



HASEEB WAQAS SUGAR MILLS LIMITED



Annual Report 2014

CONTENTS

	Page
Company's Vision & Mission Statements	1
Company Information	2
Notice of Annual General Meeting	3-4
Director's Report	5-8
Six Years Review at a Glance	9
Pattern of Shareholding	10-11
Statement of Compliance with the Best Practices of Code of Corporate Governance	12-13
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	14
Auditor's Report to the Members	16
Balance Sheet	17
Profit & Loss Account	19
Statement of Comprehensive Income	20
Statement of Cash Flows	21
Statement of Changes in Equity	22
Notes of the Financial Statements	23
Proxy Form	



VISION AND MISSION STATEMENT

VISION STATEMENT

To be the leader in Sugar Industry by building the Company's image through quality improvement, customer's satisfaction and by maintaining a high level of Ethical and Professional Standards through the optimum use of resources.

MISSION STATEMENT

- Endeavoring to be the market leader by enhancing market share and to conduct business in the best possible manner by using high level of Ethical and Professional Standards.
- Seeking long term and good trading relations with customers and suppliers with fair, honest and mutually profitable dealings.
- Building an excellent repute of our organization and to maintain high professional and ethical standards with eyes on the future.
- Offering high quality products according to the highest international standards.
- Continuous enhancement in shareholders' value through teamwork and constant improvement in performance in all operating areas in a competitive business environment.
- Providing congenial work environment, where employees are treated with respect and dignity and work as a team for common goals.
- Contributing to the national economy by uplifting and skills diversification of the people through fulfillment of our social responsibilities.



HASEEB WAQAS SUGAR MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

1.	Mr. Raza Mustafa	Chairman
2.	Brig (R) Muhammad Akram	Chief Executive
3.	Mian Haseeb Ilyas	Director
4.	Mian Waqas Riaz	Director
5.	Mrs. Zainab Waqas	Director
6.	Mrs. Shahzadi Ilyas	Director
7.	Hafiz M. Irfan Hussain Butt	Director
8.	Miss. Zakia Ilyas	Director

AUDIT COMMITTEE

1.	Hafiz M. Irfan Hussain Butt (Chairman)
2.	Ms. Zakia Ilyas (Member)
3.	Mr. Raza Mustafa (Member)

HUMAN RESOURCE & REMUNERATION COMMITTEE

1.	Mian Waqas Riaz (Member)
2.	Mrs. Zainab Waqas (Member)
3.	Ms. Zakia Ilyas (Member)

COMPANY SECRETARY

Mr. Ansar Ahmed FCA
Tel: 042-35917313
Email: cs@hwgc.com.pk

CHIEF FINANCIAL OFFICER

Syed Mubashar Hussain Bukhari
Tel: 042-35917321-3
Email: mubashir_qadari@hwgc.com.pk

AUDITORS

M/s Qadeer & Company,
Chartered Accountants
89-F Jail Road, Lahore

REGISTRAR

M/s Hameed Majeed Associates (Pvt.)
Limited.
H.M. House, 7-Bank Square, LHR.

MILLS

Mehrajabad, Tehsil & District
Nankana Sahib.
Tel: 056-2724010-4
Fax: 056-2874367

REGISTERED OFFICE

06-F, Model Town, Lahore.
Tel: 042-35917321-23
Fax: 042-35917317
Website: www.hwgc.com.pk

BANKERS

National Bank of Pakistan
Sindh Bank Limited
The Bank of Punjab

LEGAL ADVISOR

Mian Aslam Shahzad
(Advocate)



HASEEB WAQAS SUGAR MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of Haseeb Waqas Sugar Mills Limited will be held at its Registered Office, 06-F, Model Town, Lahore on Saturday 31st January, 2015 at 09:00 a.m. to transact the following business:-

ORDINARY BUSINESS:

1. To confirm the minutes of the Last Annual General Meeting held on January 24, 2014.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2014 together with Directors' and Auditors' Report thereon.
3. To appoint Auditors of the Company for the year ending September 30, 2015 and to fix their remuneration. The retiring auditors M/S Qadeer & Company, Chartered Accountants, being eligible, have offered themselves for re- appointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Place: Lahore
Dated: January 08, 2015

(ANSAR AHMED)
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from January 24, 2015 to January 31, 2015 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company, along with the attested copies of National Identity Card (NIC) or Passport, not less than 48 hours before the meeting and must be duly stamped, signed and witnessed by two persons.
3. The members are requested to notify any change in their address promptly.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the SECP.

A. For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original NIC or Passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.



HASEEB WAQAS SUGAR MILLS LIMITED

B. For Appointing Proxies:

- I In case of individuals, the Account holder or sub-account holder's registration details are uploaded as per the CDC regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- iii. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original NIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the company.



HASEEB WAQAS SUGAR MILLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2014

The Directors of your Company presents the Company's 23rd Annual Report and Audited Financial Statements for the year ended September 30, 2014 together with the Auditors' Report thereon.

OPERATIONAL PERFORMANCE

The crushing season of the company for the current period commenced on November 18, 2013. Operating results for the year under review are as under:

		November 18, 2013 To March 02, 2014	December 03, 2012 To March 21, 2013
Crushing days	Days	105	109
Cane crushed	M. Tonnes	420,096.125	470,972.126
Avg. Crushing per day	M. Tonnes	4,000.90	4,321
Average recovery	%age	9.24%	9.26%
Sugar produced	M. Tonnes	38,762	43,565

The mills were operated for 105 days with total crushing of 420,096 M. Tones as against 109 days with total crushing of 470,972 M. Tones. Average recovery has decreased from 9.26% to 9.24%. Cane crushed & sugar produced is 420,096 M.T & 38,762 M.T respectively.

FINANCIAL INDICATORS

The financial results of your company for the year ended September 30, 2014 are summarized as follows:

	For the year ended September 30,	
	2014	2013
Net Sales	2,173,224,775	2,571,910,262
Gross Profit / Loss	(408,908,859)	(236,204,109)
(Loss) before tax	(629,230,771)	(473,780,304)
Net Loss after tax	(625,106,084)	(460,475,650)
Loss per share – Basic and Diluted	(19.29)	(14.20)

Sugar sector is going through the worst ever crisis for the last three years & incurred heavy losses due to multiple reasons. The reasons includes but not limited to the following;

1. A bumper crop of sugar cane for the last three consecutive years resulted in unprecedented large production of sugar. The excess production of sugar against national consumption together with carryover stocks from previous year resulted in heavy pressure for selling sugar below cost.
2. Sugarcane price increased manifold for the last three years that is from Rs.125 to Rs.170/40 Kg; however sugar prices remained at its lowest ebb for the last three years & hovering averaging Rs.45-47/ Kg and low sugar recovery % as compared Southern Punjab area which has seriously affected the profitability of mills situated in center & north part of Punjab.
3. Depression in the prices of sugar in international market as well. Currently international sugar market touched its 4 years low.



HASEEB WAQAS SUGAR MILLS LIMITED

Due to the above factors mills of central & north Punjab are in heavy losses. These losses have eroded the liquidity of the mills.

The financial statements of the Company indicate that the Company incurred gross loss amounting to Rs. 408,908,859 (2013 : 236,204,109) and net loss from operations amounting to Rs. 629,230,771 (2013: 473,780,304) and accumulated losses Rs. 1,083,736,506 (2013: 517,158,014 - Restated) which leads to negative equity of Rs. 759,736,506 (2013: 193,158,014- Restated). Moreover the current liabilities exceed current assets by Rs. 1,366,259,209 (2013: 628,409,463).

In view of the historic fall in sugar prices and upward revision of cane prices by the government, the industry suffered devastatingly. As the sugar prices are at lowest ever level for the last three years in national and international markets resulting in heavy losses. Resultantly, mills have moved to courts asking for intervention to settle the issue, and force the government to pay heed to their demands in order to remove the threat of business closure.

Operational Measures

In view of above issues Company has taken following steps:

- Restructuring of current liabilities out of which liabilities of amounting to Rs 750 Million have already been restructured and remaining 500 Million will hopefully be completed before March 2015.
- BMR for energy saving for Rs 174,993,606 done for compensation of losses in sugar production each year.

The management foresees positive cash flow from future operations in expectation of better availability of sugar cane in the following seasons and better sugar prices to arrange and meet its working capital finance for the next season through advances against sugar and other sources according to the requirements of production.

The projected financial statement prepared by the management to support its going concern assessment is based on following assumptions.

	2015	Projected		2018
		2016	2017	
Sugar cane crushing M.T	609,000	630,000	651,000	672,000
Sugar cane rate	182	200	215	230
Sugar price per Kg	52	56	60	63

FUTURE OUTLOOK

Keeping in view of persistent losses in sugar sector for the last couple of years, management of the mills are going for rehabilitation plan for revival of mills & to put the mills into profitability.

The following are the steps which will enable us to consolidate our position to come out of this mess & bring the mills into profitability.

In the current year, we are in the process of emphasizing towards the value addition of by products & BMR to increase the recovery. In first phase we have installed falling Film Evaporator (FFE) which has started working successfully. During the year we are planning to install further FFE to save the baggas which will contribute positively towards the revenue generation to cover some losses during the year. The efficiency of milling and energy system will be further upgraded in coming years, after which the management plans to move to electricity generation. This increased crushing, baggas saving; additional sugar production from same cost of cane and improvement in demand & supply situation of sugar will help in generating positive cash flows in the future.

Furthermore we are going for development of variety cane at mill gate in order to bring the mills into profitability due the better yield & reduction in cane cost. We make advances to growers in the shape of fertilizer/seed/Diesel & cash to meet the



HASEEB WAQAS SUGAR MILLS LIMITED

emergent requirements during the whole year.

The management is expecting the end of this cycle of 3 years of depression phase in sugar industry which is in 3rd years since sugar industry is of cyclic nature & goes through the depression phase after every 3 to 4 years.

DIVIDEND:

As the Company is in the phase of heavy losses, therefore, no dividend is being declared.

AUDITORS:

The present auditors M/s Qadeer & Co., Chartered Accountants, are retiring and being eligible, have offered themselves for re-appointment for the ensuing year. The Audit Committee has recommended the re-appointment of M/s Qadeer & Co., Chartered Accountants, as auditors of the Company for year ending 30 September 2015.

CODE OF CORPORATE GOVERNANCE:

The Board of Directors and the Company remain committed to the principles of good corporate governance practices with emphasis on transparency and disclosures. The Board and management are fully cognizant with their responsibilities and monitoring Company's operation and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information. Your Company has adopted the Code of Corporate Governance as promulgated by the Securities & Exchange Commission of Pakistan in 2002 and is completely compliant of the provisions of Code of Corporate Governance as stipulated therein.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance:-

- i. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- ii. Proper books of accounts have been maintained as required by the Companies Ordinance, 1984.
- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from, if any, has been adequately disclosed.
- v. The system of internal control is sound in design and has been effectively implemented by the management and monitored by internal and external Auditors as well as Audit Committee. The Board reviews the effectiveness of established internal control through Audit Committee and further improvement in the internal control systems, wherever required.
- vi. There are no doubts upon the Company's ability to continue as a going concern. The Company has adequate resources to continue in operation for the foreseeable future.
- vii. There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing Regulations.
- viii. Key operating and financial data of last six years, in summarized form, is annexed.
- ix. Information about outstanding taxes and other government levies are given in related note(s) to the accounts.



HASEEB WAQAS SUGAR MILLS LIMITED

- x. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.
- xi. During the year under review, Four (04) meetings of the Board of Directors were held. The attendance by each Director is as follows:

<i>Sr. No.</i>	<i>Name of Directors</i>	<i>Attendance</i>
1.	Brig. (R) Muhammad Akram (CEO)	4
2.	Mian Waqas Riaz	4
3.	Mian Haseeb Ilyas	4
4.	Mrs. Zainab Waqas	4
5.	Hafiz M. Irfan Hussain Butt	4
6.	Mr. Raza Mustafa	4
7.	Mrs. Shahzadi Ilyas	4
8.	Miss Zakia Ilyas	4

Leave of absence was granted to the directors by the Board who could not attend the Meeting.

- xii. The Statement of Code of Ethics and Business Practices has been developed and duly signed by the directors and employees of the Company in acknowledgement thereof.
- xiii. The Board has constituted an Audit Committee in compliance with the Code of Corporate Governance. It comprises of the following three (3) members who are Non-Executive directors;
- | <i>Sr. No.</i> | <i>Name</i> | <i>Designation</i> |
|----------------|-----------------------------|--------------------|
| 1. | Hafiz M. Irfan Hussain Butt | Chairman |
| 2. | Mr. Raza Mustafa | Member |
| 3. | Ms. Zakia Ilyas | Member |
- xiv. A statement of the pattern of shareholdings as required under Clause d of Sub-section 2 of Section 236 of the Companies Ordinance, 1984, is annexed.
- xv. No trading of shares by the Directors, Chief Executive, and Chief Financial Officer, Company Secretary and their spouses & minor children has been carried out during the year.
- xvi. All the major decisions relating to investment or disinvestment of funds, changes in significant policies and overall corporate strategies, appointment, remuneration and terms & conditions of appointment of Chief Executive Officer and Executive Directors are taken over by the Board of Directors.

ACKNOWLEDGEMENT:

The Board expresses sincere appreciation to sugarcane growers, valuable customers, regulatory departments of the Government, financial institution and acknowledges the continued interest and support of esteemed shareholders and extremely grateful for their trust and confidence.

The directors deeply appreciate devotion, loyalty hardwork and the laudable services rendered by the executives, all the employees and workers of the Company at its various divisions which enable us to pursue our corporate objectives with the renewed vigor.

On behalf of the Board

Lahore
January 08, 2015.

(Brig. (R) Muhammad Akram Khan)
Chief Executive



HASEEB WAQAS SUGAR MILLS LIMITED

SIX YEARS AT A GLANCE

	2014	2013	2012	2011	2010	2009
	Rupees in thousand					
OPERATING RESULTS						
Sales - net	2,173,225	2,571,910	1,917,277	3,087,853	1,853,587	1,054,857
Gross profit/ (loss)	(408,909)	(236,204)	68,849	187,454	125,907	198,110
Operating profit/ (loss)	(441,530)	(270,344)	48,792	198,639	97,857	167,413
Profit/ (loss) before tax	(629,231)	(473,780)	(205,774)	30,707	(27,930)	37,349
Profit/ (loss) after tax	(625,106)	(460,475)	(201,066)	18,324	45,553	59,555
FINANCIAL POSITION						
Fixed assets - net	3,570,545	2,509,730	2,577,209	2,625,330	979,474	1,006,147
Paid-up capital	324,000	324,000	324,000	324,000	324,000	324,000
Shareholder's equity	(759,736)	(193,158)	200,310	333,779	334,984	247,793
Long term liabilities	1,119,116	882,388	1,059,370	1,053,304	302,011	438,387
Current assets	1,134,071	1,537,721	1,936,742	863,426	575,070	351,985
Current liabilities	2,500,330	2,166,130	2,003,173	771,677	680,115	392,148
Breakup value per share (Rs)	(19.29)	(14.21)	(6.21)	10.30	10.33	7.60
STATISTICS						
No of employees	310	265	267	264	252	312
Sugar produced (M.Tons)	38,762	43,565	58,340	43,516	27,590	12,270
Crushing period (Days)	105	109	117	109	91	98



HASEEB WAQAS SUGAR MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30 2014

Number of Shareholders	Shareholdings From	To	Total Number of Shares Held	Percentage of Total Capital
156	1 -	100	9,219	0.03
344	101 -	500	142,730	0.50
163	501 -	3000	139,237	0.49
263	1001 -	5000	567,199	1.81
75	5001 -	10000	618,441	1.91
15	10001 -	15000	200,279	0.62
15	15001 -	20000	272,496	0.84
9	20001 -	25000	188,900	0.58
4	25001 -	30000	115,000	0.36
4	30001 -	35000	133,333	0.41
1	35001 -	40000	40,000	0.12
2	40001 -	45000	90,000	0.28
3	45001 -	50000	160,000	0.49
2	50001 -	55000	100,000	0.31
1	55001 -	60000	58,000	0.18
1	60001 -	65000	65,000	0.20
1	65001 -	70000	67,500	0.21
1	70001 -	75000	42,288	0.13
1	75001 -	80000	285,500	0.88
3	80001 -	90000	80,834	0.25
1	90001 -	95000	497,000	1.52
6	95001 -	120000	125,000	0.39
1	120001 -	125000	125,000	0.39
1	125001 -	130000	130,000	0.40
1	130001 -	140000	130,000	0.40
1	140001 -	145000	142,000	0.44
1	145001 -	170000	168,500	0.52
1	205001 -	210000	200,714	0.62
1	215001 -	220000	217,000	0.67
1	240001 -	245000	244,000	0.75
1	290001 -	295000	293,500	0.91
1	330001 -	335000	333,500	1.03
1	4,15001 -	420000	418,798	1.29
1	600001 -	605000	601,545	1.86
1	6,15001 -	620000	617,600	1.91
1	785001 -	790000	788,250	2.37
1	810001 -	815000	814,691	2.51
1	905001 -	910000	908,619	2.80
1	925001 -	930000	930,000	2.87
1	1020001 -	1025000	1,022,750	3.16
1	1260001 -	1265000	1,262,500	3.90
1	1275001 -	1280000	1,277,918	3.94
1	1390001 -	1395000	1,392,168	4.30
1	1495001 -	1500000	1,500,000	4.63
1	2210001 -	2215000	2,213,500	6.83
1	2400001 -	2405000	2,404,100	7.42
1	2840001 -	2845000	2,844,500	8.78
1	2900001 -	2905000	2,900,500	8.95
1	4555001 -	4570000	4,566,500	14.09
1,037			32,400,000	100.00

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	No. of Shares Holders	Sharesheld	Percentage
Individuals	1,003	24,512,804	75.657
Joint Stock Companies	13	5,946,377	18.353
Financial Institutions	4	18,200	0.056
Insurance Companies	4	1,531,419	4.727
Modaraba Companies	4	7,700	0.024
Funds & Mutual Funds	1	100,000	0.309
Foreign /Non Resident Investors	4	245,000	0.756
Others	4	38,500	0.119
TOTAL	1,037	32,400,000	100.00



HASEEB WAQAS SUGAR MILLS LIMITED

CATAGORIES OF SHAREHOLDERS AS AT SEPTEMBER 30 2014

	Shares held	%
Directors, CEO and their spouse and Minor Children		
1 Mian Waqas Riaz	768,250	2.371
2 Mian Haseeb Ilyas	2,213,500	6.832
3 Brig. (R) Muhammad Akram Khan	500	0.002
4 Mrs. Zainab Waqas	333,500	1.029
5 Hafiz M. Irfan Hussain Butt	1,000	0.003
6 Mr. Raza Mustafa	500	0.002
7 Mrs. Shahzadi Ilyas	2,404,100	7.420
8 Ms. Zakia Ilyas	10,882	0.034
	5,732,232	17.692
Public Sector Companies and Corporation		
Joint Stock Companies		
1 Abdullah Sugar Mills Limited	2,900,500	8.952
2 First Capital Equities Limited	1,392,168	4.297
3 First Capital Equities Limited	930,000	2.870
4 First Capital Equities Limited	416,788	1.286
5 Mohammad Munir Mohammad Ahmed Khanani Securities	293,500	0.906
6 Milleage (Pvt.) Limited	7,500	0.023
7 Tele Sys Tech (Pvt.) Limited	3,121	0.010
8 Y.S. Securities (Pvt.) Limited	1,000	0.003
9 M.R. Securities (SMC-PVT) Limited	500	0.002
10 Sarfaraz Mahmood (Pvt.) Limited	500	0.002
11 S.H. Bukhari Securities (Pvt.) Limited	400	0.001
12 Ismail Abdul Shakoor Securities (Pvt) Limited	300	0.001
13 Stock Master Securities (Pvt.) Limited	100	0.000
	5,946,377	18.353
Banks, Developments Finance Instiutions, Non Banking Finance Instiutions		
The Bank of Punjab	6,700	0.021
Bank Alfalah Limited	800	0.002
First Capital Securities Corporation Ltd	1,000	0.003
Trust Leasing Corporation	9,700	0.030
	18,200	0.056
Insurance Companies		
Shaheen Insurance Company Limited	908,619	2.804
State Life Insurance Corporation	617,600	1.906
State Life Insurance Corporation	200	0.001
Asia Insurance Company Limited	5,000	0.015
	1,531,419	4.727
Modaraba Companies		
Trust Modaraba	5,600	0.017
Trust Modaraba	100	0.000
First Punjab Modaraba	1,400	0.004
First Punjab Modaraba	600	0.002
	7,700	0.024
Others		
James Capel & Co	22,800	0.070
Morgan Stanly Trust & Company	14,900	0.046
Deutsche Bank Securities Corp.	600	0.002
Hong Kong Bank International	200	0.001
	38,500	0.119
Funds & Mutual Funds		
TrusteeCherat Cement Company Ltd. Staff Gratuity Fund	100,000	0.309
	100,000	0.309
Foreign / Non Resident Investors	245,000	0.756
Shares held by General Public	245,000	0.756
	18,780,572	57.965
	18,780,572	57.965
	32,400,000	100.000
Shareholders holding 05% or more voting intrerst in the Company		
MIAN MUHAMMAD ILYAS MIRAJ	4,566,500	14.09
ABDULLAH SUGAR MILLS LIMITED	2,900,500	8.95
SHAHZADI ILYAS	2,404,100	7.42
HASEEB ILYAS	2,213,500	6.83
	12,084,600	37.30



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED SEPTEMBER 30, 2014

Name of company **HASEEBWAQAS SUGAR MILLS LIMITED** Year ending SEPTEMBER 30, 2014.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of listing regulations of Karachi and Chapter XIII of listing regulation of Lahore Stock Exchange 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	Hafiz Muhammad Irfan Hussain Butt
Executive Directors	Mian Haseeb Ilyas Mian Waqas Riaz Brig. (R) Muhammad Akram
Non-Executive Directors	Mrs. Shahzadi Ilyas Mrs. Zainab Waqas Ms. Zakia Ilyas Mr. Raza Mustafa

The independent directors meets the criteria of independence under clause i (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 (excluding the listed subsidiaries of listed holding companies where applicable).
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 DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Since the last report, there is no change in directorship.
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.
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. All the Directors on the Board are well conversant with the listing regulations, legal requirements and operational imperatives of the company, and as such are fully aware of their duties and responsibilities. At present one director has acquired the formal directors training certificate from the University of Lahore.



HASEEB WAQAS SUGAR MILLS LIMITED

10. The company has appointed new Chief Financial Officer (CFO) and Head of Internal Audit. CEO determined their remuneration, terms & conditions with the approval of the Board. No new Appointment of Company Secretary was made during the year. However any changes to the remuneration, terms and conditions of employment of Company Secretary have been determined by the CEO with the approval of the Board.
11. 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.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. 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.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises 03 members, of whom 02 are non-executive directors and the chairman of the committee is an independent director.
16. 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.
17. The board has formed an HR and Remuneration Committee. It Comprises 3 members of whom 02 are non executive directors and the chairman of the committee is a executive director.
18. The board has set up an effective internal audit function/ or has outsourced the internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company.
19. 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.
20. 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.
21. 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).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board

(Brig. (R) Muhammad Akram Khan)
Chief Executive

Lahore
January 08, 2015.



HASEEB WAQAS SUGAR MILLS LIMITED

AUDITORS' REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE 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 HASEEB WAQAS SUGAR MILLS LIMITED (the Company) for the year ended September 30, 2014 to comply with the requirements of Listing Regulations No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the Company is listed.

The responsibility for the 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 a part of our 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 Directors' 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 required 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 price mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon the 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 as applicable to the company for the year ended September 30, 2014.

Lahore
Dated: January 08, 2015

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA

Financial Statements

For the year ended September 30 2014



HASEEB WAQAS SUGAR MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of HASEEB WAQAS SUGAR MILLS LIMITED ('the Company') as at September 30, 2014 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 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 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:-

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 account and are further in accordance with accounting policies consistently applied with which we concur;
 - (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;
- (a) in our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, conform with the 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, 2014 and of the loss, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (b) in our opinion no Zakat was deductible at source under Zakat & Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to Note. 2.3 in the financial statements which indicate that the Company incurred gross loss amounting to Rs. 408,908,859 and net loss from operations amounting to Rs. 629,230,771 during the year ended September 30, 2014 leading to negative equity of Rs. 759,736,506. Moreover, the current liabilities exceed current assets by Rs. 1,366,259,209. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Lahore
Dated: January 08, 2015

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA



HASEEB WAQAS SUGAR MILLS LIMITED

BALANCE SHEET AS AT SEPTEMBER 30, 2014

	Note	<i>Re-stated</i>		
		September 30, 2014	September 30, 2013	October 01, 2012
		Rupees		
CAPITAL AND LIABILITIES				
Share Capital and Reserves				
Authorized capital				
		350,000,000	350,000,000	350,000,000
35,000,000 (2013: 35,000,000) ordinary shares of Rs. 10 each				
Issued, subscribed and paid up capital	4	324,000,000	324,000,000	324,000,000
Accumulated (loss)/ profit		(1,083,736,506)	(517,158,014)	(123,114,004)
		(759,736,506)	(193,158,014)	200,885,996
Surplus on Revaluation of Property, Plant and Equipment	5	1,859,153,693	1,206,336,950	1,271,117,724
Non Current Liabilities				
Long term financing	6	207,371,944	236,995,324	360,864,594
Liabilities against assets subject to finance lease	7	12,499,999	49,243,806	88,802,637
Deferred gain	8	-	1,267,139	2,534,243
Deferred liabilities	9	22,792,246	17,187,780	15,030,032
Deferred taxation	10	876,451,750	577,694,493	591,562,843
		1,119,115,939	882,388,542	1,058,794,349
Current Liabilities				
Trade and other payables	11	681,685,228	328,081,597	355,407,939
Markup on loans and other payables	12	72,077,785	64,083,209	77,166,512
Short term borrowings	13	1,610,578,931	1,604,792,162	1,401,743,859
Current portion of non current liabilities	14	135,988,011	161,242,669	162,301,244
Provision for taxation		-	7,931,012	6,554,202
		2,500,329,955	2,166,130,649	2,003,173,756
Contingencies and Commitments	15	-	-	-
		4,718,863,082	4,061,698,127	4,533,971,825

CHIEF EXECUTIVE



HASEEB WAQAS SUGAR MILLS LIMITED

		<i>Re-stated</i>		
		September 30, 2014	September 30, 2013	October 01, 2012
	Note	Rupees		
ASSETS				
Non Current Assets				
Property, plant and equipment	16	3,570,545,215	2,509,729,821	2,577,208,943
Long term deposits	17	14,247,120	14,247,120	20,020,502
Current Assets				
Stores, spares and loose tools	18	59,862,296	64,876,629	49,420,980
Stock in trade	19	574,075,966	881,329,501	1,277,176,874
Loans and advances	20	5,914,758	3,450,000	30,000
Advances ,deposits,prepayments and other recievables	21	483,611,516	568,744,749	603,516,027
Cash and bank balances	22	10,606,211	19,320,307	6,598,499
		1,134,070,747	1,537,721,186	1,936,742,380
		<u>4,718,863,082</u>	<u>4,061,698,127</u>	<u>4,533,971,825</u>

The annexed notes form an integral part of these financial statements.

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2014

		2014	Re-stated 2013
	Note	Rupees	
Sales - Net	23	2,173,224,775	2,571,910,262
Cost of goods sold	24	(2,582,133,634)	(2,808,114,371)
Gross loss		(408,908,859)	(236,204,109)
Operating expenses:			
- Administrative and general expenses	25	(32,329,948)	(32,635,389)
- Other operating charges	26	(625,000)	(625,000)
- Selling and distribution expenses		-	(911,780)
- Other income	27	333,448	31,917
Loss from operation		(441,530,360)	(270,344,361)
Finance cost	28	(187,700,411)	(203,435,943)
Loss before taxation		(629,230,771)	(473,780,304)
Taxation	29	4,124,687	13,304,654
Loss after taxation		(625,106,084)	(460,475,650)
Earning per share - basic	30	(19.29)	(14.21)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Note	2014	Re-stated 2013
		Rupees	
(Loss) after taxation		(625,106,084)	(460,475,650)
Other comprehensive income			
Remeasurements of defined benefit obligation		(2,463,979)	(859,946)
Impact of deferred tax		813,113	283,782
		(1,650,866)	(576,164)
Total comprehensive income for the year		(626,756,949)	(461,051,814)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2014

	2014	Re-stated 2013
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(629,230,771)	(473,780,304)
Adjustments for:		
- Depreciation	130,434,272	132,844,791
- Provision for employees retirement benefits	6,063,310	4,952,035
- Gain on disposal of property plant and equipment	(332,994)	-
- Finance cost	187,700,411	203,435,943
	<u>323,864,999</u>	<u>341,232,769</u>
Operating profit before working capital changes	(305,365,772)	(132,547,535)
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	5,014,333	(15,455,650)
- Stock in trade	307,253,535	395,847,373
- Loans and advances	(2,464,758)	3,450,000
- Trade deposits and short term prepayments	86,692,322	41,765,040
Increase / (decrease) in current liabilities:		
- Trade and other payables	353,603,631	(27,326,342)
	<u>750,099,063</u>	<u>398,280,421</u>
Cash generated from operations	444,733,291	265,732,886
Income tax paid / deducted	(13,374,026)	(10,443,761)
Gratuity paid	(458,844)	(330,308)
Finance cost paid	(179,705,835)	(216,519,246)
Net cash generated from/used in operating activities	251,194,586	38,439,571
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(174,433,606)	(66,632,773)
Proceed from sale of vehicle	360,000	-
Long term deposits	-	5,773,382
Net cash used in investing activities	(174,073,606)	(60,859,391)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) from long term loans - Net	(68,750,000)	(131,245,355)
Proceeds / (Repayment) from Lease Finance - Net	(24,499,415)	(34,371,101)
Proceeds / (Repayment) from directors'/ sponsor loan - Net	1,627,570	1,129,781
Short term borrowings	(299,324,687)	(11,289,746)
Proceeds / (Repayment) of related parties	305,111,456	210,918,049
Net cash used in financing activities	(85,835,076)	35,141,628
Net decrease in cash and cash equivalents	(8,714,096)	12,721,808
Cash and cash equivalents at the beginning of the year	19,320,307	6,598,499
Cash and cash equivalents at the end of the year	<u>10,606,211</u>	<u>19,320,307</u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Issued, subscribed and paid-up capital	Accumulated loss / Unappropriated profit	Total
			R u p e e s
Balance as at October 01, 2012 as perviously reported	324,000,000	(123,690,168)	200,309,832
Effect of change in accounting policy for recognition of actuarial gains and losses - net of deferred tax	-	576,164	576,164
Balance as at October 01, 2012 Restated	324,000,000	(123,114,004)	200,885,996
Total comprehensive income for the year	-	(461,051,814)	(461,051,814)
Effect of change in accounting policy for recognition of actuarial gains and losses - net of deferred tax	-	2,227,030	2,227,030
Transferred from Surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	64,780,774	64,780,774
Balance as at October 01, 2013 Restated	324,000,000	(517,158,014)	(193,158,014)
Total comprehensive income for the year	-	(626,756,949)	(626,756,949)
Transferred from Surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	60,178,458	60,178,458
Balance as at September 30, 2014	324,000,000	(1,083,736,506)	(759,736,506)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



NOTES TO THE FINANCIAL STATEMENTS. FOR THE YEAR ENDED SEPTEMBER 30, 2014.

1 REPORTING ENTITY

Haseeb Waqas Sugar Mills Limited ("the Company") was incorporated on 13 January 1992 as a Public Limited Company under the Companies Ordinance, 1984. The Company's registered office is situated at 6-F Model Town, Lahore. The mill is situated at Merajabad, Nankana Sahib, District Nankana Sahib. The Company is listed on Lahore and Karachi Stock Exchanges. The principal activity of the Company is manufacture and sale of refined sugar and its by-products.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Basis of measurement

These accounts have been prepared under the historical cost convention except for certain financial instruments at fair value and certain items of property, plant and equipment that are stated at revalued amounts. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

The crushing season 2013-2014 of the Company commenced on November 18, 2013 and ended on March 02, 2014.

2.3 Going concern assumption

The financial statements of the Company indicate that the Company incurred gross loss amounting to Rs. 408,908,859 (2013 : 236,204,109) and net loss from operations amounting to Rs. 629,230,771 (2013: 473,780,304) and accumulated losses Rs 1,083,736,506 (2013: 517,158,014 - Restated) which leads to negative equity of Rs, 759,736,506 (2013: 193,158,014-Restated). Moreover the current liabilities exceed current assets by Rs. 1,366,259,209 (2013: 628,409,463).

In view of the historic fall in sugar prices and upward revision of cane prices by the government, the industry suffered devastatingly. As the sugar prices are at lowest ever level for the last three years in national and international markets resulting in heavy losses. Resultantly, mills have moved to courts asking for intervention to settle the issue, and force the government to pay heed to their demands in order to remove the threat of business closure.

Operational measures

In view of above issues Company has taken following steps:

- Restructuring of current liabilities out of which liabilities of amounting to Rs 750 Million have already been restructured and remaining 500 Million will hopefully be completed before March 2015.
- BMR for energy saving for Rs 174,993,606 done for compensation of losses in sugar production each year.

The management foresees positive cash flow from future operations in expectation of better availability of sugar cane in the following seasons and better sugar prices to arrange and meet its working capital finance for the next season through advances against sugar and other sources according to the requirements of production.



HASEEB WAQAS SUGAR MILLS LIMITED

	Projected			
	2015	2016	2017	2018
Sugar cane crushing M.T	609,000	630,000	651,000	672,000
Sugar cane rate	182	200	215	230
Sugar price per Kg	52	56	60	63

However, it is believed that considering the mitigating factors set out in the preceding paragraphs, the going concern assumption is appropriate and has, as such, prepared these financial statements on a going concern basis.

2.4 Judgment, estimates and assumptions

The preparation of financial statements in conformity with IASs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

Judgment made by management in the application of approved standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent year are as follows;

2.4.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.4.2 Recoverable amount of assets/ cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.3 Fair value of financial instruments having no active market

Fair value of financial instruments having no active market is determined using discount cash flow analysis after incorporating all factors that market participants would consider in setting a price and using inputs that reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

2.4.4 Taxation

The Company takes into account income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by tax department at the assessment stage and where the Company considers that its view of items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.4.6 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

2.5 Functional currency

These financial statements are prepared in Pak Rupees which is the Company's functional currency.



3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.1 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

3.2 Surplus/ deficit arising on revaluation of property, plant and equipment

Surplus arising on revaluation of items of property, plant and equipment is credited directly to the equity after reversing deficit relating to the same item previously recognized in profit and loss, if any. Deficit arising on revaluation is recognized in profit and loss after reversing the surplus relating to the same item previously recognized in equity, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profit and loss every year.

3.3 Employee benefits

Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the discounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Defined benefit plan

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after the completion of a prescribed qualifying period of service. The latest actuarial valuation was carried out as at September 30, 2014. Charge for the current year is based on estimates provided by the actuary as at September 30, 2014. The following significant assumptions were used in the latest actuarial valuation:

	2014	2013
Discount rate	13.25%	12%
Expected rate of salary increase in future years	12.25%	11%
Average expected remaining working life time of employees	11 years	11 years
Actuarial valuation method	Projected unit credit method	

3.4 Borrowings

These are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.

3.5 Provisions

A provision is recognized 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 economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.



3.6 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available. 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

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.7 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.8 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment loss, if any.

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land that is stated at revalued amount. Buildings, plant and machinery and grid station and generators are stated at revalued amounts less accumulated depreciation. Cost of property, plant and equipment consists of historical cost, revalued amount, borrowing costs pertaining to the erection / construction period and other directly attributable costs incurred to bring the assets to their working condition.

The management reviews the market value of revalued assets at each balance sheet date to ascertain whether the fair value of revalued assets have differed materially from the carrying value of such assets, thus necessitating further revaluation.

Depreciation on property, plant and equipment has been provided for using the reducing balance method at the rates specified in respective note. Depreciation on additions is charged from the month in which the asset was available for use up to the month in which the asset was disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of property, plant and equipment, if any, is shown in the profit and loss account.



3.10 Impairment

Carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the profit and loss account.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and saving accounts.

3.12 Stores, spares and loose tools

These are generally held for internal use and are valued at lower of cost and net realizable value. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related expenses incurred up to the reporting date. For items identified as slow moving, a provision is made for excess of carrying amount over estimated net realizable value which signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated cost necessary to make the sale.

3.13 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

Work in process Average manufacturing cost

Finished goods Average manufacturing cost

By-products Net realizable value, where costs are not ascertainable.

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

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

3.14 Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. It ceases to recognize financial assets when it loses control of contractual rights and in case of financial liability when the liability is extinguished. Any gain or loss on subsequent remeasurement / derecognition is charged to income.

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.15 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions, with the exception of purchase of components, is determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

Components purchased by the Company from related party are priced at cost plus margin.



3.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Revenue from sale of goods is recognized when risk and rewards incidental to the ownership of goods are transferred.

Interest on saving accounts is recognized as and when accrued on time proportion basis.

3.17 Borrowing costs

Borrowing costs are charged to income as and when incurred except to the extent of costs directly attributable to the acquisition, construction or production of qualifying assets that are capitalized as part of the cost of asset.

3.18 Dividends

Dividend is recognized as a liability in the period in which it is declared.

3.19 Finance Leases

Leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Asset subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on a reducing balance method at the rates given respective note. Depreciation of leased assets is charged to income statement.

When a sale and lease transaction results in a finance lease, any excess of sales proceeds over the carrying amount are not be immediately recognized as income in the profit and loss account, instead it is recognized as deferred income and amortized over the lease term.

3.20 Earning per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.



HASEEB WAQAS SUGAR MILLS LIMITED

Changes in accounting policies and disclosures

Consequent to the revision of IAS 19 "Employee Benefits" which is effective for annual periods beginning on or after January 01, 2013, Company has changed its accounting policy wherein, the actuarial gains and losses (remeasurement gains/losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income. Previously the actuarial gains/losses in excess of corridor limit were recognized in profit and loss account over remaining service life of employees. The change in accounting policy has been accounted for retrospectively and the comparative

	Cumulative effect up to March 31, 2014	Effect for the year ended Sep 30, 2013	Cumulative effect up to Oct 01, 2012
(Decrease)/Increase in unappropriated profit due to actuarial gain -net of tax	(2,227,030)	(1,650,866)	(576,164)
Increase/(Decrease) in staff retirement benefits	(3,323,925)	(2,463,979)	(859,946)
(Decrease)/Increase in deferred tax liabilities	1,096,895	813,113	283,782

New accounting standards, IFRIC interpretations and amendments to the published approved accounting standards that are not effective in current year.

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective on and after the dates mentioned below against the respective standards or interpretation.

	Effective Date
IFRS 10 Consolidated Financial Statements	January 01 ,2015
IFRS 11 Joint Arrangements	January 01 ,2015
IFRS 12 Disclosure of Interest in Other Entities	January 01 ,2015
IFRS 13 Fair Value Measurement	January 01 ,2015
IAS 16 & 38 Clarification of Acceptable Method of Depreciation and Amortization	January 01 ,2016
IAS 16 & 40 Agriculture: Bearer Plants	January 01 ,2016
IAS 32 Offsetting of Financial Assets and Financial Liabilities	January 01 ,2016
IAS 36 Recoverable Amount for Non-financial Assets (Amendment)	January 01 ,2014
IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (Amendment)	January 01 ,2014
IFRIC 21 Levies	January 01 ,2014

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Effective Date
IFRS 9 Financial Instruments: Classification and Measurement	January 01 ,2018
IFRS 14 Regulatory Deferral Accounts	January 01 ,2016
IFRS 15 Revenue from Contracts with Customers	January 01 ,2017



HASEEB WAQAS SUGAR MILLS LIMITED

	2014	2013
	Rupees	
4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Ordinary shares of Rs. 10 each:		
27,000,000 (2013: 27,000,000) shares issued for cash.	270,000,000	270,000,000
5,400,000 (2013: 5,400,000) shares issued as fully paid bonus shares.	54,000,000	54,000,000
	<u>324,000,000</u>	<u>324,000,000</u>

There is no movement in ordinary share capital of the Company during year.

5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
As at beginning of the year	1,206,336,950	1,271,117,724
Surplus arised during the year	712,995,200	-
	<u>1,919,332,151</u>	<u>1,271,117,724</u>
Incremental depreciation on revalued property, plant and equipment during the year - transferred to retained earnings	(60,178,458)	(64,780,774)
	<u>1,859,153,693</u>	<u>1,206,336,950</u>

5.1 The revaluation was carried out as at September 30, 2014 by M/s Empire Enterprises on the basis of local market value, replacement and current values.

		2014	2013
		Rupees	
6 LONG TERM FINANCING - secured			
Loan from banking companies and other			
financial institutions - secured	6.1	-	31,250,950
Loan from directors - unsecured	6.2	207,371,944	205,744,374
		<u>207,371,944</u>	<u>236,995,324</u>
6.1 Loan from banking companies and other			
financial institutions - secured			
National Bank of Pakistan			
- Demand Finance	6.1.1	12,500,950	62,500,950
PAIR			
- Demand Finance	6.1.2	75,000,000	93,750,000
		<u>87,500,950</u>	<u>156,250,950</u>
Less: current portion shown under current liabilities			
- Demand Finance - NBP		(12,500,950)	(50,000,000)
- Demand Finance - PAIR		(75,000,000)	(75,000,000)
		<u>(87,500,950)</u>	<u>(125,000,000)</u>
		<u>-</u>	<u>31,250,950</u>
6.1.1 Demand Finance - NBP			
Opening balance		62,500,950	112,500,000
Less: payment made during the year		(50,000,000)	(49,999,050)
		<u>12,500,950</u>	<u>62,500,950</u>

This finance has been obtained from National Bank of Pakistan The finance is secured by first charge of Rs. 250 million on fixed assets of the Company and personal guarantees of directors of the Company. It carries markup 3 months KIBOR +2.5% per annum. This loan is payable in twelve equal quarterly installments.



HASEEB WAQAS SUGAR MILLS LIMITED

	2014	2013
6.1.2 Demand Finance - PAIR	Rupees	
Opening balance	93,750,000	150,000,000
Less: payment made during the year	(18,750,000)	(56,250,000)
	<u>75,000,000</u>	<u>93,750,000</u>

This finance has been obtained from PAIR Investment Company Limited. The finance is secured by parri passu charges over the present and future fixed assets of the Company, with a margin of 33% above the financing amount. Parri passu charge by way of creation of mortgage over the land and building of the Company and personal guarantees of directors of the Company. It carries markup 3 months KIBOR +350 bps per annum. This loan is payable in eight equal quarterly installments.

6.2 Loan from directors		
Loan from directors - unsecured - interest free	<u>207,371,944</u>	<u>205,744,374</u>

This loan has been obtained from Directors of the Company, and is interest free. There is no fixed tenor or schedule for repayment of this loan. According to the loan agreement, the lenders shall not demand repayment and the same is entirely at the Company's option.

This include loan of Rs. 70,779,274/- from Mohammad Ilyas Mehraj, a shareholder and former director of the Company.

	2014	2013
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	Rupees	
Opening balance	85,486,475	119,857,576
Add: Leased during the year	-	-
	<u>85,486,475</u>	<u>119,857,576</u>
Less: Payment made during the year	(24,499,415)	(34,371,101)
	<u>60,987,060</u>	<u>85,486,475</u>
Current portion shown under current liabilities	<u>(48,487,061)</u>	<u>(36,242,669)</u>
	<u>12,499,999</u>	<u>49,243,806</u>

The Company has entered into sale and lease back agreement with First Punjab Modaraba and First National Bank Modaraba for plant and machinery. 36 months equal lease rentals are payable on quarterly and monthly basis. It carries markup at the rate of six months average KIBOR + 4.5% and 4% respectively. Taxes, repairs and insurance are borne by Company.

Gross minimum lease payments		
Not later than one year	65,851,456	44,112,604
Later than one year but not later than five years	-	47,189,125
	<u>65,851,456</u>	<u>91,301,729</u>
Less: financial charges allocated to future period	(4,864,396)	(5,815,254)
	<u>60,987,060</u>	<u>85,486,475</u>
Less: current maturity shown under current liabilities	<u>(48,487,061)</u>	<u>(36,242,669)</u>
	<u>12,499,999</u>	<u>49,243,806</u>
Present value of minimum lease payments		
Not later than one year	60,987,060	36,242,669
Later than one year but not later than five years	-	49,243,806
	<u>60,987,060</u>	<u>85,486,475</u>

8 DEFERRED GAIN		
Gain on sale and lease back	8.1	-
		<u>1,267,139</u>

8.1 This relate to gain arised on Sale and Lease back transaction of fixed asset and is being amortized over the leased term.

	2014	2013	2012
9 DEFERRED LIABILITIES	Rupees		
Employee retirement benefits	22,792,246	17,187,780	15,030,032



HASEEB WAQAS SUGAR MILLS LIMITED

	2014	2013	2012
9.1 EMPLOYEES RETIREMENT BENEFITS			
Rupees			
<i>The amounts recognized in the balance sheet are as follows</i>			
Present value of defined benefit obligation	22,792,246	17,187,780	15,030,032
<i>Balance sheet liability</i>			
Opening balance	17,187,780	15,030,032	13,646,935
Amount recognized during the year	9,387,235	4,952,035	2,321,377
Remeasurements	(3,323,925)	(2,463,979)	(859,946)
	23,251,090	17,518,088	15,108,366
Benefits paid during the year	(458,844)	(330,308)	(78,334)
Closing balance	22,792,246	17,187,780	15,030,032
<i>Charge for the defined benefit plan</i>			
Service cost	7,404,151	3,692,067	1,391,297
Interest cost	1,983,084	1,259,968	930,080
	9,387,235	4,952,035	2,321,377

DEFINED BENEFIT PLAN

(a) General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at September 30, 2014, using Project Unit Credit Method.

	2014	2013
Rupees		
(b) Comparison for five years		
YEAR	Present Value	Experience Adjustment
2010	9,716,841	-
2011	10,854,535	-
2012	15,030,032	859,946
2013	17,187,780	2,463,979
2014	22,792,246	3,323,925

	2014	2013	2012
10 DEFERRED TAXATION			
Rupees			
Deferred tax liability on taxable temporary differences			
Accelerated tax depreciation	447,095,150	143,599,492	158,502,046
Surplus on revaluation of property, plant and equipment	580,719,860	613,208,043	646,579,957
	1,027,815,010	756,807,535	805,082,003
Deferred tax asset on deductible temporary differences			
Employees retirement benefits	(7,521,441)	(6,973,980)	(5,561,492)
Deferred income	(418,156)	(430,827)	-
Finance lease	(20,125,730)	(29,065,401)	(41,950,152)
Unused tax losses	(122,721,769)	(137,826,938)	(166,291,298)
Staff retirement benefits	(576,164)	1,096,895	283,782
Reduction in tax rates	-	(5,912,791)	-
	(151,363,260)	(179,113,042)	(213,519,160)
	876,451,750	577,694,493	591,562,843



HASEEB WAQAS SUGAR MILLS LIMITED

			2014	2013
			Rupees	
11	TRADE AND OTHER PAYABLES			
	Trade creditors		145,599,470	81,156,152
	Advances from customers		410,980,997	192,711,042
	Accrued liabilities		12,129,201	9,915,101
	Sales tax payable		75,981,821	9,752,804
	Unclaimed dividend		1,443,972	1,443,972
	Other payables	11.1	35,549,768	33,102,526
			<u>681,685,228</u>	<u>328,081,597</u>
11.1	Other payables include an amount of Rs. 30,564,611 of penalty imposed by Trading Corporation of Pakistan (TCP). The Company is defending a suit filed by TCP for recovery before Honorable Sindh High Courts, and the case still pending.			
			2014	2013
			Rupees	
12	MARKUP ON LOANS AND OTHER PAYABLES			
	Long term financing		7,080,389	3,315,274
	Finance lease		2,656,312	746,480
	Short term borrowings		42,478,274	40,158,645
	Others	12.1	19,862,810	19,862,810
			<u>72,077,785</u>	<u>64,083,209</u>
12.1	This represents markup accrued on penalty as disclosed in note 11.01			
13	SHORT TERM BORROWINGS			
		Limit Rs		
	From banking companies and other financial institutions - secured	(Million) 1300		
	Loan from related parties		900,000,000	1,199,324,687
			710,578,931	405,467,475
			<u>1,610,578,931</u>	<u>1,604,792,162</u>
13.1	These facilities have been obtained from various commercial banks for working capital requirements and are secured by pledge of stock of sugar, ranking hypothecation charge over fixed assets, comprising land, building, plant and machinery of the Company and personal guarantees of the directors of the Company. These facilities carry various mark up at rates three months KIBOR plus 3.5% to 4% (2013: three months KIBOR plus 3.5% to 4% per annum.)			
13.2	Loan from related parties			
	Abdullah Sugar Mills Limited		707,481,367	400,838,911
	Haseeb Waqas Trading (Private) Limited		2,204,064	2,135,064
	Oriental Fruits (Private) Limited		893,500	2,493,500
			<u>710,578,931</u>	<u>405,467,475</u>
14	CURRENT PORTION OF NON CURRENT LIABILITIES			
	Long term financing		87,500,950	125,000,000
	Finance lease		48,487,061	36,242,669
			<u>135,988,011</u>	<u>161,242,669</u>



15 CONTINGENCIES AND COMMITMENTS

Contingencies

Company is defending a claim of Rs. 25.153 million on account of supply of plant and machinery by M/s Ittefaq Foundries (Private) Limited. However, the Company had made a counter claim of Rs. 76.148 million for the losses suffered by the Company due to inferior quality / short supply of machinery supplied by Ittefaq Foundries (Private) Limited.

The Collector of Sales Tax and Central Excise (Adjudication) Lahore has issued a show cause notice to the Company for the further tax amounting to Rs. 47 million up to tax period September 2002 on the grounds that it charged sales tax at the rate of 15 % on its sales to persons liable to be registered.

Commitments

No commitments were outstanding as at 30 September 2014



HASEEB WAQAS SUGAR MILLS LIMITED

16 PROPERTY, PLANT AND EQUIPMENT - Tangible

Particulars	Cost / Revalued Amount				Depreciation			Book Value as at September 30, 2014	
	As at October 01, 2013	Additions/Deletions	Revaluations	Elimination of Accumulated Depreciation	As at September 30, 2014	Rate %	As at October 01, 2013		For the Year
Owned									
Land - freehold	87,375,000	-	94,656,250	-	182,031,250	-	-	-	182,031,250
Buildings on freehold land									
- Factory	166,039,340	-	77,635,707	(44,996,662)	198,678,385	10%	31,547,475	(44,996,662)	198,678,385
- Non-factory	48,169,325	-	19,633,940	(6,870,150)	60,933,115	5%	4,696,509	(6,870,150)	60,933,115
Plant and machinery	2,330,784,353	174,993,606	825,624,307	(331,402,266)	3,000,000,000	5%	223,042,725	(331,402,266)	3,000,000,000
Furniture and fixtures	46,083,563	-	-	-	46,083,563	10%	37,090,178	-	899,339
Vehicles	29,764,111	(560,000)	-	-	29,204,111	20%	26,815,128	(532,994)	584,395
	2,708,215,692	174,433,606	1,017,550,204	(383,269,078)	3,516,930,424		323,192,015	(383,802,072)	64,856,046
Leased									
Plant and machinery	139,500,000	-	-	-	139,500,000	10%	14,793,856	6,235,307	21,029,163
	139,500,000	-	-	-	139,500,000		14,793,856	6,235,307	21,029,163
Rupees 2014	2,847,715,692	174,433,606	1,017,550,204	(383,269,078)	3,656,430,424		337,985,871	(383,802,072)	131,701,411
Rupees 2013	2,781,082,919	66,632,773	-	-	2,847,715,692		203,873,976	-	134,111,895

16.01 Revaluation of land, buildings, plant and machinery was carried out by M/s Empire Enterprises as on September 30, 2014. Had there been no revaluation, the cost, accumulated depreciation and book values of the revalued assets would have been as follows:

	R U P E E S	
	As at September 30, 2014	Book value
Land - freehold	17,048,648	17,048,648
Buildings on freehold land	187,559,880	24,619,969
Plant and machinery	1,050,995,266	629,521,649
Rupees 2014	1,255,603,794	671,190,266
Rupees 2013	1,080,610,188	530,625,167

16.2 The depreciation charged for the year has been allocated as under:

	2014	2013
Cost of sales	128,044,035	130,153,695
Amortization of deferred gain	(1,267,139)	(1,267,104)
	126,776,896	128,886,591
Administrative expenses	3,657,375	3,958,200
	130,434,272	132,844,791

16.3 Disposal of property, plant and equipment

Particulars	Cost	Accumulated Depreciation	Sale Proceeds	Gain on Disposal	Mode of Disposal	Particulars of Buyer
Suzuki Jeep LOR 2963	250,000	247,848	190,000	187,848	Negotiation	Rana Ishfaq Sargodha
Suzuki Mehran LXZ 1437	310,000	285,146	170,000	145,146	Negotiation	Rana Ishfaq Sargodha
	560,000	532,994	360,000	332,994		



HASEEB WAQAS SUGAR MILLS LIMITED

17 LONG TERM DEPOSITS

These mainly comprise of security deposits with leasing companies in respect of leasing facilities availed with various government institution.

18 STORES, SPARES AND LOOSE TOOLS

Stores
Spares

	2014	2013
	Rupees	
	59,327,752	64,395,147
	534,544	481,482
	<u>59,862,296</u>	<u>64,876,629</u>

18.1 No identifiable store and spare are held for specific capitalization.

19 STOCK IN TRADE

Work in process

Sugar
Molasses

	3,587,500	2,312,037
	184,920	-
	<u>3,772,420</u>	<u>2,312,037</u>

Finished goods

Sugar

19.1

	570,303,546	879,017,464
	570,303,546	879,017,464
	<u>574,075,966</u>	<u>881,329,501</u>

19.1 The entire stock of sugar is pledged as security with banks.

20 LOANS AND ADVANCES - considered good

Due by related parties

H .W Dairies (Private) Limited

	5,914,758	3,450,000
	<u>5,914,758</u>	<u>3,450,000</u>

21 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - considered good

Advances to employees:

- against purchases

- against salaries - secured

21.1

Advances to growers - unsecured

21.2

Advances to suppliers - unsecured

Advance income tax

Deposits

Prepayments

	1,987,441	2,359,556
	1,511,739	2,458,480
	446,374,571	524,748,069
	12,662,420	19,618,065
	11,997,216	10,443,761
	8,712,721	8,712,721
	365,408	404,097
	<u>483,611,516</u>	<u>568,744,749</u>

21.1 These are interest free amounts advanced to staff against future salaries and retirement benefits and are in accordance with the Company policy.

21.2 These represent interest free unsecured advances given to sugarcane growers against future procurement of sugarcane and are in consonance with other sugar manufacturers securing future supplies of sugarcane.

22 CASH AND BANK BALANCES

Cash in hand

Cash with banks - in current accounts

	102,996	1,185,587
	10,503,215	18,134,720
	<u>10,606,211</u>	<u>19,320,307</u>



HASEEB WAQAS SUGAR MILLS LIMITED

		2014	2013
		Rupees	
23	SALES - NET		
	- Sugar - Local	2,119,036,473	2,203,403,465
	- Sugar - Export	-	47,823,751
		<u>2,119,036,473</u>	<u>2,251,227,216</u>
	- Molasses	220,632,750	528,854,415
	- Bagasse	22,500,000	32,760,000
	- Mud	5,713,000	5,592,500
		<u>2,367,882,223</u>	<u>2,818,434,131</u>
	Less: Sales tax and federal excise duty	(194,657,448)	(244,576,603)
	Commission on export sales	-	(1,796,972)
	Export Development Surcharge	-	(150,294)
		<u>(194,657,448)</u>	<u>(246,523,869)</u>
		<u>2,173,224,775</u>	<u>2,571,910,262</u>
24	COST OF GOODS SOLD		
	Raw materials consumed	1,888,039,138	2,055,387,790
	Stores and spares consumed	72,917,285	64,240,987
	Salaries, wages and other benefits	88,556,577	88,204,993
	Insurance	8,498,809	8,982,233
	Repair and maintenance	87,513,496	64,228,057
	Depreciation	126,776,896	128,886,591
	Others	2,577,898	2,336,347
		<u>2,274,880,099</u>	<u>2,412,266,998</u>
	Opening work in process	2,312,037	3,938,357
	Closing work in process	(3,772,420)	(2,312,037)
		<u>(1,460,383)</u>	<u>1,626,320</u>
	Cost of goods manufactured	2,273,419,716	2,413,893,318
	Opening finished goods	879,017,464	1,273,238,517
	Closing finished goods	(570,303,546)	(879,017,464)
		<u>308,713,918</u>	<u>394,221,053</u>
		<u>2,582,133,634</u>	<u>2,808,114,371</u>
	24.1 Salaries and benefits include Rs. 7.509 million (2013: Rs.3.961 million) on account of employee retirement benefits.		
25	ADMINISTRATIVE AND GENERAL EXPENSES		
	Director's remuneration	2,400,000	2,400,000
	Salaries, wages and other benefits	8,705,665	8,552,477
	Utilities	318,343	1,654,938
	Traveling and conveyance	662,555	821,607
	Rent, rates and taxes	2,400,000	2,400,000
	Repairs and maintenance	845,165	1,437,365
	Fees and subscription	1,284,131	569,484
	Insurance	850,162	323,642
	Vehicle running and maintenance	7,268,341	6,218,724
	Printing and stationery	411,876	372,347
	Telephone and postage	1,760,662	1,698,307
	Advertisement	54,940	95,600
	Entertainment	934,938	450,154
	News paper books and periodicals	16,385	15,401
	Legal and professional charges	604,162	1,389,565
	Depreciation	3,657,375	3,958,200
	Miscellaneous	155,248	277,578
		<u>32,329,948</u>	<u>32,635,389</u>
	25.1 Salaries and benefits include Rs. 1.877 million (2013: Rs. 0.990 million) on account of employees retirement benefits.		



HASEEB WAQAS SUGAR MILLS LIMITED

		2014	2013
		Rupees	
26	OTHER OPERATING CHARGES		
	Auditors' remuneration		
	- Statutory audit	500,000	500,000
	- Half year review	60,000	60,000
	- Review and certifications	40,000	40,000
	- Out of pocket	25,000	25,000
		<u>625,000</u>	<u>625,000</u>
27	OTHER OPERATING INCOME		
	Income from financial assets		
	Return on bank deposit	454	11,030
	Income from non-financial assets		
	Gain on sale of fixed assets	332,994	-
	Fines	-	20,887
		<u>333,448</u>	<u>31,917</u>
28	FINANCE COST		
	Interest / mark up on:		
	- Long term financing	16,272,708	30,970,239
	- Finance lease	8,160,657	14,002,271
	- Short term borrowings	159,281,704	152,984,452
		183,715,069	197,956,962
	Bank charges and commission	3,985,342	5,478,982
		<u>187,700,411</u>	<u>203,435,943</u>
29	TAXATION		
	Taxation:		
	- Current year	-	-
	- Prior year adjustment	-	1,376,810
	- Deferred	(4,124,687)	(14,681,464)
		<u>(4,124,687)</u>	<u>(13,304,654)</u>
29.1	Assessments for and up to the tax year 2010, are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filed by the Company.		
30	EARNING PER SHARE - Basic		
	Profit after taxation for the year	Rupees (625,106,084)	(460,475,650)
	Outstanding weighted average ordinary shares	No. of shares 32,400,000	32,400,000
	Earnings per share - Basic	Rupees (19.29)	(14.21)
30.1	Diluted earnings per share		
	There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments.		



HASEEB WAQAS SUGAR MILLS LIMITED

31 PLANT CAPACITY AND PRODUCTION	2014	2013
Processed cane		
Installed capacity (tones)	840,000	872,000
Installed capacity (days)	105	109
Actual crushing (tones)	420,096	470,973
Actual crushing (days)	105	109
Actual production (percentage of actual capacity in tones)	50.01%	54.01%
Sugar		
Installed capacity (tones)	77,616	80,747
Installed capacity (days)	105	109
Actual production (tones)	38,762	43,565
Actual production (days)	105	109
Actual production (percentage of actual capacity in tones)	49.94%	53.95%
Cane sugar recovery	9.24%	9.26%
32 FINANCIAL INSTRUMENTS BY CATEGORY	2014	2013
	Rupees	
Financial assets as per balance sheet		
Long term deposits	14,247,120	14,247,122
Advances, deposits and other receivables	483,611,516	568,744,749
Cash and bank balances	10,606,211	19,320,307
	<u>508,464,847</u>	<u>602,312,178</u>
Financial liabilities as per balance sheet		
Trade and other payables	681,685,228	328,081,597
Accrued interest/mark-up	72,077,785	64,083,209
Short term borrowings	1,610,578,931	1,604,792,162
	<u>2,364,341,944</u>	<u>1,996,956,968</u>

32.1 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

33 FINANCIAL INSTRUMENTS

33.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

At the reporting date, the interest rate profile of the company's significant interest bearing financial instruments was as follows:



HASEEB WAQAS SUGAR MILLS LIMITED

(ii) Financial liabilities	2014		2013	
	Percentage		Rupees	
Long term financing	-	14.08 to 11.58	-	31,250,950
Short term borrowings	14.06 to 13.68	14.00 to 12.58	900,000,000	1,199,324,687
Total yield / markup rate risk sensitivity gap			900,000,000	1,230,575,637
			(900,000,000)	(1,230,575,637)

(iii) Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

(iv) Cash flow sensitivity analysis for variable rate instruments:

A change of 1% in interest rates at the reporting date would have decreased / (increased) loss for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is performed on the same basis for 2013.

	Effect on Profit and Loss 1% rate	
	Increase	Decrease
As at September 30, 2014		
Cash flow sensitivity - variable rate financial liabilities	9,000,000	(9,000,000)
As at September 30, 2013		
Cash flow sensitivity - variable rate financial liabilities	12,305,756	(12,305,756)

(v) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate 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. The Company is not exposed to equity securities price risk as there is no investment in listed securities.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 510,362,426 (2013: 602,312,178) the financial assets exposed to credit risk amount to Rs. 498,743,361 (2013: Rs.582,991,873).

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which have not impaired are as under:

	2014		2013	
	Rupees		Rupees	
Long term deposits	14,247,120		14,247,120	
Advances, deposits, prepayments and other receivables	483,611,516		568,744,749	
Cash and bank balances	10,606,211		19,320,307	
	508,464,847		602,312,176	



HASEEB WAQAS SUGAR MILLS LIMITED

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company's bank balances can be assessed with reference to external credit

Bank	Rating agency	Short Term Borrowings	Long Term Loans
United Bank Limited	JCR-VIS	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA-
Sindh Bank Limited	JCR-VIS	A-1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
National Bank of Pakistan	JCR-VIS	A-1+	AAA

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate committed credit facilities. Due to growing nature of the business of the Company maintains flexibility in funding by maintaining committed credit lines available.

The table shows analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2014				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
Non-Derivative					
Financial Liabilities					
Long term financing	87,500,950	(87,500,950)	(50,000,950)	(37,500,000)	-
Trade and other payables	145,599,470	(145,599,470)	(145,599,470)	-	-
Short term borrowings	900,000,000	(900,000,000)	(900,000,000)	-	-
	1,133,100,420	(1,133,100,420)	(1,095,600,420)	(37,500,000)	-
	2013				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
Non-Derivative					
Financial Liabilities					
Long term financing	156,250,950	(156,250,950)	(62,500,000)	(62,500,000)	(31,250,950)
Trade and other payables	328,081,597	(328,081,597)	(328,081,597)	-	-
Short term borrowings	1,199,324,687	(1,199,324,687)	(1,199,324,687)	-	-
	1,683,657,234	(1,683,657,234)	(1,589,906,284)	(62,500,000)	(31,250,950)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at 30 September. The rates of mark-up have been disclosed in respective notes to these financial statements.



HASEEB WAQAS SUGAR MILLS LIMITED

34 RELATED PARTY TRANSACTIONS

Related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, key management personnel including Chief executive, Directors and Executives and Post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Details of related party transactions and balances are as follows:

The Company during the year entered into transactions with the following related parties:

Name of Related Party	Nature of relationship
Abdullah Sugar Mills Limited	Associate (common management)
Haseeb Waqas Trading (Private) Limited	Associate (common management)
Oriental Fruits (Private) Limited	Associate (common management)
H .W Dairies (Private) Limited	Associate (common management)
Key Management Personnel	Employer - Employee

34.1 Details of related party transactions other than those with key management personnel

The Company during the year entered into following transactions with related parties other than key management personnel:

	2014	2013
34.1.1 Transactions with related parties	Rupees	
Sale of molasses	220,632,750	528,854,415
Sale of stores and spares	577,312	275,532
Sale of baggasse	22,500,000	32,760,000
34.1.2 Payments against balances due to related parties were made partially in cash and partially by paying for expenses on behalf of related parties and vice versa.		
34.1.3 As per common practice in the sugar industry in Pakistan, the Company also purchased sugar cane from persons associated, directly and indirectly, with management personnel of the Company. These purchases were made in accordance with the cane procurement practice in the sugar industry. It is not practicable to determine the related amounts.		

34.2 Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director. The Company's key management personnel comprise the Chief Executive, Directors and Executives. Total compensation for key management personnel was as follows:

	Year ended 30 September 2014		
	Chief Executive	Directors	Executives
<i>Short-term employee benefits</i>			
Remuneration	2,400,000		9,566,268
<i>Post employment benefits</i>			
Retirement benefits	-	-	-
	<u>2,400,000</u>	<u>-</u>	<u>9,566,268</u>
No. of persons	<u>1</u>	<u>-</u>	<u>10</u>



HASEEB WAQAS SUGAR MILLS LIMITED

	Year ended 30 September 2013		
	Chief Executive	Directors	Executives
<i>Short-term employee benefits</i>			
Remuneration	2,400,000	-	7,403,004
<i>Post employment benefits</i>			
Retirement benefits	-	-	-
	<u>2,400,000</u>	<u>-</u>	<u>7,403,004</u>
No. of persons	<u>1</u>	<u>-</u>	<u>6</u>

The Chief Executive and the Directors of the Company have waived their right to receive meeting fee. Additionally, Chief Executive and one Director are provided with free use of cellular phones and Company maintained cars.

34.3 Details of related party balances are as follows:

		2014	2013
		<i>Rupees</i>	
34.3.1	Balances with related parties		
	Due to:		
	Haseeb Waqas Trading (Private) Limited	2,135,064	2,135,064
	Abdullah Sugar Mills Limited	707,550,367	400,838,911
	Oriental Fruits (Private) Limited	893,500	2,493,500
	Long term loan from directors	207,371,944	205,744,374
	Due by:		
	H .W Dairies (Private) Limited	5,914,758	3,450,000
	The maximum aggregate amount due from associates at the end of any month during the year amounts to Rs. 23,765,174 (2013: Rs.33,622,519)		

35 NUMBER OF EMPLOYEES

Total average number of employees during the year and as at September 30, 2014 and September 30, 2013 respectively are as follows:

	Number of employees	
Average number of employees during the year	335	290
Number of employees as at September 30	<u>310</u>	<u>265</u>

36 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue by the Board of Directors of the Company on January 08, 2015.

37 GENERAL

- Figures have been rounded off to the nearest of rupees;
- Comparative figures have been rearranged / reclassified, wherever necessary, to facilitate comparison.

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

FORM OF PROXY

The Company Secretary
Haseeb Waqas Sugar Mills Limited
06-F, Model Town,
Lahore.

I / We _____
of _____ being member(s) of Haseeb Waqas Sugar Mills Limited
holding _____ ordinary Shares as per Share Register Folio No. / CDC Participant I.D. No.
_____ hereby appoints Mr/Mrs/Miss _____ of _____ who is also a
member of the Company, Folio No. / CDC Participant I.D. No. _____ or failing
him/her _____ of _____ Folio No./ CDC Participant I.D. No.
another member of the Company as my / our Proxy in my / our absence to attend and vote for me/us
and on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Saturday 31st
day of January, 2015 at 09:00 a.m. at the Registered Office of the Company.

Signed this _____ day of _____ 2015

Please affix Five
Rupees Revenue
Stamp

Signature of Member
(The Signature should agree with the
specimen registered with the Company.)

Witness:
Signature: _____
Name:
Address:
NIC No:

Witness:
Signature: _____
Name:
Address:
NIC No:

Notes

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Company, 6-F, Model Town, Lahore, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.
3. No person can act as proxy unless he / she are member of the Company, except that a corporation may appoint a person who is not a member.

For CDC Account Holders / Corporate Entities.

In addition to the above, the following requirements have to be met.

- i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- ii. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be provided with the proxy form.
- iii. The proxy shall produce his original CNIC or Passport at the time of attending the meeting.
- iv. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.



HASEEB WAQAS SUGAR MILLS LIMITED

AFFIX
CORRECT
POSTAGE

The Company Secretary,
Haseeb Waqas Sugar Mills Limited
06-F Model Town, Lahore.