

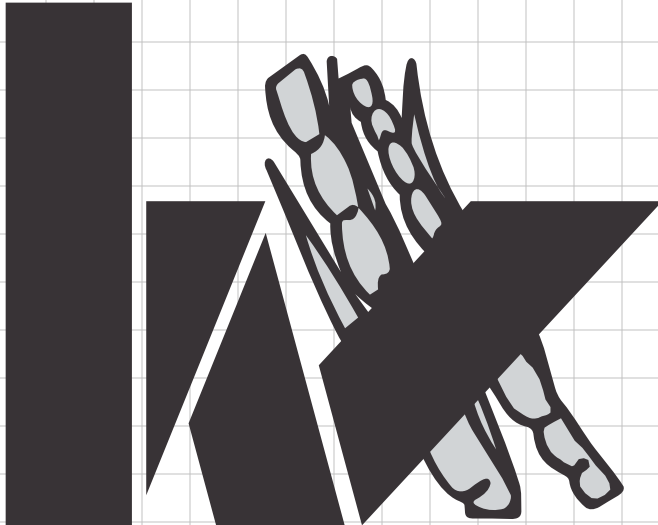
**HALF YEARLY REPORT**  
**March 31, 2015**



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»»»»»»»»

**HASEEB WAQAS**  
**SUGAR MILLS LTD.**





**HASEEB WAQAS SUGAR MILLS LIMITED**





# HASEEB WAQAS SUGAR MILLS LIMITED

## COMPANY PROFILE

### **BOARD OF DIRECTORS**

- |                                |                          |
|--------------------------------|--------------------------|
| 1. Mr. Raza Mustafa            | Chairman                 |
| 2. Mian Haseeb Ilyas           | Chief Executive/Director |
| 3. Mian Waqas Riaz             | Director                 |
| 4. Mian Abdullah Ilyas         | Director                 |
| 5. Mrs. Zainab Waqas           | Director                 |
| 6. Mrs. Shahzadi Ilyas         | Director                 |
| 7. Miss. Zakia Ilyas           | Director                 |
| 8. Hafiz M. Irfan Hussain Butt | Director                 |

### **AUDIT COMMITTEE**

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

### **COMPANY SECRETARY**

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

### **CHIEF FINANCIAL OFFICER**

Syed Mubashar Hussain Bukhari  
Tel: 042 -35917327  
Email: mubashir\_qadari@hwgc.com.pk

### **REGISTRAR**

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

### **MILLS**

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

### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

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

### **REGISTERED OFFICE**

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

### **AUDITORS**

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

### **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, 2015

### 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<br>March 31, |           |
|--------------------------------|--------------------------------------|-----------|
|                                | 2015                                 | 2014      |
|                                | (Rupees in thousand)                 |           |
| Net Sales                      | 1,348,224                            | 1,649,461 |
| Gross Profit / (Loss)          | (387,277)                            | (265,815) |
| Net Profit / (Loss) before tax | (482,830)                            | (371,884) |
| Net Profit / (Loss) after tax  | (479,828)                            | (376,601) |
| Basic Earning Per Share        | (14.81)                              | (11.62)   |

Due to low recovery & increased sugar prices the management decided to reduce crushing & eventually to stop by 25<sup>th</sup> February to avoid further colossal losses.

### OPERATIONAL DATA

The crushing season started on November 21, 2014. The operating results for the period under review are as under:

|                             |      | November 21, 2014<br>To<br>February 25, 2015 | November 18 2013<br>To<br>March 02, 2014 |
|-----------------------------|------|--|--|
| Crushing days               | Days | 97   | 105                                      |
| Average recovery            | %    | 8.66%  | 9.24%                                    |
| Cane crushed                | M.T. | 219,382.640                                  | 420,096.125                              |
| Avg. Cane crushed (per day) | M.T. | 2,261.67                                     | 4,000.92                                 |
| Sugar produced              | M.T. | 18,940                                       | 38,762                                   |

The mills were operated for 97 days with total crushing of 219,382 M.Tones as against 105 days with total crushing of 420,096 M.Tones. Average recovery has decreased from 9.24% to 8.66%. Cane crushed & sugar produced is 2,261 M.T & 18,940 M.T as compared with 4,000 M.T & 38,762 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 financial statements of the Company indicate that the Company incurred gross loss amounting to Rs. 387,277,888 (Mar 2014: 265,815,729) and net loss from operations amounting to Rs. 479,828,860 (Mar 2014: 376,601,775) and accumulated losses of Rs. 1,518,390,623 (Sep 2014: 1,083,736,506) which leads to negative equity of Rs. 1,194,390,623 (Sep 2014: 759,736,506). Moreover, the current liabilities exceed current assets by Rs. 1,037,555,422 (Sep 2014: 1,366,259,209).

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 amounting to Rs 750 Million have already been restructured and remaining 500 Million will hopefully be completed before June 2015.

BMR for energy saving for Rs 174,993,606 done for compensation of losses in sugar production each year.



## HASEEB WAQAS SUGAR MILLS LIMITED

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

|                         | 2016    | Projected<br>2017 | 2018    |
|-------------------------|---------|-------------------|---------|
| Sugar cane crushing M.T | 630,000 | 651,000           | 672,000 |
| Sugar cane rate         | 200     | 215               | 230     |
| Sugar price per Kg      | 58      | 60                | 62      |

### **FUTURE OUTLOOK**

The management is expecting the end of this cycle of 3 years of depression phase in sugar industry which is 3<sup>rd</sup> years since sugar industry is of cyclic nature & goes through the depression phase after every 3 to 4 years. Presently we witness increase in sugar prices by Rs. 7-8 per kg & price is expected to rise further. This increase will offset losses in future.

### **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 15, 2015.

**(MIAN HASEEB ILYAS)**  
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, 2015 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, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended March 31, 2015.

### 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, 2015 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. 5 in the condensed interim financial statements which indicate that the Company incurred gross loss amounting to Rs. 387,277,888 and net loss from operations amounting to Rs. 479,828,860 during the half year ended March 31, 2015 leading to negative equity of Rs. 1194,390,623. Moreover, the current liabilities exceed current assets by Rs 1,037,555,422. 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  
May 15, 2015

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



# HASEEB WAQAS SUGAR MILLS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2015

|  | Note | Un-audited<br>March 31, 2015 | Audited<br>Sep 30, 2014 |
|--|------|------------------------------|-------------------------|
| Rupees   |      |                              |                         |
| <b>CAPITAL AND LIABILITIES</b>                                     |      |                              |                         |
| <b>Share Capital and Reserves</b>                                  |      |                              |                         |
| Authorized capital   |      |                              |                         |
| 35,000,000 (2014: 35,000,000) ordinary<br>shares of Rs. 10 each    |      | 350,000,000                  | 350,000,000             |
| Issued, subscribed and paid up capital                             | 6    | 324,000,000                  | 324,000,000             |
| Accumulated loss   |      | (1,518,390,623)              | (1,083,736,506)         |
|  |      | (1,194,390,623)              | (759,736,506)           |
| <b>Surplus on Revaluation of Property,<br/>Plant and Equipment</b> |      | 1,813,978,950                | 1,859,153,693           |
| <b>Non Current Liabilities</b>                                     |      |                              |                         |
| Long term financing  | 7    | 930,413,822                  | 207,371,944             |
| Liabilities against assets subject to<br>finance lease             |      | 32,346,976                   | 12,499,999              |
| Deferred liabilities   |      | 25,795,222                   | 22,792,246              |
| Deferred taxation  |      | 873,450,605                  | 876,451,750             |
|  |      | 1,862,006,625                | 1,119,115,939           |
| <b>Current Liabilities</b>   |      |                              |                         |
| Trade and other payables   |      | 461,254,280                  | 681,685,228             |
| Markup/ interest payables  |      | 75,519,366                   | 72,077,786              |
| Short term borrowings  | 8    | 1,316,805,178                | 1,610,578,931           |
| Current portion of non current liabilities                         | 9    | 96,001,194                   | 135,988,011             |
| Provision for taxation   |      | -                            | -                       |
|  |      | 1,949,580,018                | 2,500,329,956           |
| <b>Contingencies and Commitments</b>                               | 10   | -                            | -                       |
|  |      | 4,431,174,970                | 4,718,863,082           |
| <b>ASSETS</b>  |      |                              |                         |
| <b>Non Current Assets</b>  |      |                              |                         |
| Property, plant and equipment                                      | 11   | 3,504,903,254                | 3,570,545,215           |
| Long term deposits   |      | 14,247,120                   | 14,247,120              |
|  |      | 3,519,150,374                | 3,584,792,335           |
| <b>Current Assets</b>  |      |                              |                         |
| Stores, spares and loose tools                                     |      | 31,327,948                   | 59,862,296              |
| Stock in trade   | 12   | 71,539,610                   | 574,075,966             |
| Loans and advances   |      | 5,914,758                    | 5,914,758               |
| Trade receivables  |      | 303,913,752                  | -                       |
| Trade deposits and short term prepayments                          |      | 495,353,784                  | 483,611,516             |
| Cash and bank balances   |      | 3,974,744                    | 10,606,211              |
|  |      | 912,024,596                  | 1,134,070,747           |
|  |      | 4,431,174,970                | 4,718,863,082           |

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 HALF YEAR AND 2ND QUARTER ENDED MARCH 31, 2015

|                                      | Note | Half year ended      |                      | Quarter ended        |                      |
|--------------------------------------|------|----------------------|----------------------|----------------------|----------------------|
|                                      |      | March 31, 2015       | March 31, 2014       | March 31, 2015       | March 31, 2014       |
|                                      |      | Rupees               |                      | Rupees               |                      |
| Sales - Net                          | 13   | 1,348,224,444        | 1,649,461,892        | 445,790,423          | 1,087,567,440        |
| Cost of goods sold                   | 14   | (1,735,502,332)      | (1,915,277,621)      | (589,922,222)        | (1,160,429,385)      |
| <b>Gross profit</b>                  |      | <b>(387,277,888)</b> | <b>(265,815,729)</b> | <b>(144,131,799)</b> | <b>(72,861,945)</b>  |
| Operating expenses:                  |      |                      |                      |                      |                      |
| - Administrative and general         |      | 17,347,619           | 18,700,945           | 8,936,313            | 11,632,681           |
|                                      |      | (404,625,507)        | (284,516,674)        | (153,068,112)        | (84,494,626)         |
| Other operating income               |      | 252                  | 966,608              | 252                  | 649,775              |
| <b>Profit from operation</b>         |      | <b>(404,625,255)</b> | <b>(283,550,066)</b> | <b>(153,067,860)</b> | <b>(83,844,851)</b>  |
| Finance cost                         |      | 78,204,749           | 88,334,655           | 43,323,746           | 47,483,667           |
| <b>Profit/(loss) before taxation</b> |      | <b>(482,830,005)</b> | <b>(371,884,721)</b> | <b>(196,391,606)</b> | <b>(131,328,518)</b> |
| Taxation                             |      |                      |                      |                      |                      |
| Current                              |      | -                    | -                    | -                    | -                    |
| Deferred                             |      | 3,001,145            | (4,717,054)          | 21,218,787           | (10,373,405)         |
|                                      |      | 3,001,145            | (4,717,054)          | 21,218,787           | (10,373,405)         |
| <b>Profit/(loss) after taxation</b>  |      | <b>(479,828,860)</b> | <b>(376,601,775)</b> | <b>(175,172,819)</b> | <b>(141,701,923)</b> |
| <b>Earning per share - basic</b>     |      | <b>(14.81)</b>       | <b>(11.62)</b>       | <b>(5.41)</b>        | <b>(4.37)</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 COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND 2ND QUARTER ENDED MARCH 31, 2015

|  | Half year ended      |                      | Quarter ended        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | March 31, 2015       | March 31, 2014       | March 31, 2015       | March 31, 2014       |
|  | Rupees               |                      | Rupees               |                      |
| (Loss)/profit after taxation                             | (479,828,860)        | (376,601,775)        | (175,172,819)        | (141,701,923)        |
| Other comprehensive income for the period                | -                    | -                    | -                    | -                    |
| <b>Total comprehensive (loss)/ income for the period</b> | <u>(479,828,860)</u> | <u>(376,601,775)</u> | <u>(175,172,819)</u> | <u>(141,701,923)</u> |

*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 AND 2ND QUARTER ENDED MARCH 31, 2015

|   | March 31, 2015          | March 31, 2014           |
|---|-------------------------|--------------------------|
|   | Rupees                  |                          |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                  |                         |                          |
| (Loss)/profit before taxation                               | (482,830,005)           | (371,884,721)            |
| Adjustments for:  |                         |                          |
| - Depreciation  | 90,366,535              | 65,121,820               |
| - Provision for employees retirement benefits               | 3,031,604               | 1,206,918                |
| - Amortization of deferred income                           | -                       | (633,562)                |
| - Gain on disposal of property plant equipment              | -                       | (330,842)                |
| - Finance cost  | 78,204,749              | 88,334,655               |
|   | <u>171,602,888</u>      | <u>153,698,989</u>       |
| <b>Operating profit before working capital changes</b>      | (311,227,116)           | (218,185,732)            |
| (Increase) / decrease in current assets:                    |                         |                          |
| - Stores, spares and loose tools                            | 28,534,348              | 32,999,159               |
| - Stock in trade  | 502,536,356             | (193,166,341)            |
| - Loans and advances  | -                       | (150,000)                |
| - Trade receivables   | (303,913,752)           | -                        |
| - Trade deposits and short term prepayments                 | (6,058,798)             | 154,443,574              |
| Increase / (decrease) in current liabilities:               |                         |                          |
| - Trade and other payables                                  | (220,430,948)           | 239,621,456              |
|   | <u>667,206</u>          | <u>233,747,849</u>       |
| <b>Cash used in/generated from operations</b>               | (310,559,910)           | 15,562,117               |
| Income tax paid / deducted                                  | (5,683,470)             | (7,931,012)              |
| Gratuity paid   | (28,628)                | (199,071)                |
| Finance cost paid   | (74,763,169)            | (87,877,436)             |
| <b>Net cash generated from/used in operating activities</b> | (391,035,177)           | (80,445,403)             |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                  |                         |                          |
| Property, plant and equipment purchased                     | (24,724,575)            | (78,522,837)             |
| Proceeds from sale of property, plant and equipment         | -                       | 357,848                  |
| <b>Net cash used in investing activities</b>                | (24,724,575)            | (78,164,989)             |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                  |                         |                          |
| Proceeds / (Repayment) from long term loans - Net           | 702,902,038             | (31,575,570)             |
| Proceeds / (Repayment) from Lease Finance - Net             | -                       | (29,989,491)             |
| Proceeds / (Repayment) from short term borrowings - Net     | (293,773,753)           | 211,930,428              |
| <b>Net cash generated from financing activities</b>         | <u>409,128,285</u>      | <u>150,365,367</u>       |
| <b>Net increase/decrease in cash and cash equivalents</b>   | (6,631,467)             | (8,245,025)              |
| Cash and cash equivalents at the beginning of the period    | 10,606,211              | 19,320,307               |
| <b>Cash and cash equivalents at the end of the period</b>   | <u><u>3,974,744</u></u> | <u><u>11,075,282</u></u> |

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 AND 2ND QUARTER ENDED MARCH 31, 2015

|  | Issued,<br>subscribed and<br>paid-up | Accumulated loss /<br>Unappropriated profit | Total           |
|--|--------------------------------------|---|-----------------|
| R u p e e s  |                                      |   |                 |
| <b>Balance as at September 30, 2013</b>  | 324,000,000                          | (517,158,014)                               | (193,158,014)   |
| Comprehensive income for the period  |                                      |   |                 |
| Net (loss) for the period  | -                                    | (376,601,775)                               | (376,601,775)   |
| Other comprehensive income   | -                                    | -   | -               |
| 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>  | 324,000,000                          | (863,670,561)                               | (539,670,561)   |
| Comprehensive income for the period  |                                      |   |                 |
| Net (loss) for the period  | -                                    | (250,155,174)                               | (250,155,174)   |
| Other comprehensive income   | -                                    | -   | -               |
| Total comprehensive income/(loss) for the period   | -                                    | (250,155,174)                               | (250,155,174)   |
| Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation | -                                    | 30,089,229                                  | 30,089,229      |
| <b>Balance as at September 30, 2014</b>  | 324,000,000                          | (1,083,736,506)                             | (759,736,506)   |
| Comprehensive income for the period  |                                      |   |                 |
| Net loss for the period  | -                                    | (479,828,860)                               | (479,828,860)   |
| Other comprehensive income   | -                                    | -   | -               |
| Total comprehensive income/(loss) for the period   | -                                    | (479,828,860)                               | (479,828,860)   |
| Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation | -                                    | 45,174,743                                  | 45,174,743      |
| <b>Balance as at March 31, 2015</b>  | 324,000,000                          | (1,518,390,623)                             | (1,194,390,623) |

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 (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2015.

### 1 STATUS AND ACTIVITIES

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 of the company for the six months period ended March 31, 2015 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, 2015 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, 2015 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, 2015 has been extracted from the annual audited financial statements of the company for the year ended September 30, 2014 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, 2014 were subjected to review but not audited. The comparative condensed profit and loss account for the quarter ended March 31, 2014 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.

### 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, 2014.

### 5 GOING CONCERN ASSUMPTION

The financial statements of the Company indicate that the Company incurred gross loss amounting to Rs. 387,277,888 (Mar 2014 : 265,815,729) and net loss from operations amounting to Rs. 479,828,860 (Mar 2014: 376,601,775) and accumulated losses of Rs. 1,518,390,623 (Sep 2014: 1,083,736,506) which leads to negative equity of Rs. 1,194,390,623 (Sep 2014: 759,736,506). Moreover, the current liabilities exceed current assets by Rs. 1,037,555,422 (Sep 2014: 1,366,259,209).

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 amounting to Rs 750 Million have already been restructured and remaining 500 Million will hopefully be completed before June 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.

|                         | PROJECTED |         |         |
|-------------------------|-----------|---------|---------|
|                         | 2016      | 2017    | 2018    |
| Sugar cane crushing M.T | 630,000   | 651,000 | 672,000 |
| Sugar cane rate         | 200       | 215     | 230     |
| Sugar price per Kg      | 58        | 60      | 62      |



# HASEEB WAQAS SUGAR MILLS LIMITED

|   | Note  | March 31, 2015      | Sep 30, 2014        |
|---|-------|---------------------|---------------------|
| Rupees  |       |                     |                     |
| <b>6 SHARE CAPITAL</b>  |       |                     |                     |
| Authorized capital  |       |                     |                     |
| 35,000,000 (2014: 35,000,000) ordinary shares of Rs. 10/- each.   |       | 350,000,000         | 350,000,000         |
| Issued, subscribed and paid-up capital:   |       |                     |                     |
| 27,000,000 (2014: 27,000,000) shares issued for cash.   |       | 270,000,000         | 270,000,000         |
| 5,400,000 (2014: 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.  |       |                     |                     |
| <b>7 LONG TERM FINANCING</b>  |       |                     |                     |
| <b>Loan from banking companies and other financial institutions-secured</b>   | 7.1   | 682,638,890         | -                   |
| <b>Loan from directors - unsecured</b>  | 7.2   | 247,774,932         | 207,371,944         |
|   |       | <u>930,413,822</u>  | <u>207,371,944</u>  |
| <b>7.1 Loan from banking companies and other financial institutions-secured</b>   |       |                     |                     |
| National Bank of Pakistan   |       |                     |                     |
| - Demand Finance  | 7.1.1 | -                   | 12,500,950          |
| - Demand Finance I  | 7.1.2 | 220,000,000         | -                   |
| - Demand Finance II   | 7.1.3 | 160,000,000         | -                   |
| The Bank of Punjab  |       |                     |                     |
| - Demand Finance  | 7.1.4 | 300,000,000         | -                   |
| PAIR  |       |                     |                     |
| - Demand Finance  | 7.1.5 | 70,000,000          | 75,000,000          |
|   |       | <u>750,000,000</u>  | <u>87,500,950</u>   |
| Less: current portion shown under current liabilities   |       |                     |                     |
| - NBP - Demand Finance  |       | -                   | (12,500,950)        |
| - NBP - Demand Finance - I  |       | (10,000,000)        | -                   |
| - NBP - Demand Finance - II   |       | (26,666,666)        | -                   |
| - BOP - Demand Finance  |       | (11,250,000)        | -                   |
| - Demand Finance - PAIR   |       | (19,444,444)        | (75,000,000)        |
|   |       | <u>(67,361,110)</u> | <u>(87,500,950)</u> |
|   |       | <u>682,638,890</u>  | -                   |
| <b>7.1.1 Demand Finance - NBP</b>   |       |                     |                     |
| Opening balance   |       | 12,500,950          | 62,500,950          |
| Less: payment made during the year  |       | (12,500,950)        | (50,000,000)        |
|   |       | -                   | <u>12,500,950</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. During the period loan has been fully paid.                                 |       |                     |                     |
| <b>7.1.2 Demand Finance I - NBP</b>   |       |                     |                     |
| Opening balance   |       | -                   | -                   |
| Loan obtained during the period   |       | 220,000,000         | -                   |
|   |       | <u>220,000,000</u>  | -                   |
| Less: payment made during the year  |       | -                   | -                   |
|   |       | <u>220,000,000</u>  | -                   |
| This finance has been obtained from National Bank of Pakistan The finance is secured by 1st PP charge of Rs. 293.334 million on fixed assets of the Company and personal guarantees of sponsoring directors of the Company. It carries markup 3 months KIBOR +2.5% per annum. This loan is payable in ten bi-annual instalments.          |       |                     |                     |
| <b>7.1.3 Demand Finance II - NBP</b>  |       |                     |                     |
| Opening balance   |       | -                   | -                   |
| Loan obtained during the period   |       | 160,000,000         | -                   |
|   |       | <u>160,000,000</u>  | -                   |
| Less: payment made during the year  |       | -                   | -                   |
|   |       | <u>160,000,000</u>  | -                   |
| This finance has been obtained from National Bank of Pakistan The finance is secured by 1st PP charge of Rs. 213.334 million on fixed assets of the Company and personal guarantees of sponsoring directors of the Company. It carries markup 3 months KIBOR +2.5% per annum. This loan is payable in twelve equal quarterly instalments. |       |                     |                     |
| <b>7.1.4 Demand Finance - BOP</b>   |       |                     |                     |
| Opening balance   |       | -                   | -                   |
| Loan obtained during the period   |       | 300,000,000         | -                   |
|   |       | <u>300,000,000</u>  | -                   |
| Less: payment made during the year  |       | -                   | -                   |
|   |       | <u>300,000,000</u>  | -                   |



# HASEEB WAQAS SUGAR MILLS LIMITED

This finance has been obtained from The Bank of Punjab through restructuring of existing cash finance facility. The finance is secured by ranking charge over all present and future fixed assets of the Company and personal guarantees of directors of the Company. It carries markup 3 months KIBOR + 1.25% per annum. This loan is payable in twenty eight quarterly instalments.

|                                    | March 31, 2015    | Sep 30, 2014      |
|------------------------------------|-------------------|-------------------|
| <b>Rupees</b>                      |                   |                   |
| <b>7.1.5 Demand Finance - PAIR</b> |                   |                   |
| Opening balance                    | 75,000,000        | 93,750,000        |
| Less: payment made during the year | (5,000,000)       | (18,750,000)      |
|                                    | <u>70,000,000</u> | <u>75,000,000</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 eighteen equal monthly installments.

## 7.2 LOAN FROM DIRECTORS

|   |                    |                    |
|---|--------------------|--------------------|
| Loan from directors - unsecured - interest free | <u>247,774,932</u> | <u>207,371,944</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.

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

This includes loan of Rs. 73,679,774/- from Mr. Muhammad Ilyas Mehraj, a shareholder and former director of the company.

## 8 SHORT TERM BORROWINGS

|   | Limit Rs ( Million) | Note | March 31, 2015       | Sep 30, 2014         |
|---|---------------------|------|----------------------|----------------------|
| From banking companies and other financial institutions - secured | 500                 | 8.1  | 500,000,000          | 900,000,000          |
| Loan from related parties   |                     |      | 816,805,178          | 710,578,931          |
|   |                     |      | <u>1,316,805,178</u> | <u>1,610,578,931</u> |

- 8.1** This facility has been obtained from Sindh Bank Limited 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. It carries mark up at rate 14% per annum (2014: 14% per annum.)

## 9 CURRENT PORTION OF NON CURRENT LIABILITIES

|   |                   |                    |
|---|-------------------|--------------------|
| Long term finances                                  | 67,361,110        | 87,500,950         |
| Liabilities against assets subject to finance lease | 28,640,084        | 48,487,061         |
|   | <u>96,001,194</u> | <u>135,988,011</u> |

## 10 CONTINGENCIES AND COMMITMENTS

- 10.1** 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, 2014

## 11 PROPERTY, PLANT AND EQUIPMENT

|   |                      |                      |
|---|----------------------|----------------------|
| Opening written down value                          | 3,570,545,215        | 2,509,729,821        |
| Addition during the period/year                     |                      |                      |
| Plant and machinery                                 | 24,724,575           | 174,993,606          |
| Revaluation surplus arised during the year          | -                    | 1,017,550,204        |
|   | <u>3,595,269,790</u> | <u>3,702,273,631</u> |
| Book value of assets disposed off during the period | -                    | (27,006)             |
|   | <u>3,595,269,790</u> | <u>3,702,246,625</u> |
| Depreciation for the period / year                  | (90,366,535)         | (131,701,411)        |
|   | <u>3,504,903,254</u> | <u>3,570,545,215</u> |

## 12 STOCK IN TRADE

|                   |                   |                    |
|-------------------|-------------------|--------------------|
| Work in process   |                   |                    |
| Sugar             | 3,131,361         | 3,587,500          |
| By products stock | 138,732           | 184,920            |
|                   | <u>3,270,093</u>  | <u>3,772,420</u>   |
| Finished goods    |                   |                    |
| Sugar             | 13,517            | 570,303,546        |
| By products stock | 68,256,000        | -                  |
|                   | <u>68,269,517</u> | <u>570,303,546</u> |
|                   | <u>71,539,610</u> | <u>574,075,966</u> |

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

**12.2** The entire stock of molasses as at 31 March 2015 is stated at net realizable value.



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|                                    | Half year ended |                 | Quarter ended  |                 |
|------------------------------------|-----------------|-----------------|----------------|-----------------|
|                                    | March 31, 2015  | March 31, 2014  | March 31, 2015 | March 31, 2014  |
| <b>13 SALES - NET</b>              | Rupees          |                 | Rupees         |                 |
| - Sugar                            | 1,455,993,332   | 1,656,619,349   | 482,129,741    | 1,050,433,271   |
| - Molasses                         | -               | 111,150,000     | -              | 111,150,000     |
| - Baggas                           | -               | 22,500,000      | -              | 22,500,000      |
| - Mud                              | 980,500         | 2,680,500       | 144,500        | 1,545,500       |
|                                    | 1,456,973,832   | 1,792,949,849   | 482,274,241    | 1,185,628,771   |
| Less: Sales tax and excise duty    | (108,749,388)   | (143,487,957)   | (36,483,818)   | (98,061,331)    |
|                                    | 1,348,224,444   | 1,649,461,892   | 445,790,423    | 1,087,567,440   |
| <b>14 COST OF GOODS SOLD</b>       |                 |                 |                |                 |
| Raw materials consumed             | 1,021,502,603   | 1,881,953,737   | 472,520,383    | 1,283,377,781   |
| Stores and spares consumed         | 35,397,151      | 64,107,523      | 16,349,700     | 38,309,183      |
| Salaries, wages and other benefits | 55,465,936      | 54,944,111      | 30,472,367     | 33,459,241      |
| Insurance                          | 2,179,658       | 3,758,773       | 1,238,492      | 2,311,478       |
| Repair and maintenance             | 29,275,239      | 38,800,991      | 11,008,567     | 9,164,546       |
| Depreciation                       | 88,204,747      | 63,290,433      | 44,256,902     | 32,022,539      |
| Others                             | 940,642         | 1,588,394       | 453,755        | 918,268         |
|                                    | 1,232,965,976   | 2,108,443,962   | 576,300,166    | 1,399,563,036   |
| Opening work in process            | 3,772,420       | 2,312,037       | 38,786,333     | 31,010,591      |
| Closing work in process            | (3,270,093)     | (3,320,194)     | (3,270,093)    | (3,320,194)     |
|                                    | 502,327         | (1,008,157)     | 35,516,240     | 27,690,397      |
| Cost of goods manufactured         | 1,233,468,303   | 2,107,435,805   | 611,816,406    | 1,427,253,433   |
| Opening finished goods             | 570,303,546     | 879,017,464     | 46,375,333     | 804,351,600     |
| Closing finished goods             | (68,269,517)    | (1,071,175,648) | (68,269,517)   | (1,071,175,648) |
|                                    | 502,034,029     | (192,158,184)   | (21,894,184)   | (266,824,048)   |
|                                    | 1,735,502,332   | 1,915,277,621   | 589,922,222    | 1,160,429,385   |

## 15 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:

### 15.1 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, 2015 | Sep 30, 2014 |
|--|----------------|--------------|
| <b>15.1.1 Transactions with Associates</b> | Rupees         |              |
| Sale of molasses                           | -              | 220,632,750  |
| Sale of stores and spares                  | 333,370        | 577,312      |
| Sale of baggasse                           | -              | 22,500,000   |

15.1.2 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.

15.1.3 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.

### 15.2 Details of related party balances are as follows:

|                                     | March 31, 2015 | Sep 30, 2014 |
|-------------------------------------|----------------|--------------|
| <b>Due to:</b>                      |                |              |
| Abdullah Sugar Mills Limited        | 810,812,704    | 707,550,367  |
| Haseeb Waqas Trading (Pvt.) Limited | 2,204,064      | 2,135,064    |
| Oriental Fruits (Pvt.) Limited      | 2,176,000      | 893,500      |
| Long term loan from directors       | 247,774,932    | 207,371,944  |
| <b>Due by:</b>                      |                |              |
| Haseeb Waqas Dairies (Pvt.) Limited | 5,914,758      | 5,914,758    |

The maximum aggregate amount due from associates at the end of any month during the period amounts to Rs. 5,914,758 (2014: Rs.23,765,174).

## 16 AUTHORIZATION FOR ISSUE

These condensed interim financial statements have authorized for issue by the Board of Directors of the Company on May 15, 2015.

## 17 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**

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