fund		-	3,439,185
		-	12,489,671

30 TAXATION	Note	2017 Rupees	2016 Rupees
Current	30.2	5,717,419	16,999,541
Prior year		-	34,075,577
Deferred		(8,461,655)	(7,014,513)
		(2,744,236)	44,060,605

30.1 The income tax assessments of the Company have been finalised up to and including the tax year 2017. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

30.2 The numerical reconciliation between the tax expense and accounting profit has not been presented for the current year and comparative year in these financial statements as the total income of the company for the current year and comparative year attracted minimum tax under Section 113 of the income tax ordinance, 2001 and its export sales fall under final tax regime.



customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy. For any balances receivable from such small and medium sized enterprises, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful of recovery. Cash is held only with banks with high quality credit worthiness.

Impairment losses

The aging of trade debtors at the balance sheet date was:

	2017		2016	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not past due	23,817,935	-	-	-
Past due 1-180 days	-	-	-	-
More than one year	37,507,900	-	37,507,900	-
	61,325,835	-	37,507,900	-

- The maximum exposure to credit risk on trade debts at the balance sheet date is in Pakistan only.
- Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment. None of the other financial assets are either past due or impaired.

ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial liabilities when due. Accordingly, the Company maintains sufficient cash and also makes availability of funding through credit facilities.

The analysis below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Maturity within 12 months	2017	2016
	Rupees	
Short term borrowings	1,487,737,018	479,479,428
Trade and other payables	1,059,781,137	236,584,886
Accrued markup	32,086,499	13,595,774
Current maturity of long term financing	99,263,537	109,281,076
Unclaimed dividend	5,699,657	4,680,863
	2,684,567,848	843,622,027



31 (LOSS) / EARNINGS PER SHARE - Basic and Diluted	2017	2016
(Loss) / Earning after taxation	<u>(2,988,340)</u>	<u>124,459,437</u>
Weighted average number of ordinary shares	<u>17,290,962</u>	<u>17,290,962</u>
(Loss) / Earnings per share	<u>(0.17)</u>	<u>7.20</u>

32 CASH AND CASH EQUIVALENTS	Note	2017	2016
		Rupees	
Short term investment		<u>23,518,154</u>	28,798,264
Cash and bank balances		<u>70,586,289</u>	<u>40,453,287</u>
		<u>94,104,443</u>	<u>69,251,551</u>

33 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of group companies, key management personnel, directors and their close family members and staff provident fund. Transaction with related parties are on arm's length. 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. Remuneration of the chief executive, directors and executives is disclosed in note 36 to the financial statements. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements are as follows:

	2017	2016
	Rupees	
Receipts of short term loan from director	154,850,000	149,905,450
Repayments of short term loan to director	264,808,000	311,800,227
Purchases of oil and lubricants - from associated undertaking	10,122,949	6,111,253
Payment to associated undertaking against oil and lubricants	10,488,697	5,196,332

33.1 Transaction with related parties are entered into on arm's length basis except for loan from director which is interest free.

	2017	2016
	Rupees	
34 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES		
34.1 Financial instruments by category		
<i>Financial assets at amortized cost</i>		
Long term deposits	32,400	32,400
Short term investments	23,518,154	28,798,264
Trade debts	61,325,835	37,507,900

Maturity After 12 months

Directors' subordinated loan	24,959,712	24,959,712
Long term finance	117,406,195	61,534,943
Staff retirement benefits	2,105,382	1,235,407
	<u>144,471,289</u>	<u>87,730,062</u>

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

iii) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and other price risk.

- Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Company is not exposed to currency risk as there are no foreign currency balances outstanding as at year end.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in the functional currency.

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by 16.72 million (2016: 5.08 million) This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for current and last year.

- Other Price Risk

Other Price Risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future value of investments securities. As at balance sheet date, the Company is not exposed to equity price risk.



	2017	2016
	———— Rupees ————	
41 DISCLOSURE RELATING TO PROVIDENT FUND		
Size of the fund	7,160,502	7,132,494
Cost of investment made	8,750,379	8,750,379
Interest on saving accounts	3.5%	4%
Investment in bank	100%	100%

The contributions and investments out of the fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose. The figures are based on the un-audited financial statements of the provident fund.

42 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on January 03, 2018 by the Board of Directors of the Company.

43 GENERAL

43.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

43.2 Figures in these financial statements have been rounded off to the nearest rupee.

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
DIRECOTR

	2017	2016
	Rupees	
Loan to staff	1,576,768	1,047,632
Trade deposits	8,891,120	1,783,591
Rebate receivable	6,460,000	176,211,200
Others receivables	1,018,692	966,192
Interest accrued	1,967,285	1,206,410
Bank balances	70,140,514	39,932,116
	174,930,768	287,485,705
<i>Financial liabilities at amortized cost</i>		
Directors' subordinated loan	19,273,478	17,682,090
Long term finance	216,669,732	170,816,019
Staff retirement benefits	2,105,382	1,235,407
Short term borrowings	1,487,737,018	479,479,428
Trade and other payables	873,104,823	236,584,886
Accrued markup	32,086,499	13,595,774
Unclaimed dividend	5,699,657	4,680,863
	2,636,676,589	924,074,467

34.2 Financial risk management

The Company's activities expose it to a variety of financial risks i.e. credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, and credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

i) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to credit risk is minimal as the Company receives advance against sales. The carrying amount of financial assets as disclosed in note 34.1 represents the maximum credit exposure of the Company.

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its



- Collateral

The Company has created charge over its fixed assets and current assets in order to fulfill the collateral requirements for financing facilities.

34.3 Fair value of financial 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. Consequently, differences can arise between carrying values and the fair value estimates.

As at September 30, 2017, the carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

35 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

36 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in the financial statements for remuneration, including certain benefits to Directors, Chief Executive and Executives of the Company, are as follows:

	2017			2016		
	Chief executive	Director	Total	Chief executive	Director	Total
	Rupees					
Fees	-	28,450	28,450	-	33,000	33,000
Managerial remuneration	36,000	3,480,000	3,516,000	36,000	1,252,787	1,288,787
	36,000	3,508,450	3,544,450	36,000	1,285,787	1,321,787
	1	6	7	1	6	7



52nd ANNUAL GENERAL MEETING

PROXY FORM

Please Quote Reg. Folio No.

I/We _____

of _____

Being a member of Adam Sugar Mills Limited Holder of _____

shares hereby appoint _____ of _____

(another Member of the Company) of failing him _____ as

my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 10:00 A.M. on Saturday 27th January 2018 at The Arts Council of Pakistan and at any adjournment there of.

In witness my/our hand this _____ day of 2018

Signed by the said _____
(WITNESS'S SIGNATURE)

In the presence of _____
(WITNESS'S SIGNATURE)

Affix Rs. 5/-
Revenue
Stamps

This form of Proxy, duly completed, must be deposited at the Company's Registered Office not less than 48 hours before the time of the meeting.



- 36.1 Chief Executive and two directors of the Company have been provided with free use of Company's car.
- 36.2 No employee of the Company fall under the definition of "Executives" as per Companies Ordinance, 1984.

37 OPERATING SEGMENTS

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

- Revenue from sale of Sugar represents 88% (2016 : 95%) of the total revenue whereas remaining represent revenue from sale of molasses and baggase.
- 20% (2016: 30%) revenue of the Company relates to customers outside Pakistan.
- All non-current assets of the Company at September 30, 2017 are located in Pakistan.
- One customer of the Company accounts for 32% (2016 : 26%) of gross sales of the Company for the year

38 PLANT CAPACITY AND ACTUAL PRODUCTION	2017	2016
	—————M.Tons—————	
Sugarcane Crushing capacity	826,000	826,000
Sugarcane crushed	710,053	464,013
Sugar Production	65,097	43,979
Capacity utilization	86%	56%

During the crushing season 2016-17, mill operated 168 days (2016: 113 days) and therefore the capacity utilization of the Company remained under utilized mainly due to non-availability of sugar cane.

39 NUMBER OF EMPLOYEES	2017	2016
	—————Number—————	
Total Number of Employees	491	495
Average Number of Employees	732	680

40 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on January 03, 2018 has proposed a dividend at the rate of Rs NIL for the year ended September 30, 2017 (2016: Rs. 3.5



FUTURE PROSPECTS.

The minimum support price of sugarcane has not been increased by the Government: However, the sugar selling price is depressed below economical level and the Pakistan Sugar Mills Association has requested the Government to export excess quantity of sugar. During the cane crushing season 2017-2018, we have already crushed 85,758 tons of sugarcane at an average recovery of 7.8 % and have produced 6,245 tons of sugar

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.

AUDITORS:

M/s. RehmanSaefaraz Rahim IqbalRafiq, Chartered Accountants, the auditors of the Company retire and offer themselves for reappointment. The Audit Committee has recommended their reappointment for the year 2017-2018.

On behalf of the Directors

JUNAID G.ADAM

Director

GHULAM AHMED ADAM

Chief Executive

Karachi: January 03, 2018



DETAILS OF SHARE HOLDING

	NUMBER	SHARE HELD
ASSOCIATED COMPANIES, UNDERTAKING AN RELATED PARTIES:		
Adam Pakistan Limited	1	3,503,389
Adam Lubricants Limited	1	4,057
ICP:		
Investment Corporation of Pakistan	1	117
DIRECTORS, CEO AND THEIR SPOUSE AND MINOR CHILDREN:		
Mr. Ghulam Ahmed Adam	1	8,666,197
Mr. Syed Nazar Mahmood Shah	1	14,406
Mr. Jawaid Ahmed	1	7,500
Lt. Col. (Rtd) Muhammad Mujtaba	1	7,500
Mr. Junaid G. adam	1	7,500
Mr. Omar G. Adam	1	7,500
Mr. Mustafa G. Adam	1	7,500
Executive	-	-
Public Sector Companies and Corporation	-	-
BANK DFIs INSURANCE COMPANIES MODARBAS AND MUTUAL FUND		
United Bank Limited	1	178
MCB Bank Limited	1	223
State Life Insurance Company	1	190
SHAREHOLDING 10% OR MORE VOTING INTREST		
Mr. Ghulam Ahmed Adam	1	8,666,197
Adam Pakistan Limited	1	3,503,389

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: ADAM SUGAR MILLS LIMITED

Year Ended: SEPTEMBER 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	1: Syed Nazar Mahmood Shah:
Executive Directors	1: Ghulam Ahmed Adam:
	2: Omar G. Adam
Non-Executive Directors	1: Junaid G. Adam:
	2: Mustafa G. Adam
	2: Jawaid Ahmed:
	3: Lt. Col. (R) Muhammad Mujtaba

The independent directors meet the criteria of independence under clause 5.19 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution (DFI) or a Non-Banking Financial Institution (NBFI) or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No Casual Vacancy has occurred during the period ended September 30, 2017.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.



بانوواں سالانہ عام اجلاس

پراکسی فارم

فولیو / CDC اکاؤنٹ نمبر

میں مسٹی / مسماة

ساکن

بحیثیت ممبر آدم شوگر ملز لمیٹڈ، مسٹی / مسماة

کو بطور مختار (پراکسی) مقرر کرتا کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے بانوویں اجلاس عام جو بتاریخ 27 جنوری 2018 بروز ہفتہ منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط گواہ:

نام:

دستخط گواہ:

نام:

مطلوبہ ریویونیوٹکٹ چسپاں کر کے ممبر کے دستخط

تاریخ:

مکمل پُر شدہ پراکسی فارم کے رجسٹرڈ آفس میں میٹنگ سے 48 گھنٹے قبل جمع کرایا جانا لازمی ہے۔





REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Adam Sugar Mills Limited** ("the Company") for the year ended **September 30, 2017** to comply with the Code contained in regulation No. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended September 30, 2017.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Karachi:

Dated : January 03, 2018



6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors at the board are adequately trained to perform their duties and have been provided in-house presentation to acquaint them on their roles and responsibilities under the requirements of CCG. During this financial year, none of the director has attended any training program of corporate governance due to their busy schedule. However, more than 50% of directors are exempt from Directors Training Program.
10. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
12. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the CCG.
14. The board has formed an Audit Committee. It comprises three Members, of whom all are non-executive directors and the chairman of the committee is an non-executive director.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The board has formed an HR and Remuneration Committee. It comprises three Members, of whom one is non-executive director and the chairman of the committee is a Non-Executive Director.
17. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.



ڈائریکٹرز رپورٹ

آدم شکر ملز لمیٹڈ

اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا

عزیز شیئر ہولڈرز،

بورڈ کی طرف سے، ہم آپ کو کمپنی کے 52 ویں سالانہ جنرل اجلاس میں خوش آمدید کہتے ہیں اور 30 ستمبر 2017 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ اکاؤنٹس کو سامنے رکھتے ہیں۔

مالیاتی نتائج:

ٹیکس کے بعد منافع / (نقصان)	2,988,340 روپے
جائیداد، پلانٹ اور آلات کے دوبارہ تخمینہ پر اضافی استحکام سرپلس سے منتقلی ٹیکس	2,380,902 روپے
مجوزہ ڈائریکٹر کے قرض کی تفسیر	1,591,388 روپے
غیر منافع بخش منافع لایا گیا	276,600,917 روپے
غیر منافع بخش منافع آگے بڑھایا گیا	213,429,359 روپے

2016	2017	آپریٹنگ نتائج
464,014	710,053	گنے کی کرش میٹرک ٹن
9.48%	9.17%	اوسط وصولی
43,979	65,097	چینی کی پیداوار میٹرک ٹن
29/11/2015	12/11/2016	کرشنگ شروع کرنے کی تاریخ
20/03/2016	28/04/2017	کرشنگ روکنے کی تاریخ
113	168	موسم کے دنوں کی تعداد
7.20	(0.17)	فی شیئر پر منافع / (نقصان) (روپے)



18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
22. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors.

Ghulam Ahmed Adam

Chief Executive

Karachi

Dated: January 03, 2018



مستقبل کے امکانات

گنے کی کم از کم امدادی قیمت میں حکومت کی جانب سے اضافہ نہیں کیا گیا ہے۔ تاہم، چینی فروخت کی قیمت اقتصادی سطح سے کم ہے اور پاکستان شوگر ملز ایسوسی ایشن نے حکومت سے درخواست کی کہ زیادہ مقدار میں چینی درآمد کریں۔ گنا کرشنگ موسم 2017-2018 کے دوران، ہم پہلے ہی 85,758 ٹن گنا کرش کرچکے ہیں جو کہ اوسط وصولی % 7.8 ہے اور ہم نے 6,245 ٹن چینی تیار کی ہے۔

ملازم کے تعلقات

آپ کے ڈائریکٹرز آفیسرز، اسٹاف اور ورکرز کی تعریف کرتے ہیں اور ہم امید کرتے ہیں کہ ان کی لگن مستقبل میں بھی جاری رکھیں گے۔

آڈیٹرز:

میسرز رحمن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس، جو کہ کمپنی کے آڈیٹرز تھے انہوں نے خود کو دوبارہ تقرری کرنے کے لیے پیش کیا۔ آڈٹ کمیٹی نے سال 2017-2018 کے لیے تقرری کی سفارش کی ہے۔

ڈائریکٹرز کی جانب سے
غلام احمد آدم
چیف ایگزیکٹو

جنید جی۔ آدم
ڈائریکٹر

کراچی: 03 جنوری 2018



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Adam Sugar Mills Limited** ("the Company") as at **September 30, 2017** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:**
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied,
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;



کمپنی کو ٹیکس کے بعد مبلغ 2.988 بلین روپے کا نقصان پہنچا۔ پنجاب حکومت نے گنے کی کم سے کم قیمت مبلغ 180 روپے فی 40 کلوگرام مقرر کی تھی، جبکہ حکومت سندھ نے قیمت مبلغ 182 روپے فی 40 کلوگرام مقرر کی۔

بورڈ کے اجلاس:

سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ مندرجہ ذیل ڈائریکٹرز نے شرکت کی۔

کتنے اجلاسوں میں شرکت کی

4

4

4

4

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ڈائریکٹرز کے نام

جناب غلام احمد آدم

جناب جاوید احمد

لیفٹنٹ کرنل (ریٹائرڈ) محمد مجتبیٰ

جناب جنید جی آدم

جناب عمر جی آدم

سید نذر محمود شاہ

جناب مصطفیٰ جی آدم

ڈائریکٹرز کو غیر حاضری کی اجازت دی گئی ہے جو اجلاسوں میں شرکت نہیں کر سکے۔

کارپوریٹ اور مالیاتی بیان رپورٹنگ فریم ورک

کارپوریٹ گورننس کے ضابطہ کے مطابق، آپ کے ڈائریکٹرز سے استدعا کی جاتی ہے کہ رپورٹ کریں:

- ☆ مالی بیانات، مینجمنٹ کی طرف سے تیار، منصفانہ طور پر اس کے معاملات، آپریشن کے نتائج، نقد بہاؤ اور مساوات میں تبدیلی
- ☆ کمپنی نے قانون کی ضرورت کے مطابق اکاؤنٹس کی مناسب کتابیں برقرار رکھی ہیں۔
- ☆ اکاؤنٹنگ کا تخمینہ مناسب اور پُرکشش فیصلے پر مبنی ہے جسے مناسب اکاؤنٹنگ کی پالیسیوں کو مسلسل مالی بیانات کی تیاری میں لاگو کیا گیا ہے۔
- ☆ اکاؤنٹنگ پالیسیوں کے تحت پاکستان میں لاگو کردہ منظور شدہ اکاؤنٹنگ معیار کے مطابق ہے، جب تک دوسری صورت میں افشاں نہ ہو۔
- ☆ اندرون کنٹرول کا نظام ڈیزائن میں مناسب اور مؤثر طریقے سے لاگو ہوتا ہے۔
- ☆ کمپنی کی صلاحیت کے مطابق کمپنی کے خدشات کو جاری رکھنے میں کوئی شک نہیں ہے۔
- ☆ کارپوریٹ گورننس کی پالیسیوں سے کوئی ایسا انحراف نہیں کیا گیا جو کہ قابل غور ہو۔
- ☆ کمپنی کے ڈائریکٹرز، ای او، ایف او، کمپنی سیکریٹری اور ان کے شرکاء حیات اور ان کے نابالغ بچوں نے حصص کی کوئی خرید و فروخت نہیں کی۔

**PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS
AS AT SEPTEMBER 30, 2017**

NUMBER OF SHAREHOLDERS		SIZE OF SHAREHOLDING			TOTAL SHARES HELD
1,750	FROM	1	TO	100	63,841
423	FROM	101	TO	500	113,565
117	FROM	501	TO	1,000	99,802
169	FROM	1,001	TO	5,000	491,488
73	FROM	5,001	TO	10,000	518,991
14	FROM	10,001	TO	15,000	182,056
4	FROM	15,001	TO	20,000	68,609
2	FROM	20,001	TO	25,000	49,000
8	FROM	25,001	TO	30,000	219,848
2	FROM	30,001	TO	35,000	66,000
2	FROM	45,001	TO	50,000	97,000
1	FROM	50,001	TO	55,000	52,000
2	FROM	55,001	TO	60,000	115,836
3	FROM	65,001	TO	70,000	202,500
1	FROM	70,001	TO	75,000	75,000
1	FROM	95,001	TO	100,000	100,000
1	FROM	100,001	TO	105,000	105,000
1	FROM	115,001	TO	120,000	118,000
1	FROM	155,001	TO	160,000	158,157
1	FROM	195,001	TO	200,000	200,000
1	FROM	230,001	TO	235,000	235,000
1	FROM	255,001	TO	260,000	256,479
1	FROM	295,001	TO	300,000	295,500
1	FROM	345,001	TO	350,000	346,000
1	FROM	455,001	TO	460,000	457,683
1	FROM	690,001	TO	695,000	690,500
1	FROM	3,500,001	TO	3,505,000	3,503,389
1	FROM	8,405,001	TO	8,410,000	8,409,718
2,584					17,290,962



- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at **September 30, 2017**, and of the loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the central Zakat Fund established under section 7 of that ordinance.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Name of Engagement partner: Muhammad Waseem

Karachi:

Dated : January 03, 2018



Haji Adam Chambers, Altaf Hussain Road,
New Challi, P.O. Box 4274, Karachi-2.