

HALF YEARLY REPORT  
MARCH 31, 2014



# HASEEB WAQAS

## SUGAR MILLS LTD.





# HASEEB WAQAS SUGAR MILLS LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

Chief Executive  
Chairman  
Director  
Director  
Director  
Director  
Director  
Director

### AUDIT COMMITTEE

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

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

### COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Ansar Ahmed  
Tel: 042-35917313  
Email: [cs@hwgc.com.pk](mailto:cs@hwgc.com.pk)

### REGISTERED OFFICE

6-F, Model Town, Lahore.  
Tel: 042-35917321-23  
Fax: 042-35917317  
Website: [www.hwgc.com.pk](http://www.hwgc.com.pk)

### AUDITORS

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

### REGISTRAR

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

### LEGAL ADVISOR

Mian Aslam Shahzad (Advocate)

### BANKERS

National Bank of Pakistan  
Sindh Bank Limited  
Summit Bank Limited  
The Bank of Punjab



# HASEEB WAQAS SUGAR MILLS LIMITED

## DIRECTOR'S REVIEW FOR THE HALF YEAR ENDED MARCH 31, 2014

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, it is my privilege to present you the half yearly condensed financial statements duly reviewed by the statutory auditors and their report is attached to the financial statements.

### FINANCIAL RESULTS

The financial results of the company for the period under review are summarized as follows:

	For the half year ended March 31,	
	2014	2013
	(Rupees in thousands)	
Net Sales	1,649,461	1,623,016
Gross Profit /(Loss)	(265,815)	29,389
Net Profit / (Loss) before tax	(371,884)	(82,989)
Net Profit / (Loss) after tax	(376,601)	(89,654)
Basic Earning per share	(11.62)	(2.77)

During the period under review the net sales were at same level as per last year however due to the high prices of sugarcane and low sale prices of sugar the losses of the company increased. However, we are not the exception, majority of sugar mills in the central and north part of Punjab made losses due to the same reason.

### OPERATIONAL DATA

The crushing season started on November 18, 2013. The operating results for the period under review are as under:

		November 18, 2013	December 03, 2012
		To March 02, 2014	To March 21, 2013
Crushing days	Days	105	109
Average recovery	%age	9.24%	9.26%
Cane crushed	M. Tones	420,096,125	470,972,126
Avg. Cane crushed (per day)	M. Tones	4,000.92	4,321
Sugar produced	M. Tones	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 4,000 M.T & 38,762 M.T as compared with 4,321 M.T & 43,565 M.T respectively of same period of last year.

### AUDITOR'S REPORT

In reply to auditors' observations, your directors have to comment as follows:

The management regards it as a temporary phase in business for mills in the north and center of Punjab, which had developed due to extraordinary increase in sugar cane support price for the last many years. This resulted in increased area under cultivation of cane thus resulting in oversupply of sugar in the market. Realizing its ill effects the government has kept support price at Rs.170 / maund for the last two years.

Taking the above factors into consideration the management of your company has taken concrete steps to overcome this situation of losses. It has started investment in energy saving & improved cane extraction in the first phase which will be available for next season's crushing. 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, bagasse 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.

### FUTURE OUTLOOK

In the current year, prices of sugar are at its lowest ebb due to surplus production of sugar and continuing situation probably will prevail.

### ACKNOWLEDGEMENT

The Board of directors deeply express their appreciation and pay their gratitude to sugarcane growers, valuable customers, shareholders, banks and Government departments for their continued support, trust, persistent co-operation and patronage which gives strength to pursue our corporate objectives with renewed vigor. The Board also acknowledges the valuable teamwork, devotion and dedication by the executives, employees and workers of the Company.

*On behalf of the Board*

Lahore  
May 29, 2014.

**Brig (R) Muhammad Akram**  
Chief Executive



# HASEEB WAQAS SUGAR MILLS LIMITED

## AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of **HASEEB WAQAS SUGAR MILLS LIMITED** as at March 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the six months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for quarters ended March 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended March 31, 2014.

### SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended March 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

### EMPHASIS OF MATTER

Without qualifying our conclusion, we draw attention to Note. 3.1 in the condensed interim financial statements which indicate that the Company incurred gross loss amounting to Rs. 265,815,729 and net loss from operations amounting to Rs. 371,884,721 during the half year ended March 31, 2014 leading to negative equity of Rs. 539,703,801. Moreover, the current liabilities exceed current assets by Rs 1,042,845,163. 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: May 29, 2014

**QADEER & COMPANY**  
CHARTERED ACCOUNTANTS  
NAWAZ KHAN FCA



# HASEEB WAQAS SUGAR MILLS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

Note	Un-audited March 31, 2014	Restated	
		Audited Sep 30, 2013	Audited Oct 1, 2012
Rupees			
<b>CAPITAL AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
	Authorized capital 35,000,000 (2013: 35,000,000) ordinary shares of Rs. 10 each	350,000,000	350,000,000
6	Issued, subscribed and paid up capital	324,000,000	324,000,000
	Accumulated loss	(863,703,801)	(517,191,254)
		(539,703,801)	(193,191,254)
	<b>Surplus on revaluation of property, plant and equipment</b>	1,176,247,721	1,206,336,950
			1,271,117,724
<b>Non current liabilities</b>			
7	Long term financing	205,419,754	236,995,324
	Liabilities against assets subject to finance lease	51,268,123	49,243,806
	Deferred gain	633,577	1,267,139
	Deferred liabilities	18,195,627	17,187,780
	Deferred taxation	582,444,787	577,727,733
		857,961,868	882,421,782
			1,058,802,949
<b>Current liabilities</b>			
	Trade and other payables	567,703,053	328,081,597
	Markup/ interest payables	64,540,428	64,083,209
	Short term borrowings	1,816,722,590	1,604,792,162
8	Current portion of non current liabilities	129,228,861	161,242,669
	Provision for taxation	-	7,931,012
		2,578,194,932	2,166,130,649
			2,003,173,755
9	<b>Contingencies and commitments</b>	-	-
		4,072,700,721	4,061,698,127
			4,533,971,825
<b>ASSETS</b>			
<b>Non current assets</b>			
10	Property, plant and equipment	2,523,103,832	2,509,729,821
	Long term deposits	14,247,120	14,247,120
		2,537,350,952	2,523,976,941
			2,597,229,445
<b>Current assets</b>			
	Stores, spares and loose tools	31,877,470	64,876,629
11	Stock in trade	1,074,495,842	881,329,501
	Loans and advances	3,600,000	3,450,000
	Trade deposits and short term prepayments	414,301,175	568,744,749
	Cash and bank balances	11,075,282	19,320,307
		1,535,349,769	1,537,721,186
		4,072,700,721	4,061,698,127
			4,533,971,825

The annexed notes form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR



# HASEEB WAQAS SUGAR MILLS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THE HALF YEAR ENDED MARCH 31, 2014

	Note	Half year ended		Quarter ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		Rupees		Rupees	
Sales - Net	12	1,649,461,892	1,623,016,318	1,087,567,440	1,032,514,259
Cost of goods sold	13	(1,915,277,621)	(1,593,627,000)	(1,160,429,385)	(959,158,926)
<b>Gross (loss)/profit</b>		(265,815,729)	29,389,318	(72,861,945)	73,355,334
Operating expenses:					
- Administrative and general		18,700,945	16,419,328	11,632,681	9,246,963
		(284,516,674)	12,969,990	(84,494,626)	64,108,371
Other operating income		966,608	644,252	649,775	316,922
<b>(Loss) / profit from operation</b>		(283,550,066)	13,614,242	(83,844,851)	64,425,293
Finance cost		88,334,655	96,603,428	47,483,667	49,894,415
<b>(Loss) / profit before taxation</b>		(371,884,721)	(82,989,186)	(131,328,518)	14,530,878
Taxation					
Current		-	(8,115,082)	-	(5,162,571)
Deferred		(4,717,054)	1,450,043	(10,373,405)	(7,112,976)
		(4,717,054)	(6,665,039)	(10,373,405)	(12,275,547)
<b>(Loss) / profit after taxation</b>		(376,601,775)	(89,654,225)	(141,701,923)	2,255,331
<b>Earning per share - basic</b>		(11.62)	(2.77)	(4.37)	0.07

The annexed notes form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR



# HASEEB WAQAS SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2014

	Half year ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Rupees		Rupees	
(Loss) / profit after taxation	(376,601,775)	(89,654,225)	(141,701,923)	2,255,331
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss)/ income for the period</b>	<b>(376,601,775)</b>	<b>(89,654,225)</b>	<b>(141,701,923)</b>	<b>2,255,331</b>

The annexed notes form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR



# HASEEB WAQAS SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	Rupees	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(371,884,721)	(82,989,186)
Adjustments for:		
Depreciation	65,121,820	66,516,519
Provision for employees retirement benefits	1,206,918	1,160,688
Amortization of deferred income	(633,562)	(633,542)
Gain on disposal of property plant equipment	(330,842)	-
Finance cost	88,334,655	96,603,428
	<u>153,698,989</u>	<u>163,647,093</u>
<b>Operating profit before working capital changes</b>	<b>(218,185,732)</b>	<b>80,657,907</b>
(Increase) / decrease in current assets:		
Stores, spares and loose tools	32,999,159	(13,504,652)
Stock in trade	(193,166,341)	(665,671,112)
Loans and advances	(150,000)	-
Trade deposits and short term prepayments	154,443,574	(50,539,647)
Increase / (decrease) in current liabilities:		
Trade and other payables	239,621,456	799,428,487
	<u>233,747,849</u>	<u>69,713,076</u>
<b>Cash generated from operations</b>	<b>15,562,117</b>	<b>150,370,983</b>
Income tax paid / deducted	(7,931,012)	(8,427,264)
Gratuity paid	(199,071)	(265,760)
Finance cost paid	(87,877,436)	(113,618,110)
<b>Net cash (used in) / generated from operating activities</b>	<b>(80,445,403)</b>	<b>28,059,850</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(78,522,837)	(32,685,516)
Proceeds from sale of property, plant and equipment	357,848	-
Long term deposits	-	5,773,382
<b>Net cash used in investing activities</b>	<b>(78,164,989)</b>	<b>(26,912,134)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term loans - Net	(31,575,570)	(77,435,000)
Repayment of lease finance - Net	(29,989,491)	(11,768,545)
Proceeds from short term borrowings - Net	211,930,428	88,632,255
<b>Net cash generated from / (used in) financing activities</b>	<b>150,365,367</b>	<b>(571,290)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(8,245,025)</b>	<b>576,425</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>19,320,307</b>	<b>6,598,499</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11,075,282</b>	<b>7,174,924</b>

The annexed notes form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR





# HASEEB WAQAS SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2014

	Issued, subscribed and paid up capital	Unappropriated profit/(accumulated loss)	Total
	R u p e e s		
<b>As at October 01, 2012 as previously reported</b>	324,000,000	(123,690,168)	200,309,832
Change in accounting policy for recognition of actuarial gains and losses note 5	-	567,564	567,564
<b>As at October 01, 2012 as restated</b>	324,000,000	(123,122,604)	200,877,396
Total comprehensive income/(loss) for the period	-	(89,654,225)	(89,654,225)
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation	-	31,899,624	31,899,624
<b>Balance as at March 31, 2013 as restated</b>	324,000,000	(180,877,204)	143,122,796
<b>Balance as at March 31, 2013 as previously reported</b>	324,000,000	(181,444,769)	142,555,231
Total comprehensive income/(loss) for the period	-	(370,821,425)	(370,821,425)
Change in accounting policy for recognition of actuarial gains and losses note 5	-	2,193,791	2,193,791
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation	-	32,881,150	32,881,150
<b>Balance as at September 30, 2013 as restated</b>	324,000,000	(517,191,254)	(193,191,254)
Total comprehensive income/(loss) for the period	-	(376,601,775)	(376,601,775)
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation	-	30,089,228	30,089,228
<b>Balance as at March 31, 2014</b>	<b>324,000,000</b>	<b>(863,703,801)</b>	<b>(539,703,801)</b>

The annexed notes form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR



# HASEEB WAQAS SUGAR MILLS LIMITED

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION. FOR THE HALF YEAR ENDED MARCH 31, 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 6F 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 STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial report to the company for the six months period ended March 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34-Interim Financial Reporting and Provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- 2.2 This condensed interim financial report comprises of the condensed interim balance sheet as at March 31, 2014 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the six months period then ended which have been subjected to a review but not audited. This condensed interim financial report also includes the condensed interim profit and loss account for the quarter ended March 31, 2014 which is not subject to a review.
- 2.3 The comparative condensed balance sheet, presented in this condensed interim financial report, as at March 31, 2014 has been extracted from the annual audited financial statements of the company for the year ended September 30, 2013 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement for the six months period ended March 31, 2013 were subjected to review but not audited. The comparative condensed profit and loss account for the quarter ended March 31, 2013 included in this condensed interim financial report was not subject to a review.

### 3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

- 3.1 In the condensed interim financial statements which indicate that the Company incurred gross loss amounting to Rs. 265,815,729 (2013: Rs. 236,204,109) and net loss from operations amounting to Rs. 371,884,721 (2013: Rs. 473,780,304) during the half year ended March 31, 2014 leading to negative equity of Rs. 539,703,801 (2013: Rs. 193,191,254 ). Moreover, the current liabilities exceed current assets by Rs 1,042,845,163 (2013: Rs. 628,409,463).

The management regards it as a temporary phase in business for mills in the north and center of Punjab, which had developed due to extraordinary increase in sugar cane support price for the last many years. This resulted in increased area under cultivation of cane thus resulting in oversupply of sugar in the market. Realizing its ill effects the government has kept support price at Rs.170 / maund for the last two years.

Taking the above factors into consideration the management has taken concrete steps to overcome this situation. It has started investment in energy saving & improved cane extraction in the first phase which will be available for next season's crushing. 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, bagasse 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.

In view of the situation described above, material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, management believes that considering the mitigating factors set out in the preceding paragraphs, the going concern assumption is appropriate and has, as such, prepared these condensed interim financial statements on a going concern basis.

### 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended September 30, 2013.



# HASEEB WAQAS SUGAR MILLS LIMITED

- 5 Consequent to the revision of IAS 19 "Employee Benefits" which is effective for annual periods beginning on or after January 01, 2013 the 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 figures have thereby been restated.

	Cumulative effect upto March 31, 2014	Effect for the year ended Sep 30, 2013	Cumulative effect upto Oct 01, 2012
(Decrease)/Increase in unappropriated profit due to actuarial gain - net of tax	2,193,791	1,626,226	567,564
Increase/(Decrease) in staff retirement benefits	(3,323,925)	(2,463,979)	(859,946)
(Decrease)/Increase in deferred tax liabilities	1,130,135	837,753	292,382

The effect on the condensed interim profit and loss account and condensed interim statement of comprehensive income for the half year ended March 31, 2014 has not been disclosed separately since the actuarial valuation is carried out on annual basis.

	March 31, 2014	Sep 30, 2013
<b>Rupees</b>		
<b>6 SHARE CAPITAL</b>		
Authorized capital		
35,000,000 (2013: 35,000,000) ordinary shares of Rs. 10/- each.	350,000,000	350,000,000
Issued, subscribed and paid-up capital:		
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 period.

## 7 LONG TERM FINANCING

### Loan from banking companies and other financial institutions-secured

7.1	-	31,250,950
7.2	205,419,754	205,744,374
	<u>205,419,754</u>	<u>236,995,324</u>

### Loan from directors - unsecured

#### 7.1 Loan from banking companies and other financial institutions-secured

National Bank of Pakistan

- Demand Finance

37,500,950

62,500,950

PAIR

- Demand Finance

75,000,000

93,750,000

112,500,950

156,250,950

Less: current portion shown under current liabilities

- Demand Finance - NBP

(37,500,950)

(50,000,000)

- Demand Finance - PAIR

(75,000,000)

(75,000,000)

(112,500,950)

(125,000,000)

-

31,250,950

#### Demand Finance - NBP

Opening balance

62,500,950

112,500,000

Less: payment made during the year

(25,000,000)

(49,999,050)

37,500,950

62,500,950

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.

#### Demand Finance - PAIR

Opening balance

93,750,000

150,000,000

Less: payment made during the year

(18,750,000)

(56,250,000)

75,000,000

93,750,000



# HASEEB WAQAS SUGAR MILLS LIMITED

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.

## 7.2 LOAN FROM DIRECTORS

**March 31, 2014**    **Sep 30, 2013**  
**Rupees**

Loan from directors - unsecured - interest free

205,419,754                      205,744,374

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.

These are subordinated to National Bank of Pakistan, The Bank of Punjab and Sindh Bank Limited.

This includes loan of Rs. 70,329,274/- from Mr. Muhammad Ilyas Mehranj, a shareholder and former director of the company.

## 8 CURRENT PORTION OF NON CURRENT LIABILITIES

**March 31, 2014**    **Sep 30, 2013**  
**Rupees**

Long term finances

112,500,950                      125,000,000

Liabilities against assets subject to finance lease

16,727,911                      36,242,669

129,228,861                      161,242,669

## 9 CONTINGENCIES AND COMMITMENTS

9.01 There is no material change in the status of the contingencies and commitments reported in the annual financial statements for the year ended September 30, 2013

## 10 PROPERTY, PLANT AND EQUIPMENT

Note

**March 31, 2014**    **Sep 30, 2013**  
**Rupees**

Opening written down value

2,509,729,821                      2,577,208,943

Addition during the period/year

Plant and machinery

78,522,837                      66,177,773

Vehicles

-                                      455,000

78,522,837                      66,632,773

2,588,252,658                      2,643,841,716

Book value of assets disposed off during period

(27,006)                                      -

2,588,225,652                      2,643,841,716

Amortization of deferred gain

-                                      (1,267,104)

Depreciation for the period / year

(65,121,820)                      (132,844,791)

(65,121,820)                      (134,111,895)

2,523,103,832                      2,509,729,821

## 11 STOCK IN TRADE

Work in process

Sugar

3,125,000                      2,312,037

By products stock

195,194                                      -

3,320,194                                      2,312,037

Finished goods

Sugar

11.01

977,600,648                      879,017,464

By products stock

11.02

93,575,000                                      -

1,071,175,648                      879,017,464

1,074,495,842                      881,329,501

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

11.02 The entire stock of molasses as at 31 March 2014 is stated at net realizable value.



# HASEEB WAQAS SUGAR MILLS LIMITED

	Half year ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Rupees		Rupees	
<b>12 SALES - NET</b>				
- Sugar	1,656,619,349	1,566,416,888	1,050,433,271	1,118,310,096
- Molasses	111,150,000	201,840,000	111,150,000	-
Baggas	22,500,000	-	22,500,000	-
- Mud	2,680,500	2,832,500	1,545,500	990,000
	1,792,949,849	1,771,089,388	1,185,628,771	1,119,300,096
Less: Sales tax and excise duty	(143,487,957)	(148,073,070)	(98,061,331)	(86,785,837)
	<u>1,649,461,892</u>	<u>1,623,016,318</u>	<u>1,087,567,440</u>	<u>1,032,514,259</u>
<b>13 COST OF GOODS SOLD</b>				
Raw materials consumed	1,881,953,737	2,046,450,788	1,283,377,781	1,301,995,374
Stores and spares consumed	64,107,523	54,655,322	38,309,183	36,996,618
Salaries, wages and other benefits	54,944,111	55,364,180	33,459,241	36,735,222
Insurance	3,758,773	4,366,414	2,311,478	2,449,531
Repair and maintenance	38,800,991	32,223,369	9,164,546	2,396,887
Depreciation	63,290,433	64,556,378	32,022,539	32,282,950
Others	1,588,394	1,681,661	918,268	868,270
	2,108,443,962	2,259,298,112	1,399,563,036	1,413,724,852
Opening work in process	2,312,037	3,938,357	31,010,591	40,626,654
Closing work in process	(3,320,194)	(3,743,616)	(3,320,194)	(3,743,616)
	(1,008,157)	194,741	27,690,397	36,883,038
Cost of goods manufactured	2,107,435,805	2,259,492,853	1,427,253,433	1,450,607,890
Opening finished goods	879,017,464	1,273,238,517	804,351,600	1,447,655,406
Closing finished goods	(1,071,175,648)	(1,939,104,370)	(1,071,175,648)	(1,939,104,370)
	(192,158,184)	(665,865,853)	(266,824,048)	(491,448,964)
	<u>1,915,277,621</u>	<u>1,593,627,000</u>	<u>1,160,429,385</u>	<u>959,158,926</u>

## 14 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:

### 14.1 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:

	March 31, 2014	Sep 30, 2013
<b>14.1.1 Transactions with Associates</b>	Rupees	
Sale of molasses	111,150,000	528,854,415
Sale of stores and spares	-	275,532
Sale of baggasse	22,500,000	32,760,000
<b>14.1.2</b>	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.	
<b>14.1.3</b>	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.	



# HASEEB WAQAS SUGAR MILLS LIMITED

	<u>March 31, 2014</u>	<u>Sep 30, 2013</u>
<b>14.2 Details of related party balances are as follows:</b>	<b>Rupees</b>	
Due to:		
Abdullah Sugar Mills Limited	512,025,026	400,838,911
Haseeb Waqas Trading (Pvt.) Limited	2,204,064	2,135,064
Oriental Fruits (Pvt.) Limited	2,493,500	2,493,500
Long term loan from directors	205,419,754	205,744,374
Due by:		
Haseeb Waqas Dairy (Pvt.) Limited	3,600,000	3,450,000
The maximum aggregate amount due from associates at the end of any month during the year amounts to Rs. 26,985,585 (2013: Rs.36,622,519)		

## 15 AUTHORIZATION FOR ISSUE

These condensed interim financial statements have authorized for issue by the Board of Directors of the Company on May 29, 2014.

## 16 GENERAL

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

CHIEF EXECUTIVE

DIRECTOR



**HASEEB WAQAS  
SUGAR MILLS LTD.**

06-F Model Town,  
Lahore-Pakistan.

Tel: (92-42)35917321-3

Fax: (92-42)35917317

Web: [www.hwgc.com.pk](http://www.hwgc.com.pk)