



Annual Report 2013

CONTENTS

	Page
Company's Vision & Mission Statements	1
Company Information	2
Notice of Annual General Meeting	3-4
Director's Report	5-7
Six Years Review at a Glance	8
Pattern of Shareholding	9-10
Statement of Compliance with the Best Practices of Code of Corporate Governance	11-12
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	13
Auditor's Report to the Members	14
Balance Sheet	15
Profit & Loss Account	17
Statement of Comprehensive Income	18
Statement of Cash Flows	19
Statement of Changes in Equity	20
Notes of the Financial Statements	21
Proxy Form	



VISION AND MISSION STATEMENT

VISION STATEMENT

- A leading producer of sugar and its by-products by providing the highest quality of products and services to its customer.
- Highly ethical Company and the respected corporate citizen to continue playing the role in the social and environmental sectors of the company.
- To develop an extremely motivated and professional trained work force, which would drive growth through innovation and renovation.
- To strive for excellence through commitment, honest and team work.

MISSION STATEMENT

- To be the market leader and a world-class organization by meeting and proactively anticipating customer needs.
- To maximize the wealth of stakeholders by optimizing the long term returns and growth of business.
- Building an excellent reputé 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.
- To ensure safe, harmonious and challenging working environment for the employees



HASEEB WAQAS SUGAR MILLS LIMITED

Company Information

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

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

REGISTERED OFFICE

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

AUDITORS

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

REGISTRAR

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

MILLS

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

LEGAL ADVISOR

Mian Aslam Shahzad
(Advocate)

BANKERS

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



HASEEB WAQAS SUGAR MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **22nd Annual General Meeting of Haseeb Waqas Sugar Mills Limited** will be held at its Registered Office, 06-F, Model Town, Lahore on **Friday 24th January, 2014** at 09:00 a.m. to transact the following business:-

ORDINARY BUSINESS:

1. To confirm the minutes of the Last Annual General Meeting held on January 25, 2013.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2013 together with Directors' and Auditors' Report thereon.
3. To appoint Auditors of the Company for the year ending September 30, 2014 and to fix their remuneration. The retiring auditors M/S Qadeer & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Place: **Lahore**
Dated: **January 02, 2014**

(ANSARAHMED)
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from January 17, 2014 to January 24, 2014 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company, along with the attested copies of National Identity Card (NIC) or Passport, not less than 48 hours before the meeting and must be duly stamped, signed and witnessed by two persons.
3. The members are requested to notify any change in their address promptly.

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

A. For Attending the Meeting:

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



B. For Appointing Proxies:

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



HASEEB WAQAS SUGAR MILLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2013

The Directors of your Company take pleasure in presenting the Company's 22nd Annual Report and Audited Financial Statements for the year ended September 30, 2013 together with the Auditors' Report thereon.

OPERATIONAL PERFORMANCE

The crushing season of the company for the current period commenced on December 03, 2012. Operating results for the year under review are as under:

		December 03, 2012 To March 21, 2013	November 19, 2011 To March 14, 2012
Crushing days	Days	109	117
Cane crushed	M. Tonnes	470,972.126	648,976.122
Avg. Crushing per day	M. Tonnes	4,321	5,547
Average recovery	%age	9.26%	9%
Sugar produced	M. Tonnes	43,565	58,340

The mills were operated for 109 days with total crushing of 470,972 M. Tonnes as against 117 days with total crushing of 648,976 M. Tonnes. Average recovery has increased from 9% to 9.26%. Cane crushed & sugar produced is 470,972 M.T & 43,565 M.T respectively.

FINANCIAL INDICATORS

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

	For the year ended September 30,	
	2013	2012
Net Sales	2,571,910,262	1,917,276,929
Gross Profit / Loss	(23 6, 204, 109)	68,849,004
(Loss) before tax	(473, 780, 304)	(205,773,694)
Net Loss after tax	(460, 475, 650)	(201,066,482)
Loss per share – Basic and Diluted	(14.20)	(6.21)

The sugar industry is going through worst ever crisis of history for the last 3 years especially mills of center & north areas of Punjab. In spite of this fact, Government of Punjab increased sugarcane support prices which aggravated the miseries of sugar industry already going through difficult phase. Prices of sugar do not commensurate with cane cost & are its lowest ebb.

No doubt about it that this was a worst year for sugar industry, since there was all time high sugar production which has created very huge gap between sugar consumption & availability of sugar & there is surplus sugar stocks in country. This resulted into glut situation from the beginning of season which continues till date.

Furthermore, prices of sugar remain depressed throughout the year both in domestic & international market due to the reasons stated above coupled with high cane cost resulting into huge losses.

FUTURE OUTLOOK

In the current year, we are expecting sugar production at its maximum & the continuing situation probably will prevail. However the positive picture is that Government of Punjab did not increase support prices which coupled with export of sugar & intervention of Government through TCP will improve the situation.



HASEEB WAQAS SUGAR MILLS LIMITED

DIVIDEND:

As the Company is in the phase of recovering from losses & consolidating its financial position, therefore, no dividend is being declared.

AUDITORS:

The present auditors M/s Qadeer & Co., Chartered Accountants, are retiring and being eligible, have offered themselves for re-appointment for the ensuing year. The Audit Committee has recommended the re-appointment of M/s Qadeer & Co., Chartered Accountants, as auditors of the Company for year ending 30 September 2014.

CODE OF CORPORATE GOVERNANCE:

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

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

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

- i. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- ii. Proper books of accounts have been maintained as required by the Companies Ordinance, 1984.
- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from, if any, has been adequately disclosed.
- v. The system of internal control is sound in design and has been effectively implemented by the management and monitored by internal and external Auditors as well as Audit Committee. The Board reviews the effectiveness of established internal control through Audit Committee and further improvement in the internal control systems, wherever required.
- vi. There are no doubts upon the Company's ability to continue as a going concern. The Company has adequate resources to continue in operation for the foreseeable future.
- vii. There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing Regulations.
- viii. Key operating and financial data of last six years, in summarized form, is annexed.
- ix. Information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- x. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.
- xi. During the year under review, Four (04) meetings of the Board of Directors were held. The attendance by each Director is as follows:



HASEEB WAQAS SUGAR MILLS LIMITED

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

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

- xiv. A statement of the pattern of shareholdings as required under Clause d of Sub-section 2 of Section 236 of the Companies Ordinance, 1984, is annexed.
- xv. No trading of shares by the Directors, Chief Executive, and Chief Financial Officer, Company Secretary and their spouses & minor children has been carried out during the year.
- xvi. All the major decisions relating to investment or disinvestment of funds, changes in significant policies and overall corporate strategies, appointment, remuneration and terms & conditions of appointment of Chief Executive Officer and Executive Directors are taken over by the Board of Directors.

ACKNOWLEDGEMENT:

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

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

On behalf of the Board

Lahore
January, 02, 2014.

(MIAN WAQAS RIAZ)
Chief Executive



HASEEB WAQAS SUGAR MILLS LIMITED

SIX YEARS AT A GLANCE

	2013	2012	2011	2010	2009	2008
	Rupees in thousand					
OPERATING RESULTS						
Sales - net	2,571,910	1,917,277	3,087,853	1,853,587	1,054,857	1,023,186
Gross profit/ (loss)	(236,204)	68,849	187,454	125,907	198,110	18,252
Operating profit/ (loss)	(270,344)	48,792	198,639	97,857	167,413	25,917
Profit/ (loss) before tax	(473,780)	(205,774)	30,707	(27,930)	37,349	(115,476)
Profit/ (loss) after tax	(460,475)	(201,066)	18,324	45,553	59,555	(50,730)
FINANCIAL POSITION						
Fixed assets - net	2,509,730	2,577,209	2,625,330	979,474	1,006,147	1,006,147
Paid-up capital	324,000	324,000	324,000	324,000	324,000	324,000
Shareholder's equity	(195,385)	200,310	333,779	334,984	247,793	179,610
Long term liabilities	884,615	1,059,370	1,053,304	302,011	438,387	436,488
Current assets	1,537,721	1,936,742	863,426	575,070	351,985	560,502
Current liabilities	2,166,130	2,003,173	771,677	680,115	392,148	721,264
Brakeup value per share (Rs)	(14.21)	(6.21)	10.30	10.33	7.60	5.54
STATISTICS						
No of employees	265	267	264	252	312	363
Sugar produced (M.Tons)	43,565	58,340	43,516	27,590	12,270	38,529
Crushing period (Days)	109	117	109	91	98	134



HASEEB WAQAS SUGAR MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30 2013

Number of Shareholders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
144	1	100	7,795	0.02
344	101 -	500	152,011	0.46
151	501 -	1000	149,580	0.45
192	1001 -	5000	527,188	1.53
43	5001 -	10000	345,841	1.07
14	10001 -	15000	178,782	0.55
11	15001 -	20000	106,936	0.31
9	20001 -	25000	219,300	0.63
3	25001 -	30000	88,000	0.27
1	30001 -	35000	134,838	0.42
1	35001 -	40000	37,000	0.11
1	40001 -	45000	45,000	0.14
6	45001 -	50000	297,500	0.92
1	55001 -	50000	58,000	0.18
1	65001 -	70000	67,500	0.21
1	75001 -	80000	79,000	0.24
1	80001 -	85000	82,208	0.25
4	85001 -	90000	359,000	1.11
1	90001 -	95000	90,834	0.28
5	95001 -	100000	487,214	1.53
1	105001 -	110000	110,000	0.34
1	115001 -	120000	118,898	0.37
1	120001 -	125000	125,000	0.39
1	130001 -	140000	142,000	0.44
1	145001 -	170000	170,000	0.52
1	215001 -	220000	217,000	0.67
1	240001 -	245000	244,500	0.75
1	330001 -	335000	333,500	1.03
1	370001 -	375000	372,000	1.15
1	415001 -	420000	416,788	1.29
1	495001 -	500000	590,000	1.54
1	535001 -	560000	555,750	1.72
1	600001 -	605000	601,543	1.86
1	615001 -	620000	617,000	1.91
1	705001 -	710000	706,796	2.18
1	765001 -	770000	768,250	2.37
1	810001 -	815000	814,691	2.51
1	905001 -	910000	908,619	2.80
1	925001 -	930000	930,000	2.87
1	1020001 -	1025000	1,022,750	3.16
1	1275001 -	1280000	1,277,019	3.94
1	1390001 -	1395000	1,392,168	4.30
1	1495001 -	1500000	1,500,000	4.63
1	2210001 -	2215000	2,213,500	6.83
1	2400001 -	2405000	2,404,100	7.42
1	2840001 -	2845000	2,844,500	8.73
1	2900001 -	2905000	2,900,000	8.93
1	4535001 -	4570000	4,536,500	14.09
965			32,400,000	100.00

CATEGORIES OF SHAREHOLDERS

Catagories of Shareholders	No. of Shares Holders	Sharesheld	Percentage
Individuals	924	23,893,804	73.746
Joint Stock Companies	18	6,059,877	18.703
Fiencial Institutions	4	18,200	0.056
Insurance Companies	4	1,531,419	4.727
Modaraba Companies	4	8,200	0.025
Funds & Mutual Funds	2	600,000	1.852
Foreign /Non Resident Investors	5	250,000	0.772
Others	4	38,500	0.119
TOTAL	965	32,400,000	100.00



HASEEB WAQAS SUGAR MILLS LIMITED

CATAGORIES OF SHAREHOLDERS AS AT SEPTEMBER 30 2013

	Shares held	%
Directors, CEO and their spouse and Minor Children		
1 Mian Waqas Riaz	768,250	2.371
2 Mian Haseeb Ilyas	2,213,500	6.832
3 Brig. (R) Muhammad Akram Khan	500	0.002
4 Mrs. Zainab Waqas	333,500	1.029
5 Hafiz M. Irfan Hussain Butt	1,000	0.003
6 Mr. Raza Mustafa	500	0.002
7 Mrs. Shahzadi Ilyas	2,404,100	7.420
8 Ms. Zakia Ilyas	10,882	0.034
	5,732,232	17.692
Public Sector Companies and Corporation		
Joint Stock Companies		
1 Abdullah Sugar Mills Limited	2,900,500	8.952
2 First Capital Equities Limited	1,392,168	4.297
3 First Capital Equities Limited	930,000	2.870
4 First Capital Equities Limited	416,788	1.286
5 Mohammad Munir Mohammad Ahmed Khanani Securities	372,500	1.150
6 Time Securities (Pvt.) Limited	20,000	0.062
7 Highlink Capital (Pvt.) Limited	7,500	0.023
8 Milleage (Pvt.) Limited	7,500	0.023
9 Tele Sys Tech (Pvt.) Limited	3,121	0.010
10 Darson Securities (Pvt.) Limited	3,000	0.009
11 Capital Vision Securities (Pvt.) Limited	2,500	0.008
12 Excel Securities (Pvt.) Limited	1,500	0.005
13 Y.S. Securities (Pvt.) Limited	1,000	0.003
14 M.R. Securities (SMC-PVT) Limited	500	0.002
15 Sarfaraz Mahmood (Pvt.) Limited	500	0.002
16 S.H. Bukhari Securities (Pvt.) Limited	400	0.001
17 Ismail Abdul Shakoor Securities (Pvt.) Limited	300	0.001
18 Stock Master Securities (Pvt.) Limited	100	0.000
	6,059,877	18.703
Banks, Developments Finance Instiutions,		
Non Banking Finance Instiutions		
The Bank of Punjab	6,700	0.021
Bank Alfalah Limited	800	0.002
First Capital Securities Corporation Ltd	1000	0.003
Trust Leasing Corporation	9,700	0.030
	18,200	0.056
Insurance Companies		
Shaheen Insurance Company Limited	908,619	2.804
State Life Insurance Corporation	617,600	1.906
State Life Insurance Corporation	200	0.001
Asia Insurance Company Limited	5,000	0.015
	1,531,419	4.727
Modaraba Companies		
Trust Modaraba	5,600	0.017
Trust Modaraba	100	0.000
First Punjab Modaraba	1,400	0.004
First Punjab Modaraba	1,100	0.003
	8,200	0.025
Others		
James Capel & Co	22,800	0.070
Morgan Stanly Trust & Company	14,900	0.046
Deutsche Bank Securities Corp.	600	0.002
Hong Kong Bank International	200	0.001
	38,500	0.119
Funds & Mutual Funds		
MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	500,000	1.543
Trustee Cherat Cement Company Ltd. Staff Gratuity Fund	100,000	0.309
	600,000	1.852
Foreign / Non Resident Investors		
	250,000	0.772
	250,000	0.772
Shares held by General Public		
	18,161,572	56.054
	18,161,572	56.054
Shareholders holding 05% or more voting intrerst in the Company		
MIAN MUHAMMAD ILYAS MIRAJ	4,566,500	14.09
ABDULLAH SUGAR MILLS LIMITED	2,900,500	8.95
SHAHZADI ILYAS	2,404,100	7.42
HASEEB ILYAS	2,213,500	6.83
	12,084,600	37.30



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED SEPTEMBER 30, 2013

Name of company **HASEEB WAQAS SUGAR MILLS LIMITED** Year ending SEPTEMBER 30, 2013.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of listing regulations of Karachi and Chapter XIII of listing regulation of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Hafiz Muhammad Irfan Hussain Butt Brig. (R) Muhammad Akram
Executive Directors	Mian Haseeb Ilyas Mian Waqas Riaz
Non-Executive Directors	Mrs. Shahzadi Ilyas Mrs. Zainab Waqas Ms. Zakia Ilyas Mr. Raza Mustafa

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Since the last report, there is following change in directorship.
Due to Election of the company all directors have retired and the following directors were elected.

a - Brig (R) Muhammad Akram	e - Mrs. Zainab Waqas
b - Mian Waqas Riaz	f - Mr. Siddique Akbar Butt
c - Mian Haseeb Ilyas	g - Mr. Raza Mustafa
d - Mrs. Sahazadi Ilyas	h - Hafiz M. Irfan Hussain Butt

Ms. Zakia Ilyas appointed as a Director in place of outgoing Mr. Siddique Akbar Butt, w.e.f March 01, 2013
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.



HASEEB WAQAS SUGAR MILLS LIMITED

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the Directors on the Board are well conversant with the listing regulations, legal requirements and operational imperatives of the company, and as such are fully aware of their duties and responsibilities. At present one director has acquired the formal directors training certificate from the University of Lahore.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises 03 members, of whom 03 are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises 3 members of whom 02 are non-executive directors and the chairman of the committee is an executive director.
18. The board has set up an effective internal audit function/ or has outsourced the internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board

Lahore
January, 02, 2014.

(MIAN WAQAS RIAZ)
Chief Executive



AUDITORS' REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended September 30, 2013 prepared by the Board of Directors of **HASEEB WAQAS SUGAR MILLS LIMITED** ('the Company') to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for the compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of listing regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended September 30, 2013.

Lahore
Dated: January 02, 2014

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA



HASEEB WAQAS SUGAR MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **HASEEB WAQAS SUGAR MILLS LIMITED** ('the Company') as at September 30, 2013 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

Without qualifying our opinion, we draw attention to Note. 2.2 in the financial statements which indicate that the Company incurred gross loss amounting to Rs. 236,204,109 and net loss from operations amounting to Rs. 473,780,304 during the year ended September 30, 2013 leading to negative equity of Rs. 195,385,044. Moreover, the current liabilities exceed current assets by Rs. 628,409,463. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

In our opinion:

- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (a) in our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2013 and of the loss, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (b) in our opinion no Zakat was deductible at source under Zakat & Ushr Ordinance, 1980.

Lahore
Dated: January 02, 2014

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA



HASEEB WAQAS SUGAR MILLS LIMITED

BALANCE SHEET AS AT SEPTEMBER 30, 2013

		2013	2012
	Note	Rupees	
CAPITAL AND LIABILITIES			
Share capital and reserves			
Authorized capital			
35,000,000 (2012: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital	4	324,000,000	324,000,000
Accumulated loss		(519,385,044)	(123,690,168)
		(195,385,044)	200,309,832
Surplus on revaluation of property, plant and equipment-net of tax	5	1,206,336,950	1,271,117,724
Non current liabilities			
Long term financing	6	236,995,324	360,864,594
Liabilities against assets subject to finance lease	7	49,243,806	88,802,637
Deferred gain	8	1,267,139	2,534,243
Deferred liabilities	9	20,511,705	15,889,978
Deferred taxation	10	576,597,598	591,279,061
		884,615,572	1,059,370,513
Current liabilities			
Trade and other payables	11	328,081,597	355,407,939
Markup on loans and other payables	12	64,083,209	77,166,512
Short term borrowings	13	1,604,792,162	1,401,743,859
Current portion of non current liabilities	14	161,242,669	162,301,244
Provision for taxation		7,931,012	6,554,202
		2,166,130,649	2,003,173,755
Contingencies and commitments	15	-	-
		4,061,698,127	4,533,971,825

CHIEF EXECUTIVE



HASEEB WAQAS SUGAR MILLS LIMITED

ASSETS

Non current assets

Property, plant and equipment	16	2,509,729,821	2,577,208,943
Long term deposits	17	14,247,120	20,020,502
		<u>2,523,976,941</u>	<u>2,597,229,445</u>

Current assets

Stores, spare parts and loose tools	18	64,876,629	49,420,980
Stock in trade	19	881,329,501	1,277,176,874
Loans and advances	20	3,450,000	30,000
Trade deposits and short term prepayments	21	568,744,749	603,516,028
Cash and bank balances	22	19,320,307	6,598,499
		<u>1,537,721,186</u>	<u>1,936,742,380</u>

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

4,061,698,127

4,533,971,825

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2013

		2013	2012
	Note	Rupees	
Sales - Net	23	2,571,910,262	1,917,276,929
Cost of goods sold	24	(2,808,114,371)	(1,848,427,925)
Gross (loss)/profit		(236,204,109)	68,849,004
Administrative and general expenses	25	(32,635,389)	(36,495,107)
Other operating charges	26	(625,000)	(625,000)
Selling and distribution expenses		(911,780)	-
Other income	27	31,917	17,063,235
(Loss) / profit from operations		(270,344,361)	48,792,132
Finance cost	28	(203,435,943)	(254,565,826)
Loss before taxation		(473,780,304)	(205,773,694)
Taxation	29	13,304,654	4,707,212
Loss after taxation		(460,475,650)	(201,066,482)
Earning per share - basic	30	(14.21)	(6.21)

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

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Note	2013	2012
		Rupees	
Loss after taxation		(460,475,650)	(201,066,482)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(460,475,650)</u>	<u>(201,066,482)</u>

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

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	2013	2012
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(473,780,304)	(205,773,694)
Adjustments for:		
Depreciation	132,844,791	136,755,632
Provision for employees retirement benefits	4,952,035	2,321,377
Amortization of deferred income	-	(16,883,968)
Finance cost	203,435,943	254,565,826
	341,232,769	376,758,867
Operating profit before working capital changes	(132,547,535)	170,985,173
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(15,455,650)	(7,386,501)
Stock in trade	395,847,373	(1,020,105,374)
Trade debts	-	4,299,096
Trade deposits and short term prepayments	45,215,040	45,422,281
Increase / (decrease) in current liabilities:		
Trade and other payables	(27,326,342)	199,670,027
	398,280,422	(778,100,471)
Cash generated from / (used) in operations	265,732,887	(607,115,298)
Income tax paid / deducted	(10,443,761)	(4,729,631)
Gratuity paid	(330,308)	(78,334)
Finance cost paid	(216,519,246)	(236,727,037)
Net cash generated from / (used) in operating activities	38,439,571	(848,650,299)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(66,632,773)	(88,634,585)
Long term deposits and prepayments	5,773,382	(11,301,502)
Net cash used in investing activities	(60,859,391)	(99,936,087)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) of / proceeds from long term loans - net	(131,245,355)	37,500,000
(Repayment) of / proceeds from lease finance - net	(34,371,101)	19,490,229
Proceeds from / (repayment) of directors' loan - net	1,129,780	(31,740,640)
(Repayment) of / proceeds from Short term borrowings	(11,289,746)	918,310,943
Proceeds from / (repayment) of related parties	210,918,049	-
Dividend paid	-	(900)
Net cash generated from financing activities	35,141,627	943,559,632
Net increase / (decrease) in cash and cash equivalents	12,721,808	(5,026,755)
Cash and cash equivalents at the beginning of the year	6,598,499	11,625,254
Cash and cash equivalents at the end of the year	19,320,307	6,598,499

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

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Issued, subscribed and paid up capital	Unappropriated profit/(accumulated loss)	Total
			R u p e e s
Balance as at September 30, 2011	324,000,000	9,779,482	333,779,482
Loss for the year	-	(201,066,482)	(201,066,482)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(201,066,482)	(201,066,482)
Transferred from surplus on revaluation of property, plant and equipment in respect of incremental depreciation - net of deferred tax	-	67,596,832	67,596,832
Balance as at September 30, 2012	<u>324,000,000</u>	<u>(123,690,168)</u>	<u>200,309,832</u>
Loss for the year	-	(460,475,650)	(460,475,650)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(460,475,650)	(460,475,650)
Transferred from Surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	64,780,774	64,780,774
Balance as at September 30, 2013	<u>324,000,000</u>	<u>(519,385,044)</u>	<u>(195,385,044)</u>

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

CHIEF EXECUTIVE

DIRECTOR



NOTES TO THE FINANCIAL STATEMENTS. FOR THE YEAR ENDED SEPTEMBER 30, 2013

1 REPORTING ENTITY.

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

2 BASIS OF PREPARATION.

2.1 Statement of compliance

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

2.2 Basis of measurement

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

The financial statements of the Company indicate that the Company incurred gross loss amounting to Rs. 236,204,109 and net loss from operations amounting to Rs. 473,780,304 during the year leading to negative equity of Rs. 195,385,044. Moreover the current liabilities exceed current assets by Rs. 628,409,463. The main reasons of losses are the bumper crop of sugar cane resulting in unprecedented large production of sugar. Sugar cane price increased from Rs. 150 to Rs. 170 per 40 Kg. However, sugar prices remained depressed both domestically and internationally throughout the year. The average sugar price witnessed a steep fall of almost 30% compared to last year prices which has seriously affected the profitability of mills specially situated in center and north part of Punjab resultantly mills suffered losses.

The crushing season 2012-2013 of the Company commenced on December 03 2012 and ended on March 19, 2013.

2.3 Judgment, estimates and assumptions

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

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

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



2.3.1 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.

2.3.2 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.

2.3.3 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.

2.3.4 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.

2.3.5 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.

2.3.6 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. 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.

2.4 Functional currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

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



3.1 Ordinary share capital

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

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

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

3.3 Employee benefits

Short-term employee benefits

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

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

Defined benefit plan

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after the completion of a prescribed qualifying period of service. The latest actuarial valuation was carried out as at September 30, 2013. Charge for the current year is based on estimates provided by the actuary as at September 30, 2013. The following significant assumptions were used in the latest actuarial valuation:

	2013	2012
Discount rate	12%	12.5%
Expected rate of salary increase in future years	11%	11.5%
Average expected remaining working life time of employees	11 years	11 years
Actuarial valuation method	Projected unit credit method	

3.4 Borrowings

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



3.5 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.6 Taxation

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

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an 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.

3.11 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.

3.12 Cash and cash equivalents

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

3.12 Stores, spares and loose tools

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

3.13 Stock in trade

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

Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
By-products	Net realizable value, where costs are not ascertainable.

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

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



3.14 Financial instruments

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

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

3.15 Related party transactions

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

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

3.16 Revenue recognition

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

Revenue from different sources is recognized as follows:

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

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

3.17 Borrowing costs

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

3.18 Dividends

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

3.19 Finance Leases

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

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

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

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

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



3.20 Earning per share (EPS)

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

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

3.21 Changes in accounting policies and disclosures

3.21.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

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

Standards or Interpretation	Effective date Accounting period beginning on or after
Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS-19 -Employees Benefits- Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2013
IAS-32 -Offsetting Financial Assets and Financial Liabilities - (Amendment)	January 01, 2014
IFRIC 20 -Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not materially affect the Company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the

Standards or Interpretation	IASB Effective date Annual periods beginning on or after
IFRS 9 - Financial Instruments	January 01, 2013
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013

3.21.2 Standards, interpretations and amendments to published approved accounting standards effective in 2012-2013

New and amended standards and interpretations

The company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

- IFRS 7 -Financial Instruments: Disclosures (Amendment)
- IAS 24 -Related Party Disclosures (Revised)
- IFRIC 14 -Prepayments of a Minimum Funding Requirement

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

- IFRS 7 -Financial Instruments: Disclosures - Clarification of disclosures



HASEEB WAQAS SUGAR MILLS LIMITED

	2013	2012
	Rupees	
4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Ordinary shares of Rs. 10 each:		
27,000,000 (2012: 27,000,000) shares issued for cash.	270,000,000	270,000,000
5,400,000 (2012: 5,400,000) shares issued as fully paid bonus shares.	54,000,000	54,000,000
	<u>324,000,000</u>	<u>324,000,000</u>
There is no movement in ordinary share capital of the Company during year.		
5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT-NET OF TAX		
As at beginning of the year	1,271,117,724	1,338,714,556
Incremental depreciation on revalued property, plant and equipment during the year - transferred to retained earnings	(64,780,774)	(67,596,832)
	<u>1,206,336,950</u>	<u>1,271,117,724</u>
5.1 The revaluation was carried out as at September 30, 2011 by M/s Empire Enterprises on the basis of local market value, replacement and current values.		
6 LONG TERM FINANCING		
Loan from banking companies and other financial institutions-secured	6.1	31,250,950
Loan from directors - unsecured	6.2	205,744,374
		<u>236,995,324</u>
6.1 Loan from banking companies and other financial institutions-secured		
National Bank of Pakistan		
- Demand Finance	6.11	62,500,950
PAIR		
- Demand Finance	6.12	93,750,000
The Bank of Punjab		
- Term Finance	6.13	-
		<u>24,996,305</u>
		156,250,950
Less: current portion shown under current liabilities		
- Demand Finance - NBP		(50,000,000)
- Demand Finance - PAIR		(75,000,000)
- Term Finance		-
		<u>(125,000,000)</u>
		<u>31,250,950</u>
		<u>156,250,000</u>
6.11 Demand Finance - NBP		
Opening balance		112,500,000
Less: payment made during the year		(49,999,050)
		<u>62,500,950</u>
		<u>112,500,000</u>

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



HASEEB WAQAS SUGAR MILLS LIMITED

6.12 Demand Finance - PAIR

Opening balance	150,000,000	-
Add: Loan obtained during the year	-	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
Less: payment made during the year	(56,250,000)	-
	<u>93,750,000</u>	<u>150,000,000</u>

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

6.13 Term Finance

Opening balance	24,996,305	99,996,305
Less: payment made during the year	(24,996,305)	(75,000,000)
	<u>-</u>	<u>24,996,305</u>

This finance was obtained from The Bank of Punjab under a swap arrangement whereby the balance outstanding against a short term credit facility has been converted into a long term finance. The finance was secured by token registered mortgage of Rs 100,000/- and rest equitable mortgage over property and ranking charge over current assets of Company of Rs 200 million registered with SECP and personal guarantee of directors of the Company. It carried markup 3 months average KIBOR rate+300 bps. During the year this facility has been fully paid.

6.2 LOAN FROM DIRECTORS

Loan from directors - unsecured - interest free	6.21	<u>205,744,374</u>	<u>204,614,594</u>
---	------	--------------------	--------------------

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

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

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2013	2012
	Rupees	
Opening balance	119,857,576	100,367,347
Add: Leased during the year	-	73,500,000
	<u>119,857,576</u>	<u>173,867,347</u>
Less: Payment made during the year	(34,371,101)	(54,009,771)
	<u>85,486,475</u>	<u>119,857,576</u>
Current portion shown under current liabilities	(36,242,669)	(31,054,939)
	<u>49,243,806</u>	<u>88,802,637</u>

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

Gross minimum lease payments

Not later than one year	44,112,604	49,932,402
Later than one year but not later than five years	47,189,125	97,761,269
	<u>91,301,729</u>	<u>147,693,671</u>
Less: financial charges allocated to future period	(5,815,254)	(27,836,095)
	<u>85,486,475</u>	<u>119,857,576</u>
Less: current maturity shown under current liabilities	(36,242,669)	(31,054,939)
	<u>49,243,806</u>	<u>88,802,637</u>



HASEEB WAQAS SUGAR MILLS LIMITED

Present value of minimum lease payments

Not later than one year	36,242,669	31,054,939
Later than one year but not later than five years	49,243,806	76,302,637
	<u>85,486,475</u>	<u>107,357,576</u>

8 DEFERRED GAIN

Gain on sale and lease back	8.1	<u>1,267,139</u>	<u>2,534,243</u>
-----------------------------	-----	------------------	------------------

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

9 DEFERRED LIABILITIES

Employees retirement benefits	9.1	<u>20,511,705</u>	<u>15,889,978</u>
-------------------------------	-----	-------------------	-------------------

9.1 EMPLOYEES RETIREMENT BENEFITS

The amounts recognized in the balance sheet are as follows

Present value of defined benefit obligation	17,187,780	15,030,032
Unrecognized actuarial gain / (loss)	3,323,925	859,946
	<u>20,511,705</u>	<u>15,889,978</u>

Balance sheet liability

Opening balance	15,889,978	13,646,935
Amount recognized during the year	4,952,035	2,321,377
	<u>20,842,013</u>	<u>15,968,312</u>
Benefits paid during the year	(330,308)	(78,334)
Closing balance	<u>20,511,705</u>	<u>15,889,978</u>

Charge for the defined benefit plan

Service cost	3,692,067	1,391,297
Interest cost	1,718,778	1,356,817
Actuarial gains recognized	(458,810)	(426,737)
	<u>4,952,035</u>	<u>2,321,377</u>

DEFINED BENEFIT PLAN

(a) General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at September 30, 2013, using Project Unit Credit Method.

(b) Comparison for five years

YEAR	Present	Actuarial
2009	9,705,240	-
2010	9,716,841	(2,126,491)
2011	10,854,535	(700,355)
2012	15,030,032	1,505,717
2013	17,187,780	2,463,979
	<u>2013</u>	<u>2012</u>

10 DEFERRED TAXATION

The balance of deferred tax is in respect of following temporary differences:

Deferred tax liability on taxable temporary differences due to:

Accelerated depreciation on property, plant and equipment	143,599,492	158,502,046
Surplus on revaluation of property, plant and equipment	613,208,043	646,579,957
	756,807,535	805,082,003

Deferred tax asset on deductible temporary differences due to:

Employees retirement benefits	(6,973,980)	(5,561,492)
Deferred income	(430,827)	-
Finance lease	(29,065,401)	(41,950,152)
Unused tax losses and tax credits	(137,826,938)	(166,291,298)
Reduction in tax rate	(5,912,791)	-
	<u>(180,209,937)</u>	<u>(213,802,942)</u>
	<u>576,597,598</u>	<u>591,279,061</u>



HASEEB WAQAS SUGAR MILLS LIMITED

11 TRADE AND OTHER PAYABLES

Trade creditors		81,156,152	79,417,536
Advances from suppliers		192,711,042	100,611,138
Accrued liabilities		9,915,101	9,768,709
Sales tax payable		9,752,804	106,240,823
Workers profit participation fund	11.1	-	-
Unclaimed dividend		1,443,972	1,443,972
Other payables	11.2	33,102,526	57,925,761
		<u>328,081,597</u>	<u>355,407,939</u>

11.1 Workers' profit participation fund

Opening balance	-	1,616,177
Markup/interest for the year	-	64,157
	-	1,680,334
Payments made during the year	-	(1,680,334)
	-	-

11.2 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 Sindh High Court, and the case is still pending.

12 MARKUP ON LOANS AND OTHER PAYABLES

Long term financing		3,315,274	5,992,638
Finance lease		746,480	1,871,000
Short term borrowings		40,158,645	49,440,064
Others	12.1	19,862,810	19,862,810
		<u>64,083,209</u>	<u>77,166,512</u>

12.1 This represents mark up accrued on penalty as disclosed in note 10.2 above.

13 SHORT TERM BORROWINGS

	Limit Rs (Million)	Note		
From banking companies and other financial institutions-secured	1,400	13.1	1,199,324,687	1,210,614,433
Loan from related parties		13.2	405,467,475	191,129,426
			<u>1,604,792,162</u>	<u>1,401,743,859</u>

13.1 These facilities have been obtained from various commercial banks for working capital requirements and are secured by pledge of stock of sugar, ranking hypothecation charge over fixed assets, comprising land, building, plant and machinery of the Company and personal guarantees of the directors of the Company. These facilities carry various mark up at rates three months KIBOR plus 3.5% to 4% (2012: three months KIBOR plus 3 % per annum.)

13.2 Loan from related parties

	2013	2012
	Rupees	
Abdullah Sugar Mills Limited	400,838,911	188,994,362
Haseeb Waqas Trading (Pvt.) Limited	2,135,064	2,135,064
Oriental Fruits (Pvt.) Limited	2,493,500	-
	<u>405,467,475</u>	<u>191,129,426</u>



HASEEB WAQAS SUGAR MILLS LIMITED

	2013	2012
14 CURRENT PORTION OF NON CURRENT LIABILITIES	Rupees	
Long term financing	125,000,000	131,246,305
Finance lease	36,242,669	31,054,939
	<u>161,242,669</u>	<u>162,301,244</u>

15 CONTINGENCIES AND COMMITMENTS

Contingencies

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

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

Guarantee given to Sui Northern Gas Pipelines Ltd by a commercial bank on behalf of the Company outstanding as at 30 September 2013 amounts to Rs Nil (2012: Rs 10.8 million)

Commitments

No commitments were outstanding as at 30 September 2013

16 PROPERTY, PLANT AND EQUIPMENT

R U P E E S

Particulars	Cost / Revalued Amount			Rate %	Depreciation		Book Value as at September 30, 2013
	As at October 01, 2012	Additions/ Deletions	Transfers		As at October 01, 2012	For the Year	
Owned							
Land - freehold	87,375,000	-	-	-	-	-	87,375,000
Buildings on freehold land							
- Factory	166,039,340	-	-	16,603,934	14,943,541	31,547,475	134,491,865
- Non-factory	48,169,325	-	-	2,408,466	2,288,043	4,696,509	43,472,816
Plant and machinery	2,264,606,580	66,177,773	-	2,330,784,353	108,646,673	223,042,725	2,107,741,628
Furniture and fixtures	46,083,563	-	-	46,083,563	999,265	37,090,178	8,993,385
Vehicles	29,309,111	455,000	-	29,764,111	670,892	26,815,128	2,948,983
	2,641,582,919	66,632,773	-	2,708,215,692	127,548,414	323,192,015	2,385,023,677
Leased							
Plant and machinery	139,500,000	-	-	8,230,375	6,563,481.25	14,793,856	124,706,144
Rupees 2013	2,781,082,919	66,632,773	-	2,847,715,692	203,873,976	337,985,871	2,509,729,821
Rupees 2012	2,692,448,334	212,134,585	(123,500,000)	2,781,082,919	67,118,344	203,873,976	2,577,208,943

16.01 Revaluation of land, buildings, plant and machinery was carried out by M/s Empire Enterprises as on September 30, 2011. Had there been no revaluation, the cost, accumulated depreciation and book values of the revalued assets would have been as follows:

R U P E E S

Cost	As at September 30, 2013	
	Accumulated Depreciation	Book value
17,048,648	-	17,048,648
187,559,880	161,644,123	25,915,757
876,001,660	388,340,899	487,660,761
1,080,610,188	549,985,021	530,625,167
1,079,038,995	521,360,577	557,678,418
	2013	2012
	Rupees	Rupees
	130,153,695	132,487,861
	(1,267,104)	-
	128,886,591	132,487,861
	3,958,200	4,267,771
	132,844,791	136,755,632

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

	2013	2012	Note
	Rupees	Rupees	
Cost of sales	130,153,695	132,487,861	24
Amortization of deferred gain	(1,267,104)	-	
	128,886,591	132,487,861	
Administrative expenses	3,958,200	4,267,771	25
	132,844,791	136,755,632	



HASEEB WAQAS SUGAR MILLS LIMITED

17 LONG TERM DEPOSITS

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

Note	2013	2012
------	------	------

Rupees

18 STORES, SPARE PARTS AND LOOSE TOOLS

Stores	64,395,147	49,013,115
Spare parts	481,482	407,865
	<u>64,876,629</u>	<u>49,420,980</u>

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

19 STOCK IN TRADE

Work in process		
Sugar	2,312,037	3,680,913
Molasses	-	257,444
	2,312,037	3,938,357
Finished goods		
Sugar	19.1 879,017,464	1,077,914,817
Molasses	19.2 -	195,323,700
	879,017,464	1,273,238,517
	<u>881,329,501</u>	<u>1,277,176,874</u>

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

19.2 The entire stock of molasses as at 30 September 2013 was stated at net realizable value.

20 LOANS AND ADVANCES - considered good

Due by related parties		
Haseeb Waqas Dairy (Pvt.) Limited	3,450,000	-
Oriental Fruits (Pvt.) Limited	-	30,000
	<u>3,450,000</u>	<u>30,000</u>

21 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Advances to employees:		
- against purchases	2,359,556	2,185,238
- against salaries - secured	21.1 2,458,480	1,457,345
Advances to growers - unsecured	21.2 524,748,069	568,467,127
Advances to suppliers - unsecured	19,618,065	22,272,256
Advance income tax	10,443,761	-
Deposits	8,712,721	8,712,721
Prepayments	404,097	421,341
	<u>568,744,749</u>	<u>603,516,028</u>

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

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



HASEEB WAQAS SUGAR MILLS LIMITED

	Note	2013	2012
		Rupees	
22 CASH AND BANK BALANCES			
Cash in hand		1,185,587	539,889
Cash with banks - in current accounts		18,134,720	6,058,610
		<u>19,320,307</u>	<u>6,598,499</u>
23 SALES - NET			
- Sugar			
Local		2,203,403,465	1,951,211,552
Export		47,823,751	-
		<u>2,251,227,216</u>	<u>1,951,211,552</u>
- Molasses		528,854,415	100,920,000
- Bagasse		32,760,000	25,230,000
- Mud		5,592,500	2,145,500
		<u>2,818,434,131</u>	<u>2,079,507,052</u>
Less: Sales tax and federal excise duty		(244,576,603)	(162,230,123)
Commission on export sales		(1,796,972)	-
Export development surcharge		(150,294)	-
		<u>2,571,910,262</u>	<u>1,917,276,929</u>
24 COST OF GOODS SOLD			
Raw materials consumed		2,055,387,790	2,537,000,752
Stores and spares consumed		64,240,987	62,379,147
Salaries, wages and other benefits	24.1	88,204,993	72,741,542
Insurance		8,982,233	9,149,072
Repair and maintenance		64,228,057	51,636,415
Depreciation	16.02	128,886,591	132,487,861
Others		2,336,347	3,138,510
		<u>2,412,266,998</u>	<u>2,868,533,299</u>
Opening work in process		3,938,357	6,815,500
Closing work in process		(2,312,037)	(3,938,357)
		<u>1,626,320</u>	<u>2,877,143</u>
Cost of goods manufactured		<u>2,413,893,318</u>	<u>2,871,410,442</u>
Opening finished goods		1,273,238,517	250,256,000
Closing finished goods		(879,017,464)	(1,273,238,517)
		<u>394,221,053</u>	<u>(1,022,982,517)</u>
		<u>2,808,114,371</u>	<u>1,848,427,925</u>

24.1 Salaries and benefits include Rs. 3.961 million (2012: Rs.1.857 million) on account of employee retirement benefits.



HASEEB WAQAS SUGAR MILLS LIMITED

		2013	2012
		Rupees	
25 ADMINISTRATIVE AND GENERAL EXPENSES			
Director's remuneration		2,400,000	2,400,000
Salaries, wages and other benefits	25.1	8,552,477	8,120,902
Utilities		1,654,938	5,855,841
Traveling and conveyance		821,607	1,025,961
Rent, rates and taxes		2,400,000	2,400,000
Repairs and maintenance		1,437,365	807,821
Fees and subscription		569,484	476,315
Insurance		323,642	954,615
Vehicle running and maintenance		6,218,724	5,435,791
Printing and stationery		372,347	363,799
Telephone and postage		1,698,307	1,682,666
Advertisement		95,600	51,740
Entertainment		450,154	343,920
News paper books and periodicals		15,401	16,787
Legal and professional charges		1,389,565	2,153,042
Depreciation	16.02	3,958,200	4,267,771
Miscellaneous		277,578	138,136
		<u>32,635,389</u>	<u>36,495,107</u>
25.1	Salaries and benefits include Rs. 0.990 million (2012: Rs. 0.464 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 INCOME			
Income from financial assets			
Return on bank deposit		11,030	177,967
Income from non-financial assets			
Scrap sales		-	1,300
Fines		20,887	-
Deferred Income			
Gain on sale and lease back of plant and machinery		-	16,883,968
		<u>31,917</u>	<u>17,063,235</u>
28 FINANCE COST			
Interest / mark up on:			
- Long term financing		30,970,238	49,742,242
- Finance lease		14,002,271	13,142,215
- Worker's profit participation fund		-	64,157
- Short term borrowings		152,984,452	168,771,467
		197,956,961	231,720,081
Bank charges and commission		5,478,982	22,845,745
		<u>203,435,943</u>	<u>254,565,826</u>



HASEEB WAQAS SUGAR MILLS LIMITED

	2013	2012
29 TAXATION	Rupees	
- Current year	-	10,397,535
- Prior year adjustment	1,376,810	(15,434,200)
- Deferred	(14,681,464)	329,453
	<u>(13,304,654)</u>	<u>(4,707,212)</u>

29.1 Provision for current tax for the year ended 30 September 2012 was made in accordance with section 113 "Minimum tax on income of certain persons" of the Income Tax Ordinance 2001 ("the Ordinance").

29.2 Assessments for and up to the tax year 2010, are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filed by the Company.

30 EARNING PER SHARE - Basic

Profit after taxation for the year	Rupees	(460,475,650)	(201,066,482)
Outstanding weighted average ordinary shares	No. of shares	32,400,000	32,400,000
Earnings per share - Basic	Rupees	(14.21)	(6.21)

30.1 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments.

31 PLANT CAPACITY AND PRODUCTION

Processed cane

	2013	2012
Installed capacity (tones)	872,000	936,000
Installed capacity (days)	109	117
Actual crushing (tones)	470,973	648,976
Actual crushing (days)	109	117
Actual production (percentage of actual capacity in tones)	54.01%	69.34%

Sugar

Installed capacity (tones)	80,747	84,240
Installed capacity (days)	109	117
Actual production (tones)	43,565	58,340
Actual production (days)	109	117
Actual production (percentage of actual capacity in tones)	53.95%	69.25%
Cane sugar recovery	9.26%	9.00%

32 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per balance sheet

	2013	2012
Long term deposits	14,247,120	20,020,502
Trade deposits and short term prepayments	568,744,749	603,516,028
Cash and bank balances	19,320,307	6,598,499
	<u>602,312,176</u>	<u>630,135,028</u>

Financial liabilities as per balance sheet

Trade and other payables	328,081,597	355,407,939
Markup on loans and other payables	64,083,209	77,166,512
Short term borrowings	1,604,792,162	1,401,743,859
	<u>1,996,956,968</u>	<u>1,834,318,309</u>



HASEEB WAQAS SUGAR MILLS LIMITED

32.1 Fair values of financial assets and liabilities

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

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

33 FINANCIAL INSTRUMENTS

33.1 Financial risk factors

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

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

(a) Market risk

(i) Interest rate risk

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

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

(ii) Financial liabilities

	2013	2012	2013	2012
	Percentage		Rupees	
Long term financing	14.08 to 11.58	16.67 to 13.70	31,250,950	175,000,000
Short term borrowings	14.00 to 12.58	17.17 to 14.22	1,199,324,687	1,210,614,433
			<u>1,230,575,637</u>	<u>1,385,614,433</u>
Total yield / markup rate risk sensitivity gap			<u>(1,230,575,637)</u>	<u>(1,385,614,433)</u>

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

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

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

A change of 1% in interest rates at the reporting date would have decreased / (increased) loss for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is performed on the same basis for 2012.

	Effect on Profit and Loss 1% rate	
	Increase	Decrease
As at September 30, 2013		
Cash flow sensitivity - variable rate financial liabilities	<u>12,305,756</u>	<u>(12,305,756)</u>
As at September 30, 2012		
Cash flow sensitivity - variable rate financial liabilities	<u>13,856,144</u>	<u>(13,856,144)</u>



HASEEB WAQAS SUGAR MILLS LIMITED

(v) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as there is no investment in listed securities.

(b) Credit risk

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

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 539,537,960 (2012: 529,592,890) the financial assets exposed to credit risk amount to Rs. 519,717,603 (2012: Rs.522,994,392).

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:

	2013	2012
	Rupees	
Long term deposits	14,247,120	20,020,502
Trade deposits and short term prepayments	568,744,749	502,973,890
Cash and bank balances	19,320,307	6,598,499
	602,312,176	529,592,890

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-I+	AA+
The Bank of Punjab	PACRA	AI+	AA-
Sind Bank Limited	JCR-VIS	A-I+	AA-
MCB Bank Limited	PACRA	AI+	AAA
NIB Bank Limited	PACRA	AI+	AA-
National Bank of Pakistan	JCR-VIS	A-I+	AAA

(c) Liquidity risk

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

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



HASEEB WAQAS SUGAR MILLS LIMITED

2013

	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
Non-Derivative					
Financial Liabilities					
Long term financing	156,250,950	(156,250,950)	(62,500,000)	(62,500,000)	(31,250,950)
Trade and other payables	328,081,597	(328,081,597)	(328,081,597)	-	-
Short term borrowings	1,199,324,687	(1,199,324,687)	(1,199,324,687)	-	-
	1,683,657,234	(1,683,657,234)	(1,589,906,284)	(62,500,000)	(31,250,950)

2012

	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
Non-Derivative					
Financial Liabilities					
Long term financing	287,496,305	(287,496,305)	(43,750,000)	(62,500,000)	(181,246,305)
Trade and other payables	413,956,644	(413,956,644)	(413,956,644)	-	-
Short term borrowings	1,210,614,433	(1,210,614,433)	(1,210,614,433)	-	-
	1,912,067,381	(1,912,067,381)	(1,668,321,076)	(62,500,000)	(181,246,305)

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

34 RELATED PARTY TRANSACTIONS

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

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

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

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

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



HASEEB WAQAS SUGAR MILLS LIMITED

34.1.1	Transactions with related parties	2013	2012
		Rupees	
	Sale of molasses	528,854,415	100,920,000
	Sale of stores and spares	275,532	955,545
	Sale of baggasse	32,760,000	25,230,000

34.1.2 Payments against balances due to related parties were made partially in cash and partially by paying for expenses on behalf of related parties and vice versa.

34.1.3 As per common practice in the sugar industry in Pakistan, the Company also purchased sugar cane from persons associated, directly and indirectly, with management personnel of the Company. These purchases were made in accordance with the cane procurement practice in the sugar industry. It is not practicable to determine the related amounts.

34.2 Compensation of key management personnel

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

	Year ended 30 September 2013		
	Chief Executive	Directors	Executives
<i>Short-term employee benefits</i>			
Remuneration	2,400,000	-	7,403,004
Meeting fee	-	-	-
	2,400,000	-	7,403,004
<i>Post employment benefits</i>			
Retirement benefits	-	-	-
	2,400,000	-	7,403,004
No. of persons	1	-	6
	Year ended 30 September 2012		
	Chief Executive	Directors	Executives
<i>Short-term employee benefits</i>			
Remuneration	2,400,000	-	4,446,576
Meeting fee	-	-	-
	2,400,000	-	4,446,576
<i>Post employment benefits</i>			
Retirement benefits	-	-	-
	2,400,000	-	4,446,576
No. of persons	1	-	5

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.



HASEEB WAQAS SUGAR MILLS LIMITED

	2013	2012
	Rupees	
34.3 Details of related party balances are as follows:		
34.3.1 Balances with related parties		
Due to:		
Abdullah Sugar Mills Limited	400,838,911	188,994,362
Haseeb Waqas Trading (Pvt.) Limited	2,135,064	2,135,064
Oriental Fruits (Pvt.) Limited	2,493,500	-
Long term loan from directors	205,744,374	204,614,594
Due by:		
Haseeb Waqas Dairy (Pvt.) Limited	3,450,000	-
Oriental Fruits (Pvt.) Limited	-	30,000

The maximum aggregate amount due from associates at the end of any month during the year amounts to Rs. 36,622,519 (2012: Rs.23,820,976)

35 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue by the Board of Directors of the Company on January 02, 2014.

36 GENERAL

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

CHIEF EXECUTIVE.

DIRECTOR.



HASEEB WAQAS SUGAR MILLS LIMITED

FORM OF PROXY

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

I / We _____
of _____ being member(s) of Haseeb Waqas Sugar Mills Limited
holding _____ ordinary Shares as per Share Register Folio No./CDC Participant I.D. No. _____
hereby appoints Mr/Mrs/Miss _____ of _____ who is also a member of the
Company, Folio No./CDC Participant I.D. No. _____ or failing him/her _____ of
Folio No./ CDC Participant I.D. No. _____ another member of the Company as my / our Proxy in
my / our absence to attend and vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the
Company to be held on Friday 24th day of January, 20 14 at 09:00 a.m. at the Registered Office of the Company.

Signed this _____ day of _____ 2014

Please affix Five
Rupees Revenue
Stamp

Signature of Member

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

Witness:

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

Witness:

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

Notes

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

For CDC Account Holders / Corporate Entities.

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

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



HASEEB WAQAS SUGAR MILLS LIMITED

AFFIX
CORRECT
POSTAGE

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