

	2015	2014
<b>31 (LOSS)/EARNING PER SHARE - BASIC &amp; DILUTED</b>		
(Loss) / Profit after taxation attributable to ordinary shareholders	Rs. <b>(70,500,029)</b>	30,377,420
Weighted Average No. of Shares	<b>17,290,962</b>	11,518,709
(Loss) / earning per share - diluted	Rs. <b>(4.08)</b>	2.64

## 32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### 32.1 Financial assets - at fair value through profit and loss and at amortized cost

Long term deposits	32,400	40,000
Trade debts	37,507,900	145,667,574
Loans and advances	1,550,721	1,570,699
Trade deposits	1,917,483	32,099,271
Rebate Receivable	61,800,000	
Others receivables	257,274	257,274
Interest accrued	391,451	391,451
Cash and bank balances	70,381,344	100,411,514
	<b>173,838,573</b>	<b>280,437,783</b>

### 32.2 Financial liabilities - at fair value through profit and loss and at amortized cost

Director's subordinated loan	16,222,100	24,959,712
Long term finances	158,684,201	247,124,300
Deferred liabilities	1,018,696	1,134,661
Trade and other payables	244,078,773	192,404,389
Short term borrowings	753,188,844	1,304,001,480
Accrued markup	24,047,186	44,295,557
Current maturity of non-current liabilities	109,281,076	100,000,000
Unclaimed dividend	4,680,863	4,680,863
	<b>1,311,201,739</b>	<b>1,918,600,962</b>

**32.3** The company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and price risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of prices of the sugar and byproduct (molasses) and purchase price of the sugarcane and seeks potential adverse effects on the company's financial performance.

Risk managed and measured by the company are explained below: -

- Credit risk
- Liquidity risk
- Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

### 32.4 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted. Out of the total financial assets of Rs.173.846 (2014 : Rs.280.438) million, the financial assets which are subject to credit risk amounted to Rs.173.066 (2014 : Rs. 279.126) million.

The carrying amount of financial assets representing the maximum credit exposure at the reporting date as follows: -

	<b>2015</b>	<b>2014</b>
	<b>Rupees</b>	<b>Rupees</b>
Long term deposits	<b>32,400</b>	40,000
Trade debts	<b>37,507,900</b>	145,667,574
Loans and advances	<b>1,550,721</b>	1,570,699
Trade deposits	<b>1,917,483</b>	32,099,271
Rebate Receivable	<b>61,800,000</b>	-
Others receivables	<b>257,274</b>	257,274
Interest accrued	<b>391,451</b>	391,451
Cash at bank	<b>69,601,621</b>	99,099,593
	<b>173,058,850</b>	279,125,862

The maximum exposure to credit risk for trade debtors is Rs. 37.508 (2014: Rs.37.508) million.

### Impairment

The ageing of trade debts as at balance sheet date are as follows;

	<b>2015</b>		<b>2014</b>	
	<b>Gross debts</b>	<b>Impaired</b>	<b>Gross debts</b>	<b>Impaired</b>
	----- Rupees -----			
Past due 0 - 30 days	-	-	20,929,500	-
Past due 31 - 180 days	-	-	86,932,500	-
Past due 181 and above	<b>37,507,900</b>	-	37,507,900	-
	<b>37,507,900</b>	-	145,369,900	-

Based on the past experience, consideration of financial position, past track records and recoveries," the Company believes that trade debtors past due upto 360 days do not require any impairment. (Refer Note - 23.2).

### 32.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The following are the contractual maturities of the financial liabilities, including estimated interest payments: -

<i>Financial Liabilities</i>	<b>2015</b>			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
Loan from directors	16,222,100	24,959,712	-	24,959,712
Finances (Long and short)	911,873,045	759,080,050	753,188,844	158,684,201
Trade debts	37,507,900	37,507,900	-	-
Trade and other payables	244,078,773	244,078,773	244,078,773	-
Unclaimed dividend	4,680,863	4,680,863	4,680,863	-
	<b>1,214,362,681</b>	<b>1,070,307,298</b>	<b>552,717,492</b>	<b>125,964,373</b>

  

<i>Financial Liabilities</i>	<b>2014</b>			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
Loan from directors	24,959,712	24,959,712	-	24,959,712
Finances (Long and short)	1,551,517,231	455,502,240	355,632,240	99,870,000
Deferred liabilities	1,134,661	1,134,661	-	1,134,661
Trade and other payables	192,404,389	192,404,389	192,404,389	-
Unclaimed dividend	4,680,863	4,680,863	4,680,863	-
	<b>1,774,696,856</b>	<b>678,681,865</b>	<b>552,717,492</b>	<b>125,964,373</b>

### 32.6 Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the company's income or the value of its holdings of financial instruments.

#### i) 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. At year end, the Company is not exposed to any currency risk.

#### ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was as follows: -

<i>Variable Rate Instruments</i>	<b>2015</b>	<b>2014</b>
	<b>Effective Interest Rate</b>	
<b>Financial liabilities</b>	<b>(In Percent)</b>	
Term loan	<b>3M Kibor+2.5%</b>	<b>3M Kibor+2.5%</b>
Term loan	<b>6M Kibor+2.5%</b>	<b>6M Kibor+2.5%</b>

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and equity for the year by the amounts shown below. The analysis assumes that all other variables remain constant.

	<b>Profit and Loss 100 bp Increase</b>	
<b>Cash flow Sensitivity - Variable Rate Instruments</b>		
<b>As at September 30 2015</b>		
Cash flow Sensitivity	<b>6,078,559</b>	<b>(6,078,559)</b>
<b>As at September 30 2014</b>		
Cash flow Sensitivity	<b>9,471,086</b>	<b>(9,471,086)</b>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.

**iii) Price Risk**

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

**Sensitivity analysis**

At reporting date, the company is not exposed to price risk as the company has no investments.

**33 CAPITAL RISK MANAGEMENT**

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may issue new shares and take other measures commensurating the circumstances.

Consistent with others in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings from banking companies less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	<b>2015 Rupees</b>	<b>2014 Rupees</b>
Total borrowings	<b>853,188,844</b>	1,454,001,480
Less: Cash and bank balances	<b>(70,381,344)</b>	(100,411,514)
<b>Net Debt</b>	<b>782,807,500</b>	1,353,589,966
Total equity	<b>696,881,408</b>	755,910,050
<b>Total Capital</b>	<b>1,479,688,908</b>	2,109,500,016
 <b>Gearing Ratio (%)</b>	 <b>52.90</b>	 64.17

**34 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The estimated fair value of financial instruments is not significantly different from their carrying value as shown in these financial statements.

**35 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS**

Particulars	2015			2014		
	Chief Executive	Directors	Total	Chief Executive	Directors	Total
	----- Rupees -----					
Fees		32,000	32,000	-	28,000	28,000
Managerial remuneration	36,000	628,500	664,500	36,000	574,221	610,221
	<b>36,000</b>	<b>660,500</b>	<b>696,500</b>	<b>36,000</b>	<b>602,221</b>	<b>638,221</b>
<b>Number of persons</b>	<b>1</b>	<b>6</b>	<b>7</b>	<b>1</b>	<b>6</b>	<b>7</b>

**35.1** Chief executive and two directors of the Company have been provided with free use of Company's car.

**35.2** No employees of the company fall under the definition of "Executives" as per the Companies Ordinance, 1984.

**36 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated companies, directors and key management personnel. Year end balances of related parties are shown in the relevant notes to the financial statements. Other transactions with related parties are disclosed as follows: -

	2015 Rupees	2014 Rupees
Receipts of short term loan from the director	181,990,000	1,187,045,171
Repayments of short term loan from the director	481,990,000	1,127,555,133
Purchases of oil and lubricants - from associated undertaking	3,046,792	6,531,527
Payment to associated undertaking against oil and lubricants	2,957,966	6,503,377
Payment of dividend to executives and associated undertakings	-	8,136,801

**36.1** The above transactions with related parties are entered into on arm's length basis except loan from director which are interest free.

**37 CAPACITY AND PRODUCTION**

	2015	2014
Crushing capacity (M. Tons)	826,000	840,000
Cane crushed (M. Tons)	360,301	527,223
Sugar produced (M. Tons)	35,175	48,894
Days worked (Number of days)	118	120

Cane crushed is less than installed capacity due to the non-availability of sugarcane.

**38 OPERATING SEGMENT**

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

**38.1** Revenue from sale of sugar represents 71% (2014 : 92%) of the gross sales of the Company.

**38.2** Export sales represent 24% (2014 : 1%) of the gross sales of the Company.

**38.3** All non-current assets of the Company at 30 September 2015 are located in Pakistan.

**38.4** One customer of the Company accounts for 32%(2014 : 32%) of gross sales of the Company for the year.

**39 NUMBER OF EMPLOYEES**

At year end, no of employees are 495 (2014: 495) and average for the year were 680 (2014 : 680).

**40 DISCLOSURES RELATING TO PROVIDENT FUND**

	<b>2015</b>	<b>2014</b>
	<b>Rupees</b>	<b>Rupees</b>
Size of the fund	<b>7,118,800</b>	7,110,442
Cost of investment made	<b>8,750,379</b>	8,287,082
	<b>Percentage</b>	
Interest rate on saving account	<b>4.02%</b>	5-7%
Invest in bank	<b>100%</b>	100%

**41 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 31 December 2015 by the Board of Directors of the Company.

**42 GENERAL**

Figures have been rounded off to the nearest rupee.



**GHULAM AHMED ADAM**  
Chief Executive



**JUNAID G. ADAM**  
Director





**Adam Sugar Mills Limited**

## 50th 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) or 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 9:00 A.M. on Saturday, 30th January 2016, at The Arts Council Of Pakistan and at any adjournment thereof.

In witness my/our hand this \_\_\_\_\_ day of 2016

Signed by the said \_\_\_\_\_  
(WITNESS'S SIGNATURE)

In the presence of \_\_\_\_\_  
(WITNESS'S SIGNATURE)

Affix Rs. 5/-  
Revenue  
Stamp

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.



