



# ADAM

## SUGAR MILLS LIMITED



*50th Annual Report 2015*

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

**Contents**

Company Information	2
Vision/Mission and Six Years Review	3
Notice of Annual General Meeting	4
Director's Report	5
Director's Statement on Corporate Governance	9
Auditor's Review Report on Statement of Corporate Governance	11
Auditor's Report to the Members	12
Pattern of Shareholdings	14
Balance Sheet	15
Profit & Loss Account	16
Statement of Comprehensive Income	17
Cash Flow Statement	18
Statement of Change in Equity	20
Notes to the Accounts	22

## 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  
MEMBER  
MEMBER

MR. JUNAID G. ADAM  
MR. MUSTAFA G. ADAM  
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

MR. **QAMAR RAFI KHAN**  
**Chartered Accountant**

### 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](http://www.adam.com.pk/adamsugar.html)

### FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN  
DISTRICT BAHAWALNAGAR

### STAUTORY AUDITORS

HAROON ZAKARIA & COMPANY  
CHARTERED ACCOUNTANTS

### SHARE REGISTRAR

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

## VISION

To be the leader in Sugar Industry by building the Company 's image through quality improvement, competitive price and meeting social obligations.

## MISSION

- To endeavour to be the market leader by offering high quality sugar to our customer 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

	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Cane Curshed ( Matric Tons )	360,301	527,222	506,091	523,558	457,538	313,363
Recovery	9.75%	9.28%	10.00%	9.84%	9.38%	8.84%
Sugar Produced (Matric Tons )	35,175	48,894	50,650	51,530	42,883	27,761
	RS.	RS.	RS.	RS.	RS.	RS.
Paid up Capital	172,909,620	172,909,620	57,636,540	57,636,540	57,636,540	57,636,540
Reserve & Surplus	523,791,788	583,000,430	392,807,255	312,185,754	272,538,221	228,037,946
Shareholders Equity	696,881,408	755,910,050	450,443,795	369,822,294	330,174,761	285,674,486
Fixed Assets	1,483,401,468	1,531,781,049	1,408,055,065	1,163,459,026	836,759,233	826,170,487
Sales	2,451,996,557	3,174,410,211	2,069,488,065	1,535,411,250	2,440,692,655	2,138,540,950
Cost of Sales	2,586,099,968	3,005,957,329	1,759,311,056	1,363,541,357	2,231,510,507	1,920,020,876
Gross Profit/(Loss)	(136,103,411)	168,452,882	310,311,056	171,869,893	209,182,148	218,520,074
Profit/(Loss) Before Tax	(82,608,478)	(59,433,850)	113,250,559	62,052,713	74,701,831	133,706,647
Profit/(Loss) After Tax	(70,500,029)	30,377,420	84,284,533	42,710,537	46,927,846	92,794,839
(Loss)/Earning Per Share	(4.08)	2.64	13.50	7.41	8.14	16.10
Break up Value of Share	40.30	43.72	78.51	64.14	57.29	49.56

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 50<sup>th</sup> Annual General Meeting of the shareholders of the Company will be held at 9:00 AM. on Saturday, January 30, 2016 at The Arts Council of Pakistan, M.R.Kiyani Road, Karachi to transact the following business:-

- 1) To confirm the Minutes of 49<sup>th</sup> Annual General Meeting held on January 31, 2015.
- 2) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2015 together with Director's and Auditors' Reports thereon.
- 3) To appoint auditors of the Company for the year 2015-2016 and to fix their remuneration. The present Auditors M/S Haroon Zakaria & Company, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
- 4) To transact any other ordinary business with the permission of the Chair.



**By Order of the Board**  
**GHULAM AHMED ADAM**  
Chief Executive

**Karachi: December 31, 2015**

### **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 21<sup>st</sup> January, 2016 to 30<sup>th</sup> January, 2016 (both days inclusive). Transfer received at Company Share Registrar M/s C & K Management Associates (Pvt) Ltd, 4<sup>th</sup> Floor, 404 Trade Tower, Abdullah Haroon Road, Karachi at the close of business on 20<sup>th</sup> January, 2016 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.

## DIRECTOR'S REPORT

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

Dear Shareholders,

On behalf of the Board, we welcome you to the 50<sup>th</sup> Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30 September, 2015.

### FINANCIAL RESULTS:

(Loss) after taxation	Rs. (70,500,029)
Incremental Depreciation net of deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	Rs. 2,632,296
Re-measurement of defined benefit Liability net of deferred Tax	Rs. 101,479
Amortization of Sub-ordinated Director Loan	Rs. 8,737,612
Un-appropriated profit brought forward	<u>Rs. 210,090,810</u>
Un-appropriated profit carried forward	<b>Rs. 151,062,168</b> =====

<b>OPERATING RESULTS</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Cane Crushed-Metric Tons	360,301	527,222
Average Recovery	9.75%	9.28%
Sugar Produced-Metric Tons	35,175	48,894
Commenced Crushing on	01/12/2014	25/11/2013
Stopped Crushing on	28/03/2015	24/03/2014
Number of Season Days	118	120
(Loss)/Earning Per Share (Rupees)	(4.08)	2.64

The Company incurred an after-tax Loss of Rs. 70.5 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. 160 per 40 K.G. Due to the disparity in inter-provincial prices of sugar cane the sugar prices were depressed and the Company was forced to sell sugar in the open market at a loss.

**BOARD MEETINGS.**

During the year five 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 Nazar Mahmood 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.

## DETAILS OF SHARE HOLDING

	NUMBER	SHARE HELD
<b>ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES:</b>		
Adam Pakistan Ltd	1	3,503,389
Adam lubricants ltd	1	4,057
<b>ICP:</b>		
Investment Corporation Pakistan	1	117
<b>DIRECTORS, CEO AND THEIR SPOUSE AND MINOR CHILDREN:</b>		
Mr. Ghulam Ahmed Adam	1	8,666,197
Mr. Syed Nazar Mehmood 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. Mustaf G. Adam	1	7,500
<b>Executive:</b>		
	-	-
<b>Public Sector Companies and Corporation</b>		
	-	-
<b>BANK DFIs INSURANCE COMPANIES MODARBAS AND MUTUAL FUNDS</b>		
United Bank Limited	1	178
MCB Bank Limited	1	223
State Life Insurance Company Limited	1	190
<b>SHAREHOLDERS HOLDING 10% OR MORE</b>		
<b>VOTING INTREST</b>		
Mr. Ghulam Ahmed Adam	1	8,666,197
Adam Pakistan Limited	1	3,503,389



**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 2015-2016, we have already crushed 135,267 tons of sugarcane at an average recovery of 8.3% and have produced 10,795 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. Haroon Zakaria & Co, Chartered Accountants, the auditors of the Company retire and offer themselves for reappointment. The Audit Committee has recommended their reappointment for the year 2015-2016.



On behalf of the Directors  
**GHULAM AHMED ADAM**  
Chief Executive



**JUNAID G. ADAM**  
Director

Karachi: December 31, 2015

## Statement of Compliance with the Code of Corporate Governance

**Name of Company :** Adam Sugar Mills Limited

**Year Ended :** September 30,2015

This statement is being presented to comply with the code of corporate governance (CCG) contained in Regulation No. 35 of Chapter XI listing regulation of Karachi Stock Exchange (Guarantee) 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 the Board of Directors. At present the Board includes :

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

- 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 tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non- Banking Finance institution (NBFi) or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
- 4- No casual vacancy has occurred during the period ended September 30,2015.
- 5- The company has developed “Code Of Conduct” and appropriate steps are taken to disseminate it throughout the company along with its supporting policies and procedures.
- 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 duly executed and decision on material transactions, including appointment and determination of remuneration and terms and conditions or employment of the CEO, other executive and non executive directors ,have been taken by the Board/shareholders.
- 8- The meeting 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 appropriately recorded and circulated. The minutes of the meetings were appropriately recorded and circulated in time.