



HASEEB WAQAS SUGAR MILLS LIMITED



Annual Report 2018

CONTENTS	PAGE
1. Company's Vision & Mission Statements	1
2. Company Information	2
3. Notice of Annual General Meeting	3-4
4. Chairman's Review	5-6
5. Directors' Report	7-10
6. Six Years Review at a Glance	11
7. Pattern of Shareholding	12-15
8. Statement of Compliance with the Best Practice of Code of Corporate Governance	16-18
9. Independent Auditor's Report	19-22
10. Balance Sheet	19
11. Profit & Loss Account	25
12. Statement of Comprehensive Income	26
13. Statement of Cash Flows	27
14. Statement of Changes in Equity	28
15. Notes of the Financial Statement	29-50
16. Proxy Form	51



Vision & Mission Statements

THE VISION

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

THE MISSION

- 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 reputation 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.



Company Information

Board of Directors

1. Mr. Raza Mustafa
2. Mian Haseeb Ilyas
3. Mian Waqas Riaz
4. Mian Abdullah Ilyas
5. Ms. Zainab Waqas
6. Mrs. Shahzadi Ilyas
7. Ms. Zakia Ilyas
8. Mr. Yousaf Ilyas

Chairman
Director/Chief Executive
Director
Director
Director
Director
Director
Director

Audit Committee

1. Mr. Raza Mustafa (Chairman)
2. Ms. Zakia Ilyas (Member)
3. Mr. Yousaf Ilyas (Member)

Human Resource & Remuneration Committee

1. Mian Waqas Riaz (Chairman)
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: hwgc@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, Lahore

Mills

Mouza Jagmal, Tehsil Jattoi
District. Muzaffargarh

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

Muhammad Ahsan Khan
(Advocate)



HASEEB WAQAS SUGAR MILLS LIMITED NOTICE OF 27TH ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of Haseeb Waqas Sugar Mills Limited will be held at its Registered Office, 06-F, Model Town, Lahore on Friday, 25 January 2019 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 27 January 2018.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30 September 2018 together with Directors' and Auditors' Report thereon.
3. To appoint Auditors of the Company for the year ending 30 September 2019 and to fix their remuneration. The retiring auditors M/S Qadeer & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To elect 08 (eight) Directors of the Company as fixed by the Board of Directors in accordance with the provisions of Section 159 of the Companies Act, 2017, for a term of next three years. The names of the retiring Directors are given hereunder:-

- | | |
|------------------------|------------------------|
| 1. Mr. Raza Mustafa | 2. Mian Haseeb Ilyas |
| 3. Mian Waqas Riaz | 4. Mian Abdullah Ilyas |
| 5. Mrs. Zainab Waqas | 6. Ms. Zakia Ilyas |
| 7. Mrs. Shahzadi Ilyas | 8. Mr. Yousaf Ilyas |

(The retiring Directors are eligible for re-election.)

5. To transact any other business with the permission of the Chair.

Place: Lahore
Dated: **02 January 2019**

By Order of the Board
(ANSAR AHMED)
Company Secretary

Notes:

1. The Members Register will remain closed from 18 January 2019 to 25 January 2019 (both days inclusive). Transfers received at Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore, the Registrar and Shares Transfer Office of the Company, by the close of business on 17 January 2019 will be treated in time for the purpose of Annual General Meeting.
2. Any member who seeks to contest election to the office of Directors shall, whether he/she is a retiring Director or otherwise, file with the Company, not later than 14 days before the date of the meeting at which elections are to be held, a notice of his/her intention to offer himself for election as a Director. Declaration in accordance with the Listing Regulations along with consent to act as Director under Section 159 (3) of the Companies Act, 2017 is also to be filed.
3. In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the Registered Office of the Company, 06-F, Model Town, Lahore, not less than 48 hours before the time of the meeting.
4. Pursuant to Companies (Postal Ballot) Regulations, 2018 the right of vote through postal ballot may be provided to the members pursuant to the section 143 and 144 of the Companies Act, 2017.
5. a) individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of Attorney with specimen signatures of nominees shall be produced (unless provided earlier) at the time of meeting.
b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Director/Power of Attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.
6. In compliance with SECP notification no. 634/(1)/2014 dated 10 July 2014, the company has placed the Audited Annual Financial Statements for the year ended 30 September 2018 along with Auditors and Directors Reports thereon on its website: www.hwgc.com.pk
7. In pursuance of SECP notification S.R.O. 787(1)2014 dated 08 September 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditors, Report and Directors Report (Annual Financial Statements) along with Notice of Annual General Meeting (notice) through E-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company for which form may be downloaded from the Company's website: www.hwgc.com.pk.
8. If the company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of the meeting, the company will arrange video conferencing facility in that city subject to availability of such facility in that city.
9. In pursuance of SECP notification S.R.O. 470(1)2016 dated 31 May 2016, the company has sent information regarding Annual Audited Accounts of the company to the shareholders in soft form i.e. CD. However, the company will supply the hard copy of the Annual Audited Accounts to the shareholders on demand, at their registered addresses, free of cost, within one week of such demand. The company has placed on its website a standard request form, to communicate their need of hard copies instead of soft form.
10. Members are requested to notify any change in their registered address immediately.



حسیب وقاص شوگر ملز لمیٹڈ نوٹس برائے سالانہ اجلاس عام

نوٹس ہذا سے مطلع کیا جاتا ہے کہ حسیب وقاص شوگر ملز لمیٹڈ کے حصص داران کو ستائیسواں (27 واں) سالانہ اجلاس عام 25 جنوری 2019ء، بروز جمعہ دن 9 بجے کمپنی کے رجسٹرڈ آفس واقع 06-ایف، ماڈل ٹاؤن، لاہور میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:
عمومی امور:

- 1- 27 جنوری 2018ء کو منعقدہ گذشتہ سالانہ اجلاس عام کی کاروائی کی توثیق کرنا۔
- 2- 30 ستمبر 2018ء کو اختتام پذیر سال کے لئے چیئرمین کی جائزہ رپورٹ، ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ہمراہ کمپنی کے پڑتال شدہ مالیاتی گوشوارے وصول کرنا، انہیں زیر غور لانا اور اپنانا۔
- 3- 30 ستمبر 2018ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کی تقرری کرنا اور ان کا مشاہیرہ طے کرنا ہے۔ ریٹائر ہونے والے آڈیٹرز ممبرز قدیر اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اہل ہونے پر دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔
- 4- اگلی تین سالہ مدت کے لئے کمپنیز ایکٹ 2017 کی دفعہ 159 کے تحت بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ 8 ڈائریکٹروں کا انتخاب کرنا۔ سبکدوش ہونے والے ڈائریکٹر صاحبان کے نام درج ذیل ہیں۔

1- جناب رضا مصطفیٰ	2- میاں حسیب الیاس	3- میاں وقاص ریاض	4- میاں عبداللہ الیاس
5- مسز زینب وقاص	6- مس ذکیہ الیاس	7- مسز شہزادی الیاس	8- جناب یوسف الیاس

(ریٹائرڈ ہونے والے ڈائریکٹر دوبارہ منتخب ہونے کے اہل ہیں۔)

مقام: لاہور
تاریخ: 2 جنوری 2019ء

بجلم بورڈ
(انصار احمد)
کمپنی سیکرٹری

مندرجات:

- 1- اراکین کا رجسٹر 18 جنوری 2019ء سے 25 جنوری 2019ء تک (بشمول دونوں ایام) بند رہے گا۔ 17 جنوری 2019ء کو کاروبار بند ہونے تک رجسٹرار اور کمپنی کے شیئر ٹرانسفر آفس جمید مجید ایسوی ایس (پرائیویٹ) لمیٹڈ، 7 بینک سکوائر، لاہور کو موصول ٹرانسفر سالانہ اجلاس عام کے لئے بروقت تصور کی جائیں گی۔
- 2- کوئی رکن جو بذریعہ انتخابات ڈائریکٹر بننے کا متمنی ہے خواہ وہ ریٹائرڈ ہو یا کوئی اور رکن انتخابات میں حصہ لینا چاہتا ہو وہ کمپنی کی اجلاس جس میں انکیشن منعقد ہوں گے کے کم از کم 14 روز قبل تحریری طور پر کمپنی کو آگاہ کرے گا کہ وہ ڈائریکٹر کے انکیشن میں حصہ لینے کا خواہشمند ہے۔ مزید یہ کہ وہ ڈائریکٹر بننے کے لئے موجودہ مجوزہ قواعد و ضوابط کے تحت ایک ڈیکلریشن اور کمپنی ایکٹ 2017ء کی دفعہ (3) 159 کے تحت بطور ڈائریکٹر کام کرنے کی رضامندی بھی دے گا۔
- 3- اجلاس میں شرکت اور ووٹ کرنے کا اہل رکن اپنی جگہ شرکت اور ووٹ کرنے کے لئے کسی دوسرے رکن کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کو ووٹ کرنے کی غرض سے اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل پراکسی کمپنی کے رجسٹرڈ آفس میں پہنچ جانی چاہئیں۔ توثیق کی غرض سے، پراکسی کے دستاویز اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہے) جس کے تحت اسے طے کیا گیا ہے، یا اس مختار نامہ کی نوٹری سے تصدیق شدہ نقل کمپنی کے رجسٹرڈ دفتر 16 ایف، ماڈل ٹاؤن، لاہور میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کروائی جائے۔
- 4- کمپنیز قواعد 2018ء (پوشل بیلٹ) کی تعمیل ایکٹ کے سیکشن 143 اور 144 پر پورا اترنے والے اراکین کو پوشل بیلٹ کا اختیار دیا جائے گا۔
- 5- (a) اجلاس میں شرکت اور ووٹ کے اہل CDC کے انفرادی بینی فیشل اونرز کو اپنی شناخت ثابت کرنے کے لئے اپنا شناخت آئی ڈی اور اکاؤنٹ / ذیلی اکاؤنٹ نمبر بعد اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔ کاروباری ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ بعد Nominee کے نمونہ کے دستخط اجلاس کے موقع پر پیش کرنا ہوں گے۔ (اگر یہ پہلے پیش نہ کیا گیا ہو۔)
- (b) پراکسی کے تقرر کے لئے، CDC انفرادی بینی فیشل اونرز مذکورہ بالا معیار کے مطابق پراکسی فارم جمع کرنا ہوگا اور شناخت کا آئی ڈی اور اکاؤنٹ / ذیلی اکاؤنٹ نمبر بعد CNIC یا پاسپورٹ کی تصدیق شدہ نقل اس کے ہمراہ ہونی چاہئے۔ پراکسی فارم کی گواہی دو افراد دیں گے جن کے نام، پتے اور CNIC نمبران اس پر موجود ہونے چاہئیں۔ اجلاس کے موقع پر پراکسی کو اپنا حقیقی CNIC یا پاسپورٹ پیش کرنا ہوگا۔ کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ بعد نمونہ کے دستخط پراکسی فارم کے ہمراہ جمع کرنا ہوگا (اگر یہ قبل ازیں جمع نہ کیا گیا ہو۔)
- 6- SECP کے مورخہ 10 جولائی 2014ء کے مراسلہ نمبر SRO 634(I)/2014 کی پیروی میں کمپنی نے 30 جون 2018ء کو اختتام پذیر سال کے لئے پڑتال شدہ مالیاتی اسٹیٹمنٹس اور آڈیٹرز اور ڈائریکٹرز کی رپورٹ کمپنی کی ویب سائٹ www.hwgc.com.pk پر رکھ دی ہیں۔
- 7- SECP کے مورخہ 08 ستمبر 2014ء کے مراسلہ نمبر SRO 787(I)/2014 کی پیروی میں کمپنیوں کو اپنی سالانہ بیننس شیڈ اور نفع و نقصان کے کھاتے، آڈیٹرز اور ڈائریکٹرز کی رپورٹ (سالانہ مالیاتی اسٹیٹمنٹس) بعد نوٹس برائے سالانہ اجلاس عام (نوٹس) بذریعہ ای میل کمپنی کے اراکین کو بھیجنے کی اجازت دی گئی ہے۔ اس سہولت کو حاصل کرنے کے خواہشمند اراکین کمپنی کو مطلوب معلومات فراہم کریں گے جس کے لئے فارم کمپنی کی ویب سائٹ www.hwgc.com.pk سے حاصل کیا جا سکتا ہے۔
- 8- SECP مورخہ 31 مئی 2016ء کے مراسلہ نمبر SRO 470(I)/2016 کی پیروی میں کمپنی نے اپنے سالانہ پڑتال شدہ کھاتوں سے متعلق اپنے حصص داران کو سافٹ فارم یعنی CD کی صورت میں معلومات فراہم کر دی ہیں۔ تاہم، کمپنی مطالبہ پر حصص داران کو سالانہ پڑتال شدہ کھاتوں کی کاغذات کی صورت میں ترسیل کی جا سکتی ہے۔ یہ معلومات درخواست کی وصولی کے ایک ہفتہ اندر بالکل مفت ان کے رجسٹرڈ پتے پر بھیجی جائیں گی۔ کمپنی نے اپنے ویب سائٹ پر معیاری درخواست فارم رکھ دیا ہے تاکہ وہ سافٹ فارم کی بجائے کاغذات کی صورت میں مطلوبہ معلومات حاصل کر سکیں۔
- 9- اگر کمپنی کی جگہ جغرافیائی حدود سے باہر ہائٹس پزیر 10 فیصد یا زائد شیئر ہولڈنگ کے حامل اراکین کی جانب سے اجلاس میں ویڈیو کانفرنس کے ذریعے شمولیت کی غرض سے اجلاس کے انعقاد سے 10 روز قبل رضامندی حاصل کر لی ہے تو کمپنی اس شہر میں ایسی سہولت کی دستیابی کی صورت میں ویڈیو کانفرنس کی سہولت کا انتظام کرے گی۔
- 10- اراکین سے درخواست کی جاتی ہے کہ اپنے رجسٹرڈ پتے میں تبدیلی کی صورت میں فوراً کمپنی کو آگاہ کریں۔



HASEEB WAQAS SUGAR MILLS LIMITED Chairman's Review

A Review Report by the Chairman on Board's overall performance and effectiveness of role played by the Board in achieving the Company's objectives u/s 192 of the Companies Act 2017:

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors (the "Board") of Haseeb Waqas Sugar Mills Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed

I am pleased to present the Annual Review for the year ended 30 September 2018,

- The Board of Directors ("the Board") of Haseeb Waqas Sugar Mills Limited, has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner.
- The Board of Haseeb Waqas Sugar Mills Limited is highly professional and experienced people. They bring a vast experience including the independent directors. All board members are well aware of their responsibilities and fulfilling these diligently.
- The Board has adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner. The Board has arranged Director's Training program for newly appointed Director Mr. Yousaf Ilyas and the remaining directors meet the qualification and experience criteria of the Code;
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval. All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process.
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the



- related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the director report is published with the quarterly and annual financial statement of the Company and the content of the directors report are in accordance with the requirement of applicable laws and regulation;
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings;

I would like to place on record with thanks and appreciation to my fellow directors, shareholders, management and staff for their continued support in very challenging operating conditions. I look forward for more future success for the Company.

Lahore
02 January 2019

Raza Mustafa
Chairman



DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

The Directors of your Company take pleasure in presenting the Company's 27th Annual Report and Audited Financial Statements for the year ended 30 September 2018 together with the Auditors' Report thereon.

OPERATIONAL PERFORMANCE

The crushing season started on 26 February 2018. The operating results for period under review are as under:

		26 February 2018 To 01 April 2018	02 December 2016 To 11 February 2017
Crushing days	Days	38	72
Average recovery	%age	8.50	8.60
Cane crushed	M.T	76,819,660	177,118,515
Sugar produced	M. T	5,808	15,243

The Mills were operated for 38 days with total crushing 76,819,660 M. Tons as against 72 days with total crushing of 177,118,515 M. Tons.

FINANCIAL INDICATORS

The financial results of your company for the year ended 30 September 2018 are summarized as follows:

	For the year ended 30 September 2018 (Rupees in Thousand)	
	2018	2017
Net Sales	250,772	847,274
Gross Profit/ (Loss)	(340,215)	(395,609)
Net Profit / (Loss) before tax	(542,425)	(578,351)
Net Profit (Loss) after tax	(488,901)	(572,708)
Basic Earning	(15.09)	(17.68)

The Management could not done repair and maintenance of mills due to sealing by court, however at the almost end of season Supreme Court of Pakistan allowed to operate the mills hence we incurred losses due to technical problem.

The financial statements of the Company indicate that the Company incurred gross loss amounting to Rs. **542,425,961** (2017: 578,350,705) and net loss from operations amounting to Rs. **396,700,929** (2017: 455,761,957) and accumulated losses Rs. 3,278,500,546 (2017: 2,865,617,599) which leads to negative equity of Rs. **597,829,105** (2017: 134,263,282). Moreover, current liabilities exceed current assets by Rs. **2,795,290,914** (2017: 1,957,436,411).

OPERATIONAL MEASURES

In view of above issues Company has taken following mitigating steps:

- Shifting of mill to Alipur Jatoi, Muzaffargarh has been completed where sugar cane availability and sugar recovery are better.
- BMR has been done and we will see impact of this BMR in the financials of coming season.

The management foresees positive cash flow from future operations in expectation of better availability of sugar cane and sugar prices in coming seasons, since sugar dynamics are good and rising.

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



	2019	Projected 2020	2021
Sugar Cane crushing M.T	780,000	800,000	800,000
Sugar Cane rate	180	185	190
Sugar Price per kg	60	62	64

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. However, all above depends upon fate of review petition filed in August Supreme Court of Pakistan.

CHANGES ON THE BOARD OF DIRECTORS

Since the last Annual General Meeting Mr. Yousaf Ilyas has been appointed as Director in place of Hafiz M. Irfan Hussain Butt for the remaining term of the outgoing Directors and Mian Haseeb Ilyas has been re-appointed as Chief Executive on 10 April 2018.

FUTURE OUTLOOK

The Supreme Court of Pakistan vide short order even dated September 13, 2018 dismissed the Company's appeal and prohibited the Company from conducting any business in relation to or functioning as a sugar mill after the period of two months i.e. 12 November 2018. Further, the appellants are directed to remove within the said period from Muzaffar Garh (current factory location) to Nankana (previous factory location).

However, the Company has filed review petition dated 6th November 2018 to review the above order and accept the appeal filed by the petitioners; which is still pending on part of the Supreme Court.

Principal parties for respondents are Govt. of the Punjab, JDW Sugar Mills Limited, Ashraf Sugar Mills Limited, Indus Sugar Mills Limited RYK Mills Limited etc.

Further, the board is committed to continue the company as going concern in case of any adverse opinion in future in respect of above referred matter.

AUDITORS QUALIFICATIONS:

Our auditors expressed the following qualifications in the auditors' report:

1. "We have not received direct bank confirmations from banks and financial institutions for long term loans amounting to Rs. 1,262 million and markup amounting to Rs. 361 million due to the reason mentioned in Note # 16.3 to the financial statements."
2. "Further, Note # 16.2 to the annexed financial statements elaborates the factors due to which the Sales Tax status has been blacklisted by the Federal Board of Revenue due to non-compliance including non-payment of sales tax liability of Rs. 209 million." and
3. "We draw attention to Note # 2.4 to the financial statements, which indicates that the Company incurred gross loss amounting to Rs: 340,215,498 (2017: 395,608,755) and net loss from operations amounting to Rs. 396,700,929 (2017: 455,761,957) and accumulated losses Rs. 3,278,500,546 (2017: 2,865,617,599). Moreover, the current liabilities exceed current assets by Rs. 2,127,915,443 (2017: 1,957,436,411). Further as stated in note # 16.3 to the financial statements, the Supreme Court dismissed the appeal of the Company regarding location of factory. Furthermore, as stated in note # 16.3 regarding litigation of defaults in repayment of loans, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

With respect to all above three qualifications, we would like to state that these are only due to the non-operational of mill at its available capacity for the reasons mentioned in Future Outlook above.

DIVIDEND:

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



AUDITORS:

The present Auditor's 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 2019.

CODE OF CORPORATE GOVERNANCE:

During the financial year 2018 "Listed Companies (Code of Corporate Governance) Regulations" has been implemented which requires certain changes in the composition of the Board and its Committee.

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.
- 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.
- x. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.
- xi. During the year under review, Five (05) meetings of the Board of Directors were held. The attendance by each Director is as follows:



Sr. No.	Name of Directors	Attendance
1.	Mr. Raza Mustafa	5
2.	Mian Haseeb Ilyas (CEO)	4
3.	Mian Waqas Riaz	3
4.	Mian Abdullah Ilyas	5
5.	Mrs. Zainab Waqas	5
6.	Mrs. Shahzadi Ilyas	5
7.	Ms. Zakia Ilyas	5
8.	Mr. Yousaf Ilyas	3

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;

Sr. No.	Designation
1. Mr. Raza Mustafa	Chairman
2. Ms. Zakia Ilyas	Member
3. Mr. Yousaf Ilyas	Member

- xiv. A statement of the pattern of shareholdings and additional information as at 30 September 2018 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 hard work 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

MIAN HASEEB ILYAS
Chief Executive

Lahore
02 January 2019

MIAN ABDULLAH ILYAS
Director

Lahore



SIX YEARS AT A GALANCE

	2018	2017	2016	2015	2014	2013
	OPERATING RESULTS					
	Rupees in Thousand					
Sales – Net	250,773	847,275	879,366	1,380,222	2,173,225	2,571,910
Gross profit/ (loss)	(340,215)	(395,609)	(565,887)	(606,776)	(408,909)	(236,204)
Operating profit/(loss)	(396,701)	(455,762)	(609,482)	(645,571)	(441,530)	(270,344)
Profit/(loss) before tax	(542,426)	(578,351)	(773,801)	(789,678)	(629,231)	(473,780)
Profit/((loss) after tax	(488,902)	(572,708)	(685,290)	(779,824)	(625,106)	(460,475)

FINANCIAL POSITION

Fixed assets – net	3,483,247	3,674,162	3,738,965	3,568,279	3,570,545	2,509,730
Paid up capital	324,000	324,000	324,000	324,000	324,000	324,000
Shareholder’s equity	(597,829)	(1,737,303)	(1,434,210)	(1,449,288)	(759,736)	(193,158)
Long term liabilities	1,286,275	1,862,979	2,183,545	2,073,687	1,119,116	882,388
Current assets	189,585	476,748	459,795	523,454	1,134,071	1,537,721
Current liabilities	2,984,876	2,434,184	1,779,160	1,426,736	2,500,330	2,166,130
Breakup value per share (Rs.	(15.09)	(17.68)	(21.15)	(24.07)	(19.29)	(14.21)

STATISTICS

No. of employees	229	292	336	320	310	265
Sugar produced (M. Tons)	5,808	15,242.70	15,529.25	18,940	38,762	43,565
Crushing period (days)	38	72	80	97	105	109



HASEEB WAQAS SUGAR MILLS LIMITED

CATEGORIES OF SHAREHOLDERS AS AT 30 SEPTEMBER 2018

	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 Mian Abdullah Ilyas	2,986,500	9.218
4 Mrs. Zainab Waqas	333,500	1.029
5 Mr. Yousaf Ilyas	500	0.002
6 Mr. Raza Mustafa	500	0.002
7 Mrs. Shahzadi Ilyas	2,404,100	7.420
8 Ms. Zakia Ilyas	10,382	0.032
	8,717,232	26.905
Public Sector Companies and Corporation		
Joint Stock Companies		
1 Maple Leaf Capital Limited	1	0.000
2 S.H. Bukhari Securities (Pvt.) Limited	400	0.001
3 Sarfaraz Mahmood (Pvt.) Limited	500	0.034
4 NCC - Pre Settlement Delivery Account	500	0.002
5 Y.S. Securities (Pvt.) Limited	1,000	0.003
6 Telesys Tech (Pvt) Limited	3,121	0.010
7 Mileage (Pvt.) Limited	7,500	0.023
8 Apex Financial Services (Pvt.) Limited	15,000	0.046
9 Muhammad Bashir Kasmani Securities (Pvt.) Limited	17,000	0.052
10 High Land Securities (Pvt.) Limited	22,500	0.069
11 MRA Securities Limited - MF	44,500	0.137
12 Zafar Securities (Pvt) Limited	44,500	0.137
13 Kohinoor Power Company Limited	76,500	0.236
14 Multiline Securities (Pvt.) Limited	315,000	0.972
15 Ali Hussain Rajabali Limited	606,000	1.870
16 Abdullah Sugar Mills Limited	2,900,500	8.952
	4,054,522	12.546
Banks, Developments Finance Instiutions,		
Non Banking Finance Instiutions		
1 Bank Alfalah Limited Lahore Stock Exchange Branch	800	0.002
2 The Bank of Punjab	6,700	0.021
3 Trust Leasing Corporation	9,700	0.030
	17,200	2.926
Insurance Companies		
1 Shaheen Insurance Company Limited	119	0.000
2 State Life Insurance Corp.	200	0.001
3 State Life Insurance Corp. of Pakistan	617,600	1.906
	617,919	1.907
Modaraba Companies		
1 Trust Modaraba	100	0.000
2 Trust Modaraba	5,600	0.017
3 First Punjab Modaraba	1,400	0.004
4 First Punjab Modaraba	600	0.002
	7,700	0.024
Others		
1 James Capel & Co	22,800	0.070
2 Morgan Stanly Trust & Company	14,900	0.046
3 Deutsche Bank Securities Corp.	600	0.002
4 Hong Kong Bank International	200	0.001
	38,500	0.119
Foreign / Non Resident Investors		
	5,000	0.015
	5,000	0.015
Shares held by General Public		
	18,941,927	58.463
	18,941,927	58.463
Shareholders holding 05% or more voting intrerst in the Company		
1 Mian Muhammad Ilyas Miraj	4,566,500	14.09
2 Abdullah Sugar Mills Limited	2,900,500	8.95
3 Mrs. Shahzadi Ilyas	2,404,100	7.42
4 Mian Abdullah Ilyas	2,986,500	8.79
5 Mian Haseeb Ilyas	2,213,500	6.83
	15,071,100	46.09



HASEEB WAQAS SUGAR MILLS LIMITED

Pattern of Shareholding for Haseeb Waqas Sugar Mills Limited

As on:- 30-Sep-2018

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
182	1 -	100	8,064	0.02
438	101 -	500	205,691	0.63
261	501 -	1000	256,071	0.79
389	1001 -	5000	1,116,058	3.44
111	5001 -	10000	935,100	2.89
39	10001 -	15000	524,782	1.62
25	15001 -	20000	463,896	1.43
20	20001 -	25000	461,800	1.43
10	25001 -	30000	283,000	0.87
5	30001 -	35000	168,338	0.52
5	35001 -	40000	198,500	0.61
4	40001 -	45000	174,500	0.54
8	45001 -	50000	398,000	1.23
3	50001 -	55000	158,000	0.49
3	55001 -	60000	178,000	0.55
2	60001 -	65000	126,000	0.39
1	65001 -	70000	70,000	0.22
2	70001 -	75000	149,500	0.46
5	75001 -	80000	391,500	1.21
1	80001 -	85000	82,286	0.25
4	85001 -	90000	352,500	1.09
7	95001 -	100000	697,000	2.15
1	105001 -	110000	107,500	0.33
1	120001 -	125000	125,000	0.39
1	125001 -	130000	128,000	0.40
1	140001 -	145000	142,000	0.44
2	145001 -	150000	300,000	0.93
1	165001 -	170000	167,000	0.52
1	185001 -	190000	186,000	0.57
1	190001 -	195000	194,500	0.60
1	195001 -	200000	197,000	0.61
1	200001 -	205000	201,500	0.62
1	255001 -	260000	255,714	0.79
1	270001 -	275000	274,000	0.85
1	280001 -	285000	283,000	0.87



HASEEB WAQAS SUGAR MILLS LIMITED

Pattern of Shareholding for Haseeb Waqas Sugar Mills Limited

As on:- 30-Sep-2018

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
1	310001 -	315000	315,000	0.97
1	330001 -	335000	333,500	1.03
1	495001 -	500000	500,000	1.54
1	605001 -	610000	606,000	1.87
1	615001 -	620000	617,600	1.91
1	765001 -	770000	768,250	2.37
1	915001 -	920000	917,500	2.83
1	1020001 -	1025000	1,022,750	3.16
1	1165001 -	1170000	1,168,000	3.60
1	1260001 -	1265000	1,262,500	3.90
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	4565001 -	4570000	4,566,500	14.09
1,554			32,400,000	100.00

Categories of Share Holders

As on: September 30, 2018

Ser #	Code	Category	No. of Shareholder	Shares Held	Percentage of Total Capital
1	2	Financial Institutions	3	17,200	0.0531
2	4	Joint Stock Companies	16	4,054,522	12.5140
3	5	Insurance Companies	3	617,919	1.9072
4	6	Modarabas	4	7,700	0.0238
5	22	General Public (Local)	1,521	27,659,159	85.3678
6	23	General Public (Foreign)	3	5,000	0.0154
7	24	Others	4	38,500	0.1188

TOTAL:	1,554	32,400,000	100.0000
---------------	--------------	-------------------	-----------------



HASEEB WAQAS SUGAR MILLS LIMITED

Haseeb Waqas Sugar Mills Limited

Categories Detail

As on: September 30, 2018.

Sr. #	Folio Number	Name	Shares Held	Per % Total Capital
Category				
Financial Institutions				
1	CDC-350	BANK ALFALAH LIMITED - LAHORE STOCK EXCHANGE BRANC	800	0.0025
2	802	THE BANK OF PUNJAB	6,700	0.0207
3	805	TRUST LEASING CORPORATION	9,700	0.0299
Running Total			17,200	0.0531
Joint Stock Companies				
1	CDC-420	MAPLE LEAF CAPITAL LIMITED	1	0.0000
2	CDC-349	S.H. BUKHARI SECURITIES (PVT) LIMITED	400	0.0012
3	CDC-401	SARFRAZ MAHMOOD (PRIVATE) LTD	500	0.0015
4	CDC-698	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	500	0.0015
5	CDC-229	Y.S. SECURITIES & SERVICES (PVT) LTD.	1,000	0.0031
6	CDC-169	TELE SYS TECH (PRIVATE) LIMITED	3,121	0.0096
7	CDC-407	MILEAGE (PVT) LTD	7,500	0.0231
8	CDC-215	APEX FINANCIAL SERVICES (PVT.) LIMITED	15,000	0.0463
9	CDC-904	MUHAMMAD BASHIR KASMANI (PRIVATE) LIMITED	17,000	0.0525
10	CDC-1126	HIGH LAND SECURITIES (PVT) LIMITED	22,500	0.0694
11	CDC-1162	MRA SECURITIES LIMITED - MF	44,500	0.1373
12	CDC-241	ZAFAR SECURITIES (PVT) LTD.	44,500	0.1373
13	CDC-1096	KOHINOOR POWER COMPANY LIMITED	76,500	0.2361
14	CDC-1134	MULTILINE SECURITIES (PVT) LIMITED - MF	315,000	0.9722
15	CDC-799	ALI HUSAIN RAJABALI LIMITED	606,000	1.8704
16	CDC-390	ABDULLAH SUGAR MILLS LIMITED	2,900,500	8.9522
Running Total			4,054,522	12.5140
Insurance Companies				
1	CDC-145	SHAHEEN INSURANCE COMPANY LIMITED	119	0.0004
2	5920	STATE LIFE INSURANCE CORP.	200	0.0006
3	CDC-217	STATE LIFE INSURANCE CORP. OF PAKISTAN	617,600	1.9062
Running Total			617,919	1.9072
Modarabas				
1	806	TRUST MODARABA	100	0.0003
2	803	FIRST PUNJAB MODARABA	600	0.0019
3	812	FIRST PUNJAB MODARABA	1,400	0.0043
4	804	TRUST MODARABA	5,600	0.0173
Running Total			7,700	0.0238
General Public (Local)				
Haseeb Waqas Sugar Mills Limited				
Categories Detail				
As on: September 30, 2018.				
Sr. #	Folio Number	Name	Shares Held	Per % Total Capital
Category				
Running Total			27,659,159	85.3678
General Public (Foreign)				
Running Total			5,000	0.0154
Others				
1	5261	HONG KONG BANK INTERNATIONAL	200	0.0006
2	5246	DEUTSCHE BANK SECURITIES CORP.	600	0.0019
3	5279	MORGAN STANLY TRUST COMPANY	14,900	0.0460
4	5176	JAMES CAPEL & CO.	22,800	0.0704
Running Total			38,500	0.1188
Grand Total:			32,400,000	100.0000



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

HASEEB WAQAS SUGAR MILLS LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2018

The Company has complied with the requirements of the Regulations in the following manner:

1	The total number of Directors are eight as per the following:	
a.	Male	05
b.	Female	03
2.	The composition of Board is as follows:	
a.	Independent Director	Mr. Raza Mustafa
b.	Executive Director	Mian Haseeb Ilyas
c.	Non-Executive Directors	Mian Abdullah Ilyas Mian Waqas Riaz Mr. Yousaf Ilyas Mrs. Shahzadi Ilyas Mrs. Zainab Waqas Ms. Zakia Ilyas
3.	The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).	
4.	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.	
5.	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.	
6.	All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.	
7.	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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.	
8.	The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.	



9.	The Board has duly complied with the Directors' Training Program requirement and the criteria as prescribed in the Regulations. The Board has arranged Director's Training program for newly appointed Director Mr. Yousaf Ilyas.	
10.	The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations except for the minimum experience requirement of the CFO, Regulation 23 (a) requires the CFO to have at least three years of managerial experience in fields of audit or accounting or is managing financial or corporate functions of a company and is a member of Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan. The Board is in process of complying with the requirements of the Regulations.	
11.	CFO and CEO duly endorsed the financial statements before approval of the Board.	
12.	The Board has formed committee comprising of members given below:	
a.	Audit Committee	Mr. Raza Mustafa (Chairman) Ms. Zakia Ilyas (Member) Mr. Yousaf Ilyas (Member)
b.	HR and Remuneration Committee	Mian Waqas Riaz (Chairman) Mrs. Zainab Waqas (Member) Ms. Zakia Ilyas (Member)
	Regulation 28 (1){c} requires the Board to satisfy itself such that at least one member of the audit committee qualifies as financially literate. The Board will comply with aforementioned regulation upon-re-constitution of the Board after expiry of the current term.	
13.	The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.	
14.	The frequency of meetings (quarterly/half yearly/yearly) of the committee were as following:	
a.	Audit Committee	04
b.	HR and Remuneration Committee	01
c.	Nomination Committee	Not Applicable
d.	Risk Management Committee	Not Applicable
15.	The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company	

16.	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 and registered with Audit Oversight Board of Pakistan, 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.
17.	The Statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18.	We confirm that all other requirements of the Regulations have been complied with.

On behalf of the Board

Mian Haseeb Ilyas
Chief Executive

Lahore
January 02, 2019

Mian Abdullah Ilyas
Director

Lahore
January 02, 2019



INDEPENDENT AUDITOR'S REPORT

To the members of Haseeb Waqas Sugar Mills Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Haseeb Waqas Sugar Mills Limited (the Company), which comprise the Statement of financial position as at September 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

We have not received direct bank confirmations from banks and financial institutions for long term loans amounting to Rs. 1,262 million and markup amounting to Rs. 361 million due to the reason mentioned in Note # 16.3 to the financial statements.

Further, Note # 16.2 to the annexed financial statements elaborates the factors due to which the Sales Tax status has been blacklisted by the Federal Board of Revenue due to non-compliance including non-payment of sales tax liability of Rs. 209 million.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to Going Concern

We draw attention to Note # 2.4 to the financial statements, which indicates that the Company incurred gross loss amounting to Rs: 340,215,498 (2017: 395,608,755) and net loss from operations amounting to Rs. 396,700,929 (2017: 455,761,957) and accumulated losses Rs. 3,278,500,546 (2017: 2,865,617,599). Moreover, the current liabilities exceed current assets by Rs. 2,127,915,443 (2017: 1,957,436,411). Further as stated in note # 16.3 to the financial statements, the Supreme Court dismissed the appeal of the Company regarding location of factory.

Furthermore, as stated in note # 16.3 regarding litigation of defaults in repayment of loans, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following are the Key Audit Matters;

Sr. No.	Key Audit Matters	How the matters were addressed in our audit
(i)	<p>New requirements under the Companies Act, 2017</p> <p>As referred to in note 2.3.1 to the annexed financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended September 30, 2018.</p> <p>The companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the in the Company's financial statements.</p> <p>We consider it as a key audit matter in view of the extensive impacts in the financial statements due to the Companies Act, 2017.</p>	<p>Our audit procedures included the followings:</p> <p>Considering the management's process to identify the necessary amendments required in the Company's financial statements.</p> <p>Evaluating the results of management's analysis and key decisions in respect of the transaction, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business.</p> <p>Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.</p> <p>Completion of disclosure checklists issued by regulatory / professional bodies.</p>
(ii)	<p>Property, Plant and Equipment</p> <p>The Property, Plant and Equipment balance comprises 94.8 % (2017: 88.3%) of total assets. This amounts to Rs. 3.483 billion (2017: Rs. 3.67 billion) as shown in note 17 to the financial statements.</p> <p>Extensive physical and third party verifications and judgement are exercised in determining the existence of all recorded assets, valuation basis, calculation of book value of revalued assets, their useful lives and residual values and when assessing whether there are any indicators of impairment present and when performing impairment assessments where indicators have been identified.</p> <p>Based on the value of the balance as well as the judgements and verifications involved in determining existence, valuation, useful lives and residual values this has been identified as a key audit matter.</p>	<p>The following was performed on the existence, valuation and assessment of useful lives and residual values:</p> <p>Make a selection of fixed assets held by client at year and physically inspect them. Obtain movement schedules and trace balances with register, general ledger etc. Inquiries about valuation and its basis from Company's engineers and experts to ensure book value does not materially different from the market value. Obtained the useful lives and residual values assessment and confirmed that this was reviewed and considered in the year under review; Followed up on changes required to useful lives and corroborated by inspection of assets and discussion with operational personnel to ensure whether the amendment was required; and Confirmed by inspection of the fixed asset register and discussion with operational management that there were no material assets still in use with a nil value, and where residual values had been increased / (decreased) corroborated to market values where possible. Reduced capacity, forecasts, market demand for products, and the condition of the plants was reviewed. In corroborating the view, production analyses at the various mills was performed and compared to standard capacity to assist in identifying possible impairment indicators; Buildings were inspected to identify any damages or non-operating assets; and Discussions were held with the experts and others to identify any other potential impairments.</p>



Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) Except for the matter disclosed in the Basis for Qualified Opinion, the statement of financial position, the statement of profit or loss and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Nawaz Khan, FCA**.

Lahore,
Dated: January 02, 2019

Qadeer and Company,
Chartered Accountants



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

		September 30, 2018	September 30, 2017	September 30, 2016
	Note	Rupees	Rupees Restated	Rupees Restated
CAPITAL AND LIABILITIES				
Share Capital and Reserves				
Authorized capital 35,000,000 (2017: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000	350,000,000
Issued, subscribed and paid up capital	5	324,000,000	324,000,000	324,000,000
Loan from directors and sponsors	6	829,647,072	804,314,867	615,211,264
Capital Reserves				
Surplus on Revaluation of Property, Plant and Equipment	7	1,527,024,369	1,603,039,450	1,683,536,288
Revenue Reserves				
Accumulated (loss) / profit		(3,278,500,546)	(2,865,617,599)	(2,373,421,473)
		(597,829,105)	(134,263,282)	249,326,079
Non Current Liabilities				
Long term financing	8	549,373,562	1,050,739,048	1,370,430,334
Liabilities against assets subject to finance lease	9	-	-	-
Deferred liabilities	10	17,343,374	39,158,944	34,397,335
Deferred taxation	11	719,558,548	773,081,208	778,717,623
		1,286,275,484	1,862,979,200	2,183,545,292
Current Liabilities				
Trade and other payables	12	814,472,632	961,586,683	662,763,791
Markup on loans and other payables	13	396,565,989	283,670,346	261,949,861
Short term borrowings	14	669,579,535	574,535,180	312,262,432
Unclaimed dividend		1,443,972	1,443,972	1,443,972
Current portion of non current liabilities	15	1,102,814,080	612,948,594	540,740,258
		2,984,876,208	2,434,184,775	1,779,160,314
Contingencies and Commitments				
	16	-	-	
		3,673,322,587	4,162,900,693	4,212,031,686

Mian Haseeb Ilyas
CHIEF EXECUTIVE

Mian Abdullah Ilyas
DIRECTOR

Syed Mubashir Hussain Bukhari
CHIEF FINANCIAL OFFICER



HASEEB WAQAS SUGAR MILLS LIMITED

September 30, 2018	September 30, 2017	Septembr 30, 2016
Rupees	Rupees Restated	Rupees Restated

ASSETS

Non Current Assets

Property, plant and equipment	17	3,483,247,293	3,674,162,329	3,738,964,682
Long term deposits	18	490,000	11,990,000	13,271,620
		<u>3,483,737,293</u>	<u>3,686,152,329</u>	<u>3,752,236,302</u>

Current Assets

Stores, spares and loose tools	19	55,684,867	44,319,828	23,704,046
Stock in trade	20	-	-	5,506,175
Advances, deposits, prepayments and other receivables	21	131,797,120	429,770,667	422,667,745
Cash and bank balances	22	2,103,307	2,657,869	7,917,418
		189,585,294	476,748,364	459,795,384
		<u>3,673,322,587</u>	<u>4,162,900,693</u>	<u>4,212,031,686</u>

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

Mian Haseeb Ilyas
CHIEF EXECUTIVE

Mian Abdullah Ilyas
DIRECTOR

Syed Mubashir Hussain Bukhari
CHIEF FINANCIAL OFFICER



STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018	2017
		Rupees	
Sales - Net	23	250,772,728	847,274,895
Cost of goods sold	24	<u>(590,988,226)</u>	<u>(1,242,883,650)</u>
Gross (loss)		(340,215,498)	(395,608,755)
Operating expenses:			
- Administrative and general expenses	25	(56,940,434)	(60,155,938)
- Other operating charges	26	(625,000)	(625,000)
- Other income	27	1,080,002	627,736
Loss from operation		<u>(396,700,930)</u>	<u>(455,761,957)</u>
Finance cost	28	(145,725,031)	(122,588,748)
Loss before taxation		<u>(542,425,961)</u>	<u>(578,350,705)</u>
Taxation	29	53,524,189	5,642,812
Loss after taxation		<u>(488,901,772)</u>	<u>(572,707,893)</u>
Earning per share - basic	30	<u>(15.09)</u>	<u>(17.68)</u>

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

Mian Haseeb Ilyas
CHIEF EXECUTIVE

Mian Abdullah Ilyas
DIRECTOR

Syed Mubashir Hussain Bukhari
CHIEF FINANCIAL OFFICER



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	<u>2018</u>	<u>2017</u>
		Rupees	
(Loss) after taxation		(488,901,772)	(572,707,893)
Other comprehensive income			
Remeasurements of defined benefit obligation		5,273	21,327
Impact of deferred tax		(1,529)	(6,398)
		3,744	14,929
Total comprehensive income for the year		(488,898,028)	(572,692,964)

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

Mian Haseeb Ilyas
CHIEF EXECUTIVE

Mian Abdullah Ilyas
DIRECTOR

Syed Mubashir Hussain Bukhari
CHIEF FINANCIAL OFFICER



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2018

	NOTE	2018	2017
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(542,425,961)	(578,350,705)
Adjustments for:			
- Depreciation		191,045,328	203,512,782
- Provision for employees retirement benefits		1,459,131	5,901,936
- Gain on disposal of property plant and equipment		(189,242)	(589,737)
- Finance cost		145,725,031	122,588,748
		<u>338,040,248</u>	<u>331,413,729</u>
Operating profit before working capital changes		(204,385,713)	(246,936,976)
(Increase) / decrease in current assets:			
- Stores, spares and loose tools		(11,365,039)	(20,615,782)
- Stock in trade		-	5,506,175
- Loans and advances		-	-
- Advances, deposits, prepayments and other receivables		299,497,636	2,097,892
Increase / (decrease) in current liabilities:			
- Trade and other payables		(170,096,522)	298,822,889
		<u>118,036,075</u>	<u>285,811,174</u>
Cash generated from operations		(86,349,638)	38,874,198
Income tax paid / deducted		(1,524,089)	(9,200,813)
Gratuity paid		(286,957)	(1,119,000)
Finance cost paid		<u>(32,829,388)</u>	<u>(100,868,263)</u>
Net cash generated from/used in operating activities		(120,990,072)	(72,313,878)
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(161,050)	(138,707,127)
Proceed from sale of vehicle		220,000	586,435
Long term deposits		11,500,000	1,281,620
Net cash used in investing activities		11,558,950	(136,839,072)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds / (Repayment) from long term loans - Net		(11,500,000)	(223,125,000)
Proceeds / (Repayment) from directors'/ sponsor loan - Net		25,332,205	164,745,653
Proceeds / (Repayment) of related parties		95,044,355	262,272,748
Net cash used in financing activities		<u>108,876,560</u>	<u>203,893,401</u>
Net decrease in cash and cash equivalents		(554,562)	(5,259,549)
Cash and cash equivalents at the beginning of the year		2,657,869	7,917,418
Cash and cash equivalents at the end of the year	22	<u><u>2,103,307</u></u>	<u><u>2,657,869</u></u>

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

Mian Haseeb Ilyas
CHIEF EXECUTIVE

Mian Abdullah Ilyas
DIRECTOR

Syed Mubashir Hussain Bukhari
CHIEF FINANCIAL OFFICER



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Issued, subscribed and paid up capital	Loan from directors	Surplus on Revaluation of Property, Plant & equipment	Accumulated (loss) / profit	Total
R u p e e s					
Balance as at September 30, 2016 as previously reported	324,000,000	615,211,264	-	(2,373,421,473)	(1,434,210,209)
Impact of restatement- Note 4	-	-	1,683,536,288	-	1,683,536,288
Balance as at September 30, 2016- restated	324,000,000	615,211,264	1,683,536,288	(2,373,421,473)	249,326,079
Net (loss) for the year ended September 30, 2017	-	-	-	(572,707,893)	(572,707,893)
Other comprehensive income / (loss) for the year ended September 30, 2017	-	-	-	14,929	14,929
Total comprehensive income/(loss) for the year ended September 30, 2017	-	-	-	(572,692,964)	(572,692,964)
Transaction with owners:					
Increase in directors' loan during the year	-	189,103,603	-	-	189,103,603
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation - net of tax	-	-	(80,496,838)	80,496,838	-
Balance as at September 30, 2017- restated	324,000,000	804,314,867	1,603,039,450	(2,865,617,599)	(134,263,282)
Net (loss) for the year ended September 30, 2018	-	-	-	(488,901,772)	(488,901,772)
Other comprehensive income / (loss) for the year ended September 30, 2018	-	-	-	3,744	3,744
Total comprehensive income/(loss) for the year ended September 30, 2018	-	-	-	(488,898,028)	(488,898,028)
Transaction with owners:					
Increase in sponsors and directors' loan during the year	-	25,332,205	-	-	25,332,205
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation - net of tax	-	-	(76,015,081)	76,015,081	-
Balance as at September 30, 2018	324,000,000	829,647,072	1,527,024,369	(3,278,500,546)	(597,829,105)

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

Mian Haseeb Ilyas
CHIEF EXECUTIVE

Mian Abdullah Ilyas
DIRECTOR

Syed Mubashir Hussain Bukhari
CHIEF FINANCIAL OFFICER



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2018

1 Corporate and General Operation

1.1 Legal Status and operations

Haseeb Waqas Sugar Mills Limited ("the Company") was incorporated on 13 January 1992 as a Public Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act 2017). The Company's registered office is situated at 6-F Model Town, Lahore. The mill is situated at Tehsil Jattoi Distt. Muzafargarh. The Company is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacture and sale of refined sugar and its by-products.

1.2 Summary of significant events and transactions in the current reporting period:

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The Supreme Court of Pakistan vide short order even dated September 13, 2018 dismissed the Company's appeal and prohibited the Company from conducting any business in relation to or functioning as a sugar mill after the period of two months i.e. 12 November 2018. Further, the appellants are directed to remove within the said period from Muzaffar Garh (current factory location) to Nankana (pervious factory location).

However, the Company has filled review petition dated 6th November 2018 to review the above order and accept the appeal filed by the petitioners; which is still pending on part of the Supreme Court.

Principal parties for respondents are Govt. of the Punjab, JDW Sugar Mills Limited, Ashraf Sugar Mills Limited, Indus Sugar Mills Limited RYK Mills Limited etc.

- Due to the above mentioned reason, the Company could not run on its installed capacity as mentioned in note # 31.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017 and provisions of and directives issued under the Companies Act 2017. Where provisions of and directives issued under the Companies Act 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act 2017 have been followed.

2.2 Accounting convention

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.

2.3 New standards, amendments to the accounting and reporting standards as applicable in Pakistan

- 2.3.1** The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to,

(a) particulars of immoveable assets of the Company, (b) disclosure of last three years comparison of tax provision and assessment, (c) change in threshold for identification of executive, (d) presentation of unclaimed dividend on face of balance sheet etc.

However, there was no change in the reported amounts of profit and other comprehensive income and the amounts presented in the Statement of Financial Position due to reclassification.

- 2.3.2** The other amendments to the accounting and reporting standards as applicable in Pakistan that were mandatory for the Company's financial year ended September 30, 2018 are; (a) Amendments to IAS 7: Disclosure Initiative, (b) Amendments to IAS 12: Recognition of Deferred tax assets for Unrealized losses, and (c) Amendments to IFRS 12: Annual Improvements to IFRS Standards 201-2016 Cycle. These are considered not to be relevant or to have any significant effect on the Company's financial reporting.

- 2.3.3 New standards, amendments to the accounting and reporting standards as applicable in Pakistan that are effective for the Company's accounting period beginning on or after October 01, 2018**

Effective date (annual reporting periods beginning on or after)

IAS 19 Employee benefits (Amendments)	1-Jan-19
The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in comprehensive income.	

IAS 28 Investment in Associates and Joint Ventures (Amendments)

1-Jan-19



The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied.

IAS 40 Investment property (Amendments)

1-Jan-18

The amendment clarifies that an entity shall transfer the property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

IFRS 2 Share-based Payment (Amendments)

1-Jan-18

The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards.

IFRS 4 Insurance contracts (Amendments)

1-Jan-18

IFRS 9 Financial Instruments

1-Jul-18

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

IFRS 15 Revenue from Contracts with Customers

1-Jul-18

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'construction contracts' and IFRIC 13 'CUSTOMER Loyalty Programmes'. The company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

IFRS 16 Leases

1-Jan-19

IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating The Substance of Transactions Involving Legal Form of A Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value-items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify lease as finance or operating leases.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

1-Jan-18

The amendment clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date of advance foreign currency is received or paid and prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipt in advance the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The company is currently in the process of analyzing the potential impact of changes required on adoption of the standard.

IFRIC 23 Uncertainty Over Income Tax

1-Jan-19

The amendment clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on company's financial statements. The company is currently in the process of analyzing the potential impact of changes required on adoption of the standard.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 on its financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 14 Regulatory Deferral Accounts

IFRS 17 Insurance Contracts



HASEEB WAQAS SUGAR MILLS LIMITED

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4 Determining whether an arrangement contains lease

IFRIC 12 Service concession arrangements

2.4 Going concern assumption

The financial statements of the Company indicate that the Company incurred gross loss amounting to Rs: 340,215,498 (2017: 395,608,755) and net loss from operations amounting to Rs. 396,700,929 (2017: 455,761,957) and accumulated losses Rs. 3,278,500,546 (2017: 2,865,617,599). Moreover, the current liabilities exceed current assets by Rs. 2,127,915,443 (2017: 1,957,436,411).

Further as stated in note # 16.3 to the financial statements, the Supreme Court dismissed the appeal of the Company regarding location of factory.

Operational measures

In view of above issues Company has already taken following mitigating steps:

Shifting of mill to Alipur Jatoi, Muzaffargarh has been completed where sugar cane availability and sugar recovery are better.

BMR has been done and we will see impact of this BMR in the financials of coming season.

The management foresees positive cash flow from future operations in expectation of better availability of sugar cane and sugar prices in coming season, since sugar dynamics are good and rising.

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

	Projected		
	2019	2020	2021
Sugar Cane Crushing M.T	780,000	800,000	800,000
Sugar cane rate	180	185	190
Sugar price per Kg	60	62	64

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. However, all above depends upon fate of review appeal dated: 6th November 2018 filed with Honorable Supreme Court of Pakistan against the short orders of Supreme Court for dismantling of mill from Muzaffar Garh. Further, the management is fully committed to make the project going concern.

2.5 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 accounting and reporting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent year are as follows;

2.5.1 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.

2.5.2 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.

2.5.3 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.

2.5.4 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.



2.5.5 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.

2.5.6 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.

2.6 Functional currency

These financial statements are prepared in Pak Rupees which is the Company's functional and presentation 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 property, plant and equipment is recognized, in other comprehensive income and accumulated in reserves in shareholders' equity and is shown in equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of the assets does not differ materially from the fair value. Accumulated depreciation at the date of revaluation is eliminated against the cost of the asset and net amount is restated to the revalued amount of the asset.

The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related property, plant and equipment during the year is part of statement of changes in equity.

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, 2018. Charge for the current year is based on estimates provided by the actuary as at September 30, 2018. The following significant assumptions were used in the latest actuarial valuation:

	<u>2018</u>	<u>2017</u>
Discount rate	7.75%	9.25%
Expected rate of salary increase in future years	6.75%	8.25%
Average expected remaining working life time of employees	9 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 asset.

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, labor 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

All transactions with related parties are carried out by the company at arms' length price with the exception of loan taken from related parties which is interest / mark up free. Prices for these transactions are 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.

4 Change in Accounting Policy

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of fixed assets stands amended as follows:



Increases in the carrying amounts arising on revaluation of fixed assets are recognised, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset. All other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

	As at 30 September 2017			As at 30 September 2016		
	As Previously reported	Adjustment increase/ (decrease)	As re-stated	As Previously reported	Adjustment increase/ (decrease)	As re-stated
	Rupees in Thousand					
Effect on Statement of Financial Position						
Revaluation surplus on property, plant & equipment (below equity)	1,603,039	-	(1,603,039)	1,683,536	-	(1,683,536)
Revaluation surplus on property, plant & equipment (within equity)	-	1,603,039	1,603,039	-	1,683,536	1,683,536
Effect on statement of changes in equity						
Revaluation surplus on property, plant & equipment (Capital reserve)	-	1,603,039	1,603,039	-	1,683,536	1,683,536



HASEEB WAQAS SUGAR MILLS LIMITED

	2018	2017
	Rupees	
5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Ordinary shares of Rs. 10 each:		
27,000,000 (2017: 27,000,000) shares issued for cash.	270,000,000	270,000,000
5,400,000 (2017: 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>

All ordinary shareholders have same rights regarding voting, board selection, right of first refusal and block voting.

6 LOAN FROM DIRECTORS AND SPONSORS		
Loan from directors	<u>829,647,072</u>	<u>804,314,867</u>
	<u>829,647,072</u>	<u>804,314,867</u>

These loan has been obtained from Sponsors and Members 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. Further, directors' loan is subordinated to National Bank of Pakistan, The Bank of Punjab, Sindh Bank Limited and Silk Bank Ltd.

These loans are accounted for under Technical Release - 32 "Accounting Directors' Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016 with earlier application permitted.

	2018	2017
	Rupees	
7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
As at beginning of the year	1,603,039,450	1,683,536,288
Revaluation surplus transferred to unappropriated profit on account of incremental depreciation (net of tax)	(76,015,081)	(80,496,838)
	<u>1,527,024,369</u>	<u>1,603,039,450</u>

7.1 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

7.2 The revaluation surplus on property, plant and equipment is restated and now presented as a separate capital reserve in the financial statements (note # 4).

		2018	2017
		Rupees	
8 LONG TERM FINANCING			
Loan from Banking Companies - secured	8.1	<u>549,373,562</u>	<u>1,050,739,048</u>
8.1 Loan from banking companies and other financial institutions - secured			
National Bank of Pakistan			
- Demand Finance I	8.1.1	220,000,000	220,000,000
- Demand Finance II	8.1.2	160,000,000	160,000,000
The Bank of Punjab			
- Demand Finance	8.1.3	285,000,000	285,000,000
Sindh Bank Limited			
- Demand Finance	8.1.4	500,000,000	500,000,000
PAIR			
- Demand Finance	8.1.5	70,000,000	70,000,000
Silk Bank Ltd	8.1.6	390,000,000	390,000,000
		<u>1,625,000,000</u>	<u>1,625,000,000</u>
Less: current portion shown under current liabilities			
- NBP - Demand Finance - I		(180,000,000)	(110,000,000)
- NBP - Demand Finance - II		(160,000,000)	(160,000,000)
- BOP - Demand Finance		(171,000,000)	(114,000,000)
- Sindh Bank - Demand Finance		(377,626,438)	(120,260,952)
- Demand Finance - PAIR		(70,000,000)	(70,000,000)
- Demand Finance - Silk Bank Ltd		(117,000,000)	-
		<u>(1,075,626,438)</u>	<u>(574,260,952)</u>
		<u>549,373,562</u>	<u>1,050,739,048</u>



HASEEB WAQAS SUGAR MILLS LIMITED

- 8.1.1 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 ending on 21 March 2020, within a period of 5 years excluding 1 year grace period.
- 8.1.2 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 ending on 30 September 2018, within a period of 3 years excluding 1 year grace period.
- 8.1.3 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 ending on 30 September 2021.
- 8.1.4 This finance has been obtained from Sindh Bank Limited under demand finance arrangement. 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 + 5% per annum. This loan is payable in twelve quarterly instalments ending on 09 June 2020.
- 8.1.5 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 rescheduled and payable in eighteen monthly installments.
- 8.1.6 This finance has been obtained from Silk Bank Limited under demand finance arrangement. The finance is secured by Pari passu charge over all present and future fixed assets of the Company and corporate guarantee of Abdullah Sugar Mills Ltd. and personal guarantees of directors of the Company. It carries markup 6 months KIBOR + 2% per annum. This loan is payable in twelve quarterly instalments ending on 21 February 2023.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	2018	2017
	Rupees	
Opening balance	38,687,642	38,687,642
Less: Payment made / security deposits adjusted during the year	(11,500,000)	-
	<u>27,187,642</u>	<u>38,687,642</u>
Current portion shown under current liabilities	<u>(27,187,642)</u>	<u>(38,687,642)</u>
	<u>-</u>	<u>-</u>
The Company has entered into sale and lease back agreement with First National Bank Modaraba for plant and machinery. It carries markup at the rate of six months average KIBOR + 4% .		
Gross minimum lease payments		
Not later than one year	32,449,440	43,949,440
Later than one year but not later than five years	-	-
	<u>32,449,440</u>	<u>43,949,440</u>
Less: financial charges allocated to future period	(5,261,798)	(5,261,798)
	<u>27,187,642</u>	<u>38,687,642</u>
Less: current maturity shown under current liabilities	(27,187,642)	(38,687,642)
	<u>-</u>	<u>-</u>
Present value of minimum lease payments		
Not later than one year	27,187,642	38,687,642
Later than one year but not later than five years	-	-
	<u>27,187,642</u>	<u>38,687,642</u>



HASEEB WAQAS SUGAR MILLS LIMITED

		<u>2018</u>	<u>2017</u>
		Rupees	
10 DEFERRED LIABILITIES			
Employee retirement benefits	10.01	<u>17,343,374</u>	<u>39,158,944</u>
10.01 EMPLOYEES RETIREMENT BENEFITS			
<i>The amounts recognized in the the Statement of Financial Position are as follows</i>			
Present value of defined benefit obligation		<u>17,343,374</u>	<u>39,158,944</u>
the Statement of Financial Position liability			
Opening balance		39,158,944	34,397,335
Amount recognized during the year		1,459,131	5,901,936
Remeasurements		<u>(5,273)</u>	<u>(21,327)</u>
		40,612,802	40,277,944
Payable to outgoing employees		(22,982,471)	-
Benefits paid during the year		<u>(286,957)</u>	<u>(1,119,000)</u>
Closing balance		<u>17,343,374</u>	<u>39,158,944</u>
Charge for the defined benefit plan			
Service cost		966,312	3,905,061
Interest cost		<u>492,819</u>	<u>1,996,875</u>
		<u>1,459,131</u>	<u>5,901,936</u>
10.02 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, 2018, using Project Unit Credit Method.			
10.03 Comparison for five years		<u>2018</u>	<u>2017</u>
		Rupees	
YEAR		Present Value	Experience Adjustment
2014		22,792,246	3,323,925
2015		30,035,431	113,427
2016		34,397,335	163,979
2017		39,158,944	21,327
2018		17,343,374	5,273
		<u>2018</u>	<u>2017</u>
		Rupees	
11 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences			
Accelerated tax depreciation		146,349,917	163,944,459
Surplus on revaluation of property, plant and equipment		711,791,999	751,500,050
		858,141,916	915,444,509
Deferred tax asset on deductible temporary differences			
Employees retirement benefits		(11,696,024)	(11,754,081)
Finance lease		(7,884,416)	(11,606,293)
Unused tax losses		(119,002,928)	(119,002,927)
		(138,583,368)	(142,363,301)
		<u>719,558,548</u>	<u>773,081,208</u>
Deferred tax assets of Rs. 722 million (2017: 1,097 million) on taxable losses have not been recognized due to unpredictability of adjustable in future periods.			
12 TRADE AND OTHER PAYABLES			
Trade creditors		196,191,331	249,342,789
Advances from Customers -Unsecured		262,253,957	433,809,426
Accrued liabilities		70,784,103	33,736,264
Sales tax payable		209,381,949	175,845,081
Other payables	12.1	75,861,293	68,853,123
		<u>814,472,632</u>	<u>961,586,683</u>
12.1 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.			



HASEEB WAQAS SUGAR MILLS LIMITED

	2018	2017
	Rupees	
13 MARKUP ON LOANS AND OTHER PAYABLES		
Long term financing	360,735,863	247,840,220
Finance lease	954,816	954,816
Short term borrowings	15,012,500	15,012,500
Others	19,862,810	19,862,810
	<u>396,565,989</u>	<u>283,670,346</u>

13.01 This represents markup accrued penalty as disclosed in note 11.1

	2018	2017
	Rupees	
14 SHORT TERM BORROWINGS		
Loan from related parties		
Abdullah Sugar Mills Limited	667,375,471	572,331,116
Haseeb Waqas Trading (Private) Limited	2,204,064	2,204,064
	<u>669,579,535</u>	<u>574,535,180</u>

These are unsecured, interest free and payable on demand of the related parties and for the purpose of working capital of the Company; and be adjusted against sale of goods etc.

15 CURRENT PORTION OF NON CURRENT LIABILITIES

Long term financing	1,075,626,438	574,260,952
Finance lease	27,187,642	38,687,642
	<u>1,102,814,080</u>	<u>612,948,594</u>

16 CONTINGENCIES AND COMMITMENTS

- 16.1 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 upto the 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.
- 16.2 The Federal Board of Revenue has blacklisted the Sales Tax status of the Company on 8th March 2018 due to non compliance of the Sales Tax Act, 1990 and the rules made thereunder including not discharging of sales tax liability as outstanding in note # 12. However, the Company will further proceed to restate the sales tax status after starting of crushing season with permission of Superme Court.
- 16.3 Company has made defaults in repayment of installment of long term loans form financial institutions and bank. As a result, company's name has been included in CIB report of State Bank of Pakistan. The detail of the cases are as:

Sr. #	Name of the Court	Date Instituted	Principal parties	Description of the factual basis of the proceedings	Relief sought
1	Lahore High Court	3-May-17	Sindh Bank Limited	Default in repayment of principal amount of long term loans along with markup	rescheduling of loan
2	Lahore High Court	29-Jan-16	The Bank of Punjab	Default in repayment of principal amount of long term loans along with markup	rescheduling of loan
3	Lahore High Court	22-Sep-16	National Bank of Pakistan	Default in repayment of principal amount of long term loans along with markup	rescheduling of loan
4	Banking Courts	31-Mar-17	First National Bank Modarba	Default in repayment of principal amount of long term loans along with markup	rescheduling of loan
5	Banking Courts	20-Apr-18	PAIR Investment Company Limited	Default in repayment of principal amount of long term loans along with markup	rescheduling of loan

- 16.4 The Division Bench of Honorable Lahore High Court Lahore in its judgment dated September 11, 2017 has ordered the relocation of Haseeb Waqas Sugar Mills Limited from Nankana to Muzaffar Garh. Furthermore, Lahore High Court directed the mills to restore and retribute the position by dismantling & removing the said mills from the present location. The Supreme Court of Pakistan vide short order even dated September 13, 2018 dismissed the Company's appeal and prohibited the Company from conducting any business in relation to or functioning as a sugar mill after the period of two months i.e. 12 November 2018. Further, the appellants are directed to remove within the said period from Muzaffar Garh (current factory location) to Nankana (pervious factory location).

However, the Company has filled review petition dated 6th November 2018 to review the above order and accept the appeal filed by the petitioners; which is still pending on part of the Supreme Court.

Principal parties for respondents are Govt. of the Punjab, JDW Sugar Mills Limited, Ashraf Sugar Mills Limited, Indus Sugar Mills Limited RYK Mills Limited etc.

Commitments

No major commitments were outstanding as at 30 September 2018.



HASEEB WAQAS SUGAR MILLS LIMITED

R U P E E S

17 PROPERTY, PLANT AND EQUIPMENT - Tangible

Particulars	Cost / Revalued Amount				Depreciation			Book Value as at September 30, 2018
	As at October 01, 2017	As at September 30, 2018	Additions/ (Deletions)	Revaluations	As at October 01, 2017	Adjustment	As at September 30, 2018	
Owned								
Land - freehold Buildings on freehold land	261,152,009	261,313,059	161,050	-	-	-	-	261,313,059
- Factory	375,575,435	375,575,435	-	-	83,210,676	-	29,236,476	112,447,152
- Non-factory	115,367,554	115,367,554	-	-	13,517,263	-	5,092,515	18,609,778
Plant and machinery	3,360,693,365	3,360,693,365	-	-	455,739,226	-	145,247,707	600,986,933
Electric equipment	624,971	624,971	-	-	71,474	-	55,350	126,824
Furniture and fixtures	57,469,483	57,469,483	-	-	41,316,472	-	1,615,301	42,931,773
Vehicles	26,522,921	26,177,921	(345,000)	-	25,616,234	(314,242)	175,186	25,477,178
	4,197,405,738	4,197,221,788	(183,950)	-	619,471,346	(314,242)	181,422,534	800,579,638
Leased								
Plant and machinery	139,500,000	139,500,000	-	-	43,272,063	-	9,622,794	52,894,857
Total 2018	4,336,905,738	4,336,721,788	(183,950)	-	662,743,409	(314,242)	191,045,328	3,483,247,293

R U P E E S

Particulars	Cost / Revalued Amount				Depreciation			Book Value as at September 30, 2017
	As at October 01, 2016	As at September 30, 2017	Additions/ (Deletions)	Revaluations	As at October 01, 2016	Adjustment	As at September 30, 2017	
Owned								
Land - freehold Buildings on freehold land	257,479,964	261,152,009	3,672,045	-	-	-	-	261,152,009
- Factory	375,575,435	375,575,435	-	-	50,725,703	-	32,484,973	83,210,676
- Non-factory	115,367,554	115,367,554	-	-	8,156,721	-	5,360,542	13,517,263
Plant and machinery	3,234,839,054	3,360,693,365	125,854,311	-	302,846,904	-	152,892,323	455,739,227
Electric equipment	624,971	624,971	-	-	9,974	-	61,500	71,474
Furniture and fixtures	48,288,712	57,469,483	9,180,771	-	39,521,693	-	1,794,779	41,316,472
Vehicles	27,811,435	26,522,921	(1,288,514)	-	26,677,877	(1,288,315)	226,672	25,616,234
	4,059,987,125	4,197,405,738	137,418,613	-	427,938,873	(1,288,315)	192,820,789	619,471,346
Leased								
Plant and machinery	139,500,000	139,500,000	-	-	32,580,070	-	10,691,993	43,272,063
Total 2017	4,199,487,125	4,336,905,738	137,418,613	-	460,518,943	(1,288,315)	203,512,782	662,743,409



17.1 The aggregate written down value of assets disposed off during the year is less than Rs. 500,000.

17.2 Particulars of immovable property (i.e. land and building on land) are as follows:

Location / address	Usage of immovable property	Total area (Acres)	Approx. covered area (Acres)
Moza Jagmal, Ali Pur Jottoi Road, Tehsil Jattoi, Distt. Muzaggarh	Current Production Unit	72.05	55%
4 km, Nankana Boucheki Road, Nankana Sahib	Land Area	72.81	0%

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

	Note	2018	2017
		Rupees	
Cost of sales	24	184,106,977	196,069,290
Administrative expenses	25	6,938,351	7,443,492
		<u>191,045,328</u>	<u>203,512,782</u>

17.4 Revalued land, building and plant and machinery:

On September 30, 2014, the Company elected to measure land, buildings and plant and machinery using the revaluation model.

The fair value of the Company's land, buildings and plant and machinery are determined by an independent professionally qualified valuer M/s Empire Enterprises. The valuation is based on an open market value.

The activity in the property markets in which these assets are located provides observable market data on which reliable fair value estimates can be derived. In determining the valuation, the valuer refers to current market conditions and recent sales transactions of similar properties for land; class and type of construction, quality of material used, standard of workmanship and finish for building; and contacted to supplier and different sugar plan manufacturing consultants in the Country or abroad for plant and machinery. In estimating the fair value of the property, the highest and best use of the property is their current use.

The carrying values of the land, buildings and plant and machinery would have been Rs. 96 million, Rs. 201 million and Rs. 845 million under the cost model.

The forced sale value of the revalued of land, buildings and plant and machinery was assessed at the discount of 20 % of the value of revaluation at the date of revaluation.

The market value of the revalued assets as at September 30, 2018 does not materially different from the carrying amount of the revalued assets.



HASEEB WAQAS SUGAR MILLS LIMITED

18 LONG TERM DEPOSITS

These mainly comprise of security deposits with Central Depository Company and Sui Northern Gas Pipeline Limited and other security receivables at factory location.

	2018	2017
	Rupees	
19 STORES, SPARES AND LOOSE TOOLS		
Stores	55,521,470	44,220,554
Spares	163,397	99,274
	<u>55,684,867</u>	<u>44,319,828</u>
19.1 No identifiable store and spare are held for specific capitalization.		
20 STOCK IN TRADE		
Work in process		
Sugar	-	-
Molasses	-	-
Finished goods		
Sugar	-	-
	<u>-</u>	<u>-</u>
21 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - considered good		
Advances to employees:		
- against purchases	785,818	729,416
- against salaries - secured	21.01 992,334	630,445
Advances to growers - unsecured	21.02 85,863,715	385,779,642
Advance income tax	35,442,532	33,918,443
Deposits	21.03 8,712,721	8,712,721
	<u>131,797,120</u>	<u>429,770,667</u>
21.01 These are interest free amounts advanced to staff against future salaries and retirement benefits and are in accordance with the Company policy.		
21.02 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.		
21.03 These represent interest free unsecured deposit with TCP and will likely be set off against the liability as mentioned in note # 12.1.		
22 CASH AND BANK BALANCES		
Cash in hand	338,382	79,734
Cash with banks - in current accounts	1,764,925	2,578,135
	<u>2,103,307</u>	<u>2,657,869</u>
23 SALES - NET		
- Sugar - Local	266,173,800	875,158,015
- Molasses	22,428,900	63,314,846
- Mud	817,444	2,351,435
	<u>289,420,144</u>	<u>940,824,296</u>
Less: Sales tax and federal excise duty	(38,647,416)	(93,549,401)
	<u>250,772,728</u>	<u>847,274,895</u>
24 COST OF GOODS SOLD		
Raw materials consumed	304,047,313	850,352,098
Stores and spares consumed	21,318,053	30,092,241
Salaries, wages and other benefits	24.01 55,780,651	100,126,239
Insurance	-	3,789,279
Repair and maintenance	25,512,928	56,048,939
Depreciation	17.3 184,106,977	196,069,289
Others	222,304	899,390
	<u>590,988,226</u>	<u>1,237,377,475</u>
Opening work in process	-	5,506,175
Closing work in process	-	-
	<u>-</u>	<u>5,506,175</u>
Cost of goods manufactured	590,988,226	1,242,883,650
Opening finished goods	-	-
Closing finished goods	-	-
	<u>-</u>	<u>-</u>
	<u>590,988,226</u>	<u>1,242,883,650</u>
24.01 Salaries and benefits include Rs. 2.013 million (2017: Rs.2.228 million) on account of employee retirement benefits.		



HASEEB WAQAS SUGAR MILLS LIMITED

		2018	2017
		Rupees	
25	ADMINISTRATIVE AND GENERAL EXPENSES		
	Director's remuneration	7,200,000	4,200,000
	Salaries, wages and other benefits	17,595,713	20,497,292
	Utilities	733,806	880,180
	Traveling and conveyance	971,320	1,180,894
	Rent, rates and taxes	2,400,000	2,400,000
	Repairs and maintenance	5,560,727	1,994,581
	Fees and subscription	2,207,382	614,929
	Vehicle running and maintenance	4,109,336	6,245,783
	Printing and stationery	432,398	283,529
	Telephone and postage	1,163,361	954,394
	Advertisement	2,175	176,375
	Entertainment	1,093,274	768,106
	Legal and professional charges	3,761,745	8,554,845
	Depreciation	6,938,351	7,443,492
	Miscellaneous	2,770,845	3,961,538
		<u>56,940,434</u>	<u>60,155,938</u>
	25.01 Salaries and benefits include Rs. 1.781 million (2017: Rs. 3.674 million) on account of employees retirement benefits.		
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	890,760	38,000
	Income from non-financial assets		
	Gain on sale of fixed assets	189,242	589,736
		<u>1,080,002</u>	<u>627,736</u>
28	FINANCE COST		
	Interest / mark up on:		
	Long term financing	145,675,065	122,391,580
	Bank charges and commission	49,966	197,167
		<u>145,725,031</u>	<u>122,588,747</u>
		<u>2018</u>	<u>2017</u>
		Rupees	
29	TAXATION		
	Current tax	-	-
	Deferred tax	(53,524,189)	(5,642,813)
		<u>(53,524,189)</u>	<u>(5,642,813)</u>
29.01	No tax reconciliation between applicable tax rate and average tax rate is shown because the company is not liable to tax under normal tax regime.		
29.02	Major components of current tax are as follows:		
	Minimum turnover tax	3,134,659	10,590,936
	Tax credits availed	(3,134,659)	(10,590,936)
29.03	The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:		

Year	Provision as per financial statements	Tax assessment
2015	-	-
2016	-	-
2017	-	-



HASEEB WAQAS SUGAR MILLS LIMITED

30 EARNING PER SHARE - Basic

(Loss) after taxation for the year	Rupees	(488,901,772)	(572,707,893)
Outstanding weighted average ordinary shares	No. of shares	32,400,000	32,400,000
Earnings per share - Basic and diluted	Rupees	<u>(15.09)</u>	<u>(17.68)</u>

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.

31 PLANT CAPACITY AND PRODUCTION

Processed cane

Installed capacity (tones)	576,000	576,000
Installed capacity (days)	72	72
Actual crushing (tones)	76,820	177,186
Actual crushing (days)	38	72
Actual production (percentage of actual capacity in tones)	13.34%	30.76%

Sugar

Installed capacity (tones)	48,987	49,536
Installed capacity (days)	38	72
Actual production (tones)	5,808	15,243
Actual production (days)	38	72
Actual production (percentage of actual capacity in tones)	11.86%	30.77%
Cane sugar recovery	8.50%	8.60%

The reason for shortfall in actual production is disclosed in note # 16.4 to the financial statements.

32 FINANCIAL INSTRUMENTS BY CATEGORY

-As at Statement of Financial Position at amortized cost:

	<u>2018</u>	<u>2017</u>
	Rupees	
Financial assets		
Long term deposits	490,000	11,990,000
Advances, deposits and other receivables	131,797,120	429,770,667
Cash and bank balances	<u>2,103,307</u>	<u>2,657,869</u>
	<u>134,390,427</u>	<u>444,418,536</u>
Financial liabilities		
Trade and other payables	814,472,632	961,586,683
Accrued interest/mark-up	396,565,989	283,670,346
Short term borrowings	<u>669,579,535</u>	<u>574,535,180</u>
	<u>1,880,618,156</u>	<u>1,819,792,209</u>

32.01 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.



33.01 Fair value and risk management

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. However, fair values are not disclosed as carrying values are reasonable approximation of their net fair value.

33.02

On-balance sheet financial instruments

	Carrying amount				Fair Value			
	Fair Value through Profit or Loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 September, 2018								
Financial Assets not measured at fair value								
Advances, deposits, prepayments and other receivables	-	96,354,588	-	96,354,588	-	-	-	-
Long Term Deposits	-	490,000	-	490,000	-	-	-	-
Cash and bank balances	-	2,103,307	-	2,103,307	-	-	-	-
	-	98,947,895	-	98,947,895	-	-	-	-
Financial Liabilities not measured at fair value								
Loan from banking companies	-	-	1,625,000,000	1,625,000,000	-	-	-	-
Trade and other payables	-	-	196,191,331	196,191,331	-	-	-	-
Accrued Markup	-	-	396,565,989	396,565,989	-	-	-	-
Unclaimed Dividend	-	-	1,443,972	1,443,972	-	-	-	-
Loan from related parties	-	-	669,579,535	669,579,535	-	-	-	-
	-	-	2,888,780,827	2,888,780,827	-	-	-	-
30 September, 2017								
Financial Assets not measured at fair value								
Advances, deposits, prepayments	-	395,852,224	-	395,852,224	-	-	-	-
Long Term Deposits	-	11,990,000	-	11,990,000	-	-	-	-
Cash and bank balances	-	2,657,869	-	2,657,869	-	-	-	-
	-	410,500,093	-	410,500,093	-	-	-	-
Financial Liabilities not measured at fair value								
Loan from banking companies	-	-	1,625,000,000	1,625,000,000	-	-	-	-
Trade and other payables	-	-	249,342,789	249,342,789	-	-	-	-
Accrued Markup	-	-	283,670,346	283,670,346	-	-	-	-
Unclaimed Dividend	-	-	1,443,972	1,443,972	-	-	-	-
Loan from related parties	-	-	574,535,180	574,535,180	-	-	-	-
	-	-	2,733,992,287	2,733,992,287	-	-	-	-



33.03 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to Company's approach to capital management during the year. The Company is not subject to any externally imposed Capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue right shares or negotiate with banks for new financing or restructure existing financing.

The gearing ratios were as follows:

		<u>2018</u>	<u>2017</u>
Long term financing	Rupees	1,652,187,642	1,663,687,642
Short term financing	Rupees	669,579,535	574,535,180
Total debt	Rupees	2,321,769,195	2,238,224,839
Total Equity	Rupees	(597,829,105)	(134,263,282)
Capital employed	Rupees	1,723,940,090	2,103,961,557
Gearing ratio		-35%	-6%

33.04 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 resultant 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:

Financial liabilities

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Percentage		Rupees	
Long term financing	7.40 to 11.93	7.40 to 11.15	1,625,000,000	1,625,000,000
Total yield / markup rate risk sensitivity gap			<u>1,625,000,000</u>	<u>1,625,000,000</u>

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.

Cash flow sensitivity analysis for variable rate instruments:

	<u>Effect on Profit and Loss 1% rate</u>	
	Increase	Decrease
As at September 30, 2018		
Cash flow sensitivity - variable rate financial liabilities	<u>16,250,000</u>	<u>(16,250,000)</u>
As at September 30, 2017		
Cash flow sensitivity - variable rate financial liabilities	<u>16,250,000</u>	<u>(16,250,000)</u>



(ii) 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.

(iii) Foreign currency risk

The Company does not have any commitment or balance in foreign currency as at financial position date which result in foreign currency risk.

(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. 134,390,429 (2017: Rs. 444,418,539) the financial assets exposed to credit risk amount to Rs. 98,609,515 (2017: Rs.410,420,358).

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:

	2018	2017
	Rupees	
Long term deposits	490,000	11,990,000
Advances, deposits, prepayments and other receivables	131,797,120	429,770,667
Cash and bank balances	2,103,307	2,657,869
	<u>134,390,427</u>	<u>444,418,536</u>

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	A-1+	AAA
The Bank of Punjab	PACRA	A1+	AA
Sindh Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	JCR-VIS	A-1+	AAA

Geographically, there is no concentration of credit risk.



(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 and directors and sponsor of the Company.

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.

2018				
	Carrying Amount	Contractual cash flows	Upto twelve months	Two to five years
Financial Liabilities				
Loan from banking companies	1,625,000,000	1,625,000,000	1,075,626,438	549,373,562
Trade and other payables	196,191,331	196,191,331	196,191,331	-
Accrued Markup	396,565,989	396,565,989	396,565,989	-
Unclaimed Dividend	1,443,972	1,443,972	-	1,443,972
Loan from related parties	669,579,535	669,579,535	669,579,535	-
	2,888,780,827	2,888,780,827	2,337,963,293	550,817,534
Financial Assets				
Advances, deposits, prepayments and other receivables	96,354,588	96,354,588	96,354,588	-
Long Term Deposits	490,000	490,000	-	490,000
Cash and bank balances	2,103,307	2,103,307	2,103,307	-
	98,947,895	98,947,895	98,457,895	490,000
	(2,789,832,932)	(2,789,832,932)	(2,239,505,398)	(550,327,534)
2017				
	Carrying Amount	Contractual cash flows	Upto twelve months	Two to five years
Financial Liabilities				
Loan from banking companies	1,625,000,000	1,625,000,000	574,260,952	1,050,739,048
Trade and other payables	249,342,789	249,342,789	249,342,789	-
Accrued Markup	283,670,346	283,670,346	283,670,346	-
Unclaimed Dividend	1,443,972	1,443,972	-	1,443,972
Loan from related parties	574,535,180	574,535,180	574,535,180	-
	2,733,992,287	2,733,992,287	1,681,809,267	1,052,183,020
Financial Assets				
Advances, deposits, prepayments and other receivables	395,852,224	395,852,224	395,852,224	-
Long Term Deposits	11,990,000	11,990,000	-	11,990,000
Cash and bank balances	2,657,869	2,657,869	2,657,869	-
	410,500,093	410,500,093	398,510,093	11,990,000
	(2,323,492,194)	(2,323,492,194)	(1,283,299,174)	(1,040,193,020)



HASEEB WAQAS SUGAR MILLS LIMITED

34 RELATED PARTY TRANSACTIONS AND BALANCES

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	% of Shareholding
Abdullah Sugar Mills Limited	Associate (common management/directorship)	8.952
Haseeb Waqas Trading (Private) Limited	Associate (common management/directorship)	0
Mian Waqas Riaz	Director	2.37
Mrs. Shehzadi Ilyas	Director	7.42
Mrs. Zainab Waqas	Director	1.029
Mian Haseeb Ilyas	Chief Executive / Director	6.832
Mian Abdullah Ilyas	Director	9.218
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:

	2018	2017
34.1.1 Transactions with related parties		
	Rupees	
Sale of molasses		
Abdullah Sugar Mills Limited	22,428,900	63,314,846
(Repayment) / Obtain loan (to) / from - net:		
Abdullah Sugar Mills Limited	117,473,255	325,587,594
Mrs. Shehzadi Ilyas	21,243,981	185,691,318
Mian Abdullah Ilyas	4,088,224	-
Mian Haseeb Ilyas	-	2,808,785
Mian Abdullah Ilyas	-	603,500

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.

34.2 Details of related party balances are as follows:

	2018	2017
34.2.1 Balances payable to related parties		
	Rupees	
Haseeb Waqas Trading (Private) Limited	2,204,064	2,204,064
Abdullah Sugar Mills Limited	667,375,471	572,331,116
Mian Waqas Riaz	15,597,680	15,597,680
Mrs. Shehzadi Ilyas	400,109,199	378,865,218
Mrs. Zainab Waqas	117,500,100	117,500,100
Mian Haseeb Ilyas	252,231,650	252,231,650
Mian Abdullah Ilyas	44,208,443	40,120,219

34.3 Compensation of directors, chief executive and executives

	Year ended 30 September 2018		
	Chief Executive	Directors	Executives
	Short-term employee benefits		
Remuneration	2,700,000	4,500,000	3,248,000
Post employment benefits			
Retirement benefits paid	-	-	-
	2,700,000	4,500,000	3,248,000
No. of persons	1	2	2



HASEEB WAQAS SUGAR MILLS LIMITED

	Year ended 30 September 2017		
	Chief Executive	Directors	Executives
Short-term employee benefits			
Remuneration	2,700,000	1,500,000	8,220,000
Post employment benefits			
Retirement benefits paid	-	-	-
	<u>2,700,000</u>	<u>1,500,000</u>	<u>8,220,000</u>
No. of persons	<u>1</u>	<u>2</u>	<u>3</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.

35 ENTITY WIDE INFORMATION

The Company constitutes of a single reportable segment, the principal product is refined white sugar.

Information about geographical areas

The Company does not hold non-current assets in any foreign country. Revenues from customers attributed to foreign countries is nil during the current year.

Information about major customers

The Company does not have transactions with any external customer which amount to 10 percent or more of its revenues.

36 NUMBER OF EMPLOYEES

	Number of employees	
Total		
Average number of employees during the year	<u>229</u>	<u>292</u>
Number of employees as at September 30	<u>136</u>	<u>179</u>
Plant		
Average number of employees during the year	<u>199</u>	<u>224</u>
Number of employees as at September 30	<u>99</u>	<u>121</u>

37 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue by the Board of Directors of the Company on January 02, 2019.

38 GENERAL

- Figures have been rounded off to the nearest of Pakistani Rupees,
- Comparative figures have been rearranged / reclassified, wherever necessary, to facilitate comparison. However, during major reclassification made (other than disclosed in note # 4) due to application of 4th Schedule to the Companies Act, 2017 are:

From	To	Rupees
Trade and other payables Note # 12	Unclaimed dividend On face of Statement of Financial Position	1,443,972



HASEEB WAQAS SUGAR MILLS LIMITED

HASEEB WAQAS SUGAR MILLS LIMITED

FORM OF PROXY

The Company Secretary Haseeb Waqas Sugar Mills Limited 06-F, Model Town, Lahore.	Folio No./CDC A/C No.: _____ Shares Held: _____
---	--

Option 1

Appointing other person as Proxy

I / We _____ S/o D/o W/o
_____ CNIC _____ being the member(s) of HASEEB WAQAS
SUGAR MILLS LIMITED hereby appoint Mr./Mrs./Ms. _____ S/o D/o W/o
_____ CNIC _____ or failing him/her
Mr./Mrs. /Ms. _____ S/o D/o W/o _____ CNIC
_____ as my/our proxy to vote for me/us and on my/our behalf at the Annual General
Meeting of the Company to be held on 25 January 2019 at 09:00 a.m. and or any adjournment thereof.

Signed under my/our hands on this this _____ day of _____ 2019.

Please affix Five
Rupees Revenue
Stamp

Signature of Member

(The Signature should agree with the specimen
registered with the Company)

Signed in the presence of:

Witness:
Signature: _____

Witness:
Signature: _____

Option 2

E-Voting as per the Companies (E-Voting) Regulations 2016

I/We _____ S/o D/o W/o _____ CNIC _____
being a member of Haseeb Waqas Sugar Mills Limited holder of _____ Class _____ Ordinary share(s)
as per Registered Folio No. _____ hereby opt for e-voting through intermediary and hereby consent
the appointment of execution officer _____ as proxy and will exercise e-voting as per the
Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions. My second email address
is _____, please send login details, password and electronic signature through email.

Signature of member
(Signature should agree with the specimen signature registered with the company)

Signed in the presence of:

Witness:
Signature: _____

Witness:
Signature: _____



Notes

1. A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time of holding the meeting.
2. In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting. Pursuant to SECP Companies (E-Voting) Regulations, 2016. Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the company on the appointment of execution officer by the intermediary as proxy.
 - a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolutions of the Board of Directors/Power of attorney with specimen of nominee shall be produced (unless provided earlier) at the time of meeting.
 - b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.