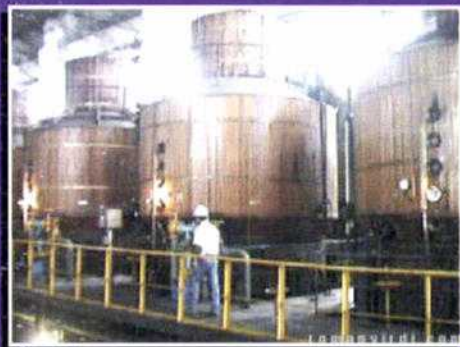
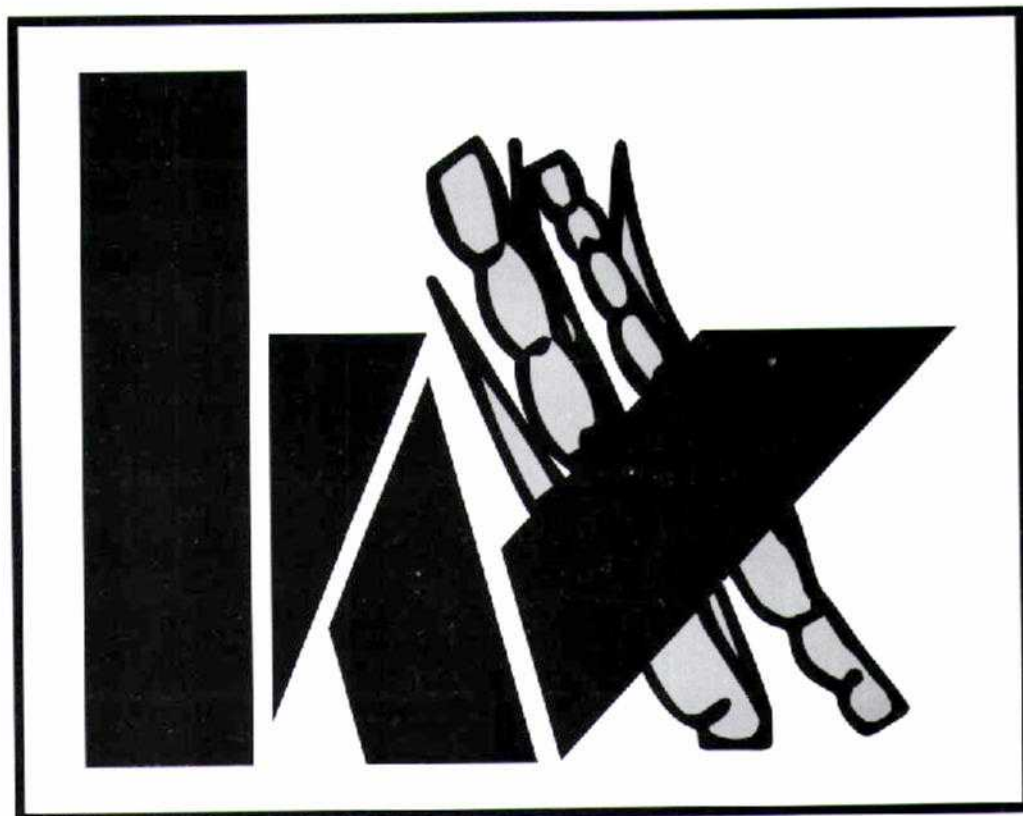


Annual Report 2015



HASEEB WAQAS
SUGAR MILLS LTD.





HASEEB WAQAS SUGAR MILLS LIMITED



Annual Report 2015

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Vision & Mission Statements

VISION STATEMENT

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

MISSION STATEMENT

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



COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

COMPANY SECRETARY

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

AUDITORS

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

MILLS

Mauza Jagmal
Tehsil Jattoi
Distt. Muzzafargarh

BANKERS

National Bank of Pakistan
Sindh Bank Limited
The Bank of Punjab

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Syed Mubashar Hussain Bukhari
Tel: 042-35917313
Email: Mubashir_qadari@hwgc.com.pk

REGISTRAR

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

REGISTERED OFFICE

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

LEGAL ADVISOR

Mian Aslam Shahzad
(Advocate)



NOTICE OF 24TH ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of Haseeb Waqas Sugar Mills Limited will be held at its Registered Office, 06-F, Model Town, Lahore on **Monday 25th January 2016** 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 31 January 2015.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30 September 2015 together with Directors' and Auditors' Report thereon.
3. To appoint Auditors of the Company for the year ending 30 September 2016 and to fix their remuneration. The retiring auditors M/S Qadeer & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To elect 08 (eight) Directors of the Company as fixed by the Board of Directors in accordance with the provisions of Section 178 of the Companies Ordinance, 1984, for a term of next three years. The names of the retiring Directors are given hereunder:-
 1. Mr. Raza Mustafa
 2. Mian Haseeb Ilyas
 3. Mian Waqas Riaz
 4. Mian Abdullah Ilyas
 5. Mrs. Zainab Waqas
 6. Ms. Zakia Ilyas
 7. Mrs. Shahzadi Ilyas
 8. Hafiz M. Irfan Hussain Butt(The retiring Directors are eligible for re-election.)
5. To transact any other business with the permission of the Chair.

By Order of the Board

Place: **Lahore**
Dated: **02 January 2016**

(**ANSAR AHMED**)
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from 18 January 2016 to 25 January 2016 (both days inclusive).
2. Any member who seeks to contest election to the office of Directors shall, whether he/she is a retiring Director or otherwise, file with the Company, not later than 14 days before the date of the meeting at which elections are to be held, a notice of his/her intention to offer himself for election as a Director. Declaration in accordance with the Listing Regulations along with consent to act as Director under Section 184 of the Companies Ordinance, 1984 is also to be filed.
3. 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.
4. The members are requested to promptly notify change in their address, if, any, Hameed Majeed Associates (Pvt.) Limited, H.M. House 7-Bank Square, Lahore.



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



DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015

The Directors of your Company take pleasure in presenting the Company's 24th Annual Report and Audited Financial Statements for the year ended 30 September 2015 together with the Auditors' Report thereon.

OPERATIONAL PERFORMANCE

The crushing season started on November 21, 2015. The operating results for period under review are as under:

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

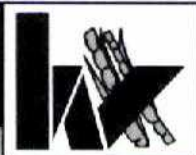
The Mills were operated for 97 days with total crushing of 219,382 M. Tones as against 105 days with total crushing of 420,0962 M. Tones. Average recovery has decreased from 9.24% to 8.66%. Cane crushed & sugar produced is 2.261 M. T & 18,940 M. T as compared with 4.000 M. T & 38,762 M. T respectively of same period of last year.

FINANCIAL INDICATORS

The financial results of your company for the year ended September 30, 2015 are summarized as follows:

	For the year ended 30 September 2015 (Rupees in Thousand)	
	2015	2014
Net Sales	1,380,222	2,173,224
Gross Profit/ (Loss)	(606,776)	(408,909)
Net Profit / (Loss) before tax	(789,678)	(629,230)
Net Profit (Loss) after tax	(779,823)	(625,106)
Basic Earning	(24.07)	(19.29)

During the period under review reason of Gross loss is that there is gross mismatch in cane cost and sale prices of sugar. Taking the above factors into consideration the management of your company is in the process of shifting unit from its existing location to Tehsil Jatoi, District, Muzaffar Garh to reap the benefit of high recovery of sucrose and to make the unit viable.



HASEEB WAQAS SUGAR MILLS LIMITED

The financial statements of the Company indicate that the Company incurred gross loss amounting to Rs.606,776,334 (2014:408,908,859) and net loss from operations amounting to Rs.645,571,272 (2014:441,530,360) and accumulated losses Rs.1,773,287,801 (2014:1,083,736,505) which leads to negative equity of Rs.1,449,287,801 (2014: 759,736,505). Moreover current liabilities exceed current assets by Rs.903,281,428 (2014: 1,366,259,208).

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

Operational Measures

In view of above issues Company has taken following steps:

- Restructuring of current and long term liabilities of amounting to Rs.1,250 million.
- Shifting of mill to Alipur Jatoi, Muzaffargarh where sugar cane availability and recovery are better.
- BMR for energy saving for Rs.107,646,207 (2014:174,993,606) done for compensation of losses in sugar production each year.

The management foresees positive cash flow from future operations in expectation of better availability of sugar cane and sugar prices in coming seasons.

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

	2016	Projected 2017	2018
Sugar Cane crushing M.T	630,000	780,000	800,000
Sugar Cane rate	190	200	210
Sugar Price per kg	56	60	63

FUTURE OUTLOOK

The mill has relocated to Southern Punjab where prospects of business are very good. Moreover sugar prices have also started recovery both in national and international market.

DIVIDEND:

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

AUDITORS:

The present auditors M/s Qadeer & Co., Chartered Accountants, are retiring and being eligible, have offered themselves for re-appointment for the ensuing year. The Audit Committee has recommended the re-appointment of M/s Qadeer & Co., Chartered Accountants, as auditors of the Company for year ending 30 September 2016.



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

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

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

xii. The Statement of Code of Ethics and Business Practices has been developed and duly signed by the directors and employees of the Company in acknowledgement thereof.

xiii. The Board has constituted an Audit Committee in compliance with the Code of Corporate Governance. It comprises of the following three (3) members who are Non-Executive directors;

<i>Sr. No.</i>	<i>Name</i>	<i>Designation</i>
1.	Hafiz M. Irfan Hussain Butt	Chairman
2.	Mr. Raza Mustafa	Member
3.	Ms. Zakia Ilyas	Member

xiv. A statement of the pattern of shareholdings as required under Clause d of Sub-section 2 of Section 236 of the Companies Ordinance, 1984, is annexed.

xv. No trading of shares by the Directors, Chief Executive, and Chief Financial Officer, Company Secretary and their spouses & minor children has been carried out during the year.

xvi. All the major decisions relating to investment or disinvestment of funds, changes in significant policies and overall corporate strategies, appointment, remuneration and terms & conditions of appointment of Chief Executive Officer and Executive Directors are taken over by the Board of Directors.

xvii. Due to shifting of the unit this year training programme for Directors could not be prearranged. However, the company has taken adequate steps to ensure training in this year.

ACKNOWLEDGMENT:

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

(MIAN HASEEB ILYAS)
Chief Executive

Lahore
01 January 2016



SIX YEARS AT A GLANCE

	2015	2014	2013	2012	2011	2010
OPERATING RESULTS	Rupees in Thousand					
Sales – Net	1,380,222	2,173,225	2,571,910	1,917,277	3,087,853	1,853,587
Gross profit/ (loss)	(606,776)	(408,909)	(236,204)	68,849	187,454	125,907
Operating profit/(loss)	(645,571)	(441,530)	(270,344)	48,792	198,639	97,857
Profit/(loss) before tax	(789,678)	(629,231)	(473,780)	(205,774)	30,707	(27,930)
Profit/((loss) after tax	(779,824)	(625,106)	(460,475)	(201,066)	18,324	45,553

FINANCIAL POSITION

Fixed assets – net	3,695,513	3,570,545	2,509,730	2,577,209	2,625,330	979,474
Paid up capital	324,000	324,000	324,000	324,000	324,000	324,000
Shareholder's equity	(1,449,288)	(759,736)	(193,158)	200,310	333,779	334,984
Long term liabilities	2,485,967	1,119,116	882,388	1,059,370	1,053,304	302,011
Current assets	523,454	1,134,071	1,537,721	1,936,742	863,426	575,070
Current liabilities	1,426,736	2,500,330	2,166,130	2,003,173	771,677	680,115
Breakup value per share (Rs.)	(24.07)	(19.29)	(14.21)	(6.21)	10.30	10.33

STATISTICS

No. of employees	320	310	265	267	264	252
Sugar produced (M. Tons)	18,940	38,762	43,565	58,340	43,516	27,590
Crushing period (days)	97	105	109	117	109	91



HASEEB WAQAS SUGAR MILLS LIMITED

Pattern of Shareholding as on September 30, 2015

Number of Shareholders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
157	1 -	100	9,129	0.03
341	101 -	500	159,724	0.49
146	501 -	1000	143,227	0.44
209	1001 -	5000	624,243	1.93
59	5001 -	10000	490,000	1.51
20	10001 -	15000	270,782	0.84
13	15001 -	20000	242,396	0.75
9	20001 -	25000	213,900	0.66
2	25001 -	30000	60,000	0.19
6	30001 -	35000	204,838	0.63
5	40001 -	45000	212,000	0.65
4	45001 -	50000	200,000	0.62
1	55001 -	60000	58,000	0.18
1	65001 -	70000	67,500	0.21
1	80001 -	85000	82,286	0.25
2	85001 -	90000	180,000	0.56
1	90001 -	95000	90,834	0.28
4	95001 -	100000	400,000	1.23
1	120001 -	125000	125,000	0.39
1	140001 -	145000	142,000	0.44
1	170001 -	175000	175,000	0.54
1	185001 -	190000	185,500	0.57
1	215001 -	220000	217,000	0.67
1	240001 -	245000	244,500	0.75
1	265001 -	270000	269,714	0.83
1	270001 -	275000	274,000	0.85
1	280001 -	285000	283,000	0.87
1	330001 -	335000	333,500	1.03
1	415001 -	420000	416,788	1.29
1	600001 -	605000	601,545	1.86
1	615001 -	620000	617,600	1.91
1	765001 -	770000	768,750	2.37
1	810001 -	815000	814,691	2.51
1	905001 -	910000	908,619	2.80
1	925001 -	930000	930,000	2.87
1	1020001 -	1025000	1,022,750	3.16
1	1260001 -	1265000	1,262,500	3.90
1	1275001 -	1280000	1,277,916	3.94
1	1390001 -	1395000	1,392,168	4.30
1	1495001 -	1500000	1,500,000	4.63
1	2210001 -	2215000	2,213,500	6.83
1	2400001 -	2405000	2,404,100	7.42
1	2840001 -	2845000	2,844,500	8.78
1	2900001 -	2905000	2,900,500	8.95
1	4565001 -	4570000	4,566,500	14.09
1,008			32,400,000	100.00

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	No. of Shares Holders	Shareheld	Percentage
Individuals	975	24,855,803	76.715
Joint Stock Companies	13	5,687,378	17.554
Financial Institutions	4	18,200	0.056
Insurance Companies	4	1,531,419	4.727
Modaraba Companies	4	7,700	0.024
Foreign /Non Resident Investors	4	261,000	0.806
Others	4	38,500	0.119
TOTAL	1,008	32,400,000	100.00



HASEEB WAQAS SUGAR MILLS LIMITED

CATEGORIES OF SHAREHOLDERS as at September 30, 2015

	Shares held	%
Directors, CEO and their spouse and Minor Children		
Mian Waqas Riaz	768,250	2.371
Mian Haseeb Ilyas	2,213,500	6.832
Mian Abdullah Ilyas	2,844,500	8.779
Mrs. Zainab Waqas	333,500	1.029
Hafiz M. Irfan Hussain Butt	1,000	0.003
Mr. Raza Mustafa	500	0.002
Mrs. Shahzadi Ilyas	2,404,100	7.420
Ms. Zakia Ilyas	10,382	0.032
	8,575,732	26.468
Public Sector Companies and Corporation		
Joint Stock Companies		
Abdullah Sugar Mills Limited	2,900,500	8.952
First Capital Equities Limited	1,392,168	4.297
First Capital Equities Limited	930,000	2.870
First Capital Equities Limited	416,788	1.286
Salim Sozer Securities (Pvt.) Ltd	35,000	0.108
Milleage (Pvt.) Limited	7,500	0.023
Tele Sys Tech (Pvt.) Limited	3,121	0.010
Y.S. Securities (Pvt.) Limited	1,000	0.003
Maple Leaf Capital Limited	1	0.000
Sarfaraz Mahmood (Pvt.) Limited	500	0.002
S.H. Bukhari Securities (Pvt.) Limited	400	0.001
Ismail Abdul Shakoor Securities (Pvt) Limited	300	0.001
Stock Master Securities (Pvt.) Limited	100	0.000
	5,687,378	17.554
Banks, Developments Finance Institutions,		
Non Banking Finance Institutions		
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	600	0.002
	7,700	0.024
Others		
James Capel & Co	22,800	0.070
Morgan Stanly Trust & Company	14,900	0.046
Deutsche Bank Securities Corp.	600	0.002
Hong Kong Bank International	200	0.001
	38,500	0.119
Foreign / Non Resident Investors	261,000	0.806
Shares held by General Public	16,280,071	50.247
	16,280,071	50.247



HASEEB WAQAS SUGAR MILLS LIMITED

Statement of Compliance with the Code of Corporate Governance for the year ended September 30, 2015

HASEEB WAQAS SUGAR MILLS LIMITED year ended September 30, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi and 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:

<u>Category</u>	<u>Names</u>
Independent Director	Hafiz Muhammad Irfan Hussain Butt
Executive Directors	Mian Haseeb Ilyas Mian Waqas Riaz
Non-Executive Directors	Shahzadi Ilyas Zainab Waqas Zakia Ilyas Raza Mustafa Abdullah Ilyas

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Since the last report, Brig. (R) Muhammad Akram Khan has resigned from the Board of Directors from 06 April 2015. Casual vacancy occurred will be filled within the period as per requirements of Code of Corporate Governance. Mr. Abdullah Ilyas appointed as a Director and Mian Haseeb Ilyas appointed as Chief Executive of the Company.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.



8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the Directors on the Board are well conversant with the listing regulations, legal requirements and operational imperatives of the company, and as such are fully aware of their duties and responsibilities. Last year, one director acquired the formal directors training certificate from the University of Lahore. However, during the current year, no director attended the Directors' training certification programmed. The company is committed to comply with the requirement of the subject regulation by 30th June 2016.
10. There was no change in CFO, Company Secretary and Head of Internal Audit during the financial year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises 03 members, of whom 02 are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises 3 members of whom 02 are non executive directors and the chairman of the committee is a executive director.
18. The board has set up an effective internal audit function. 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

Chief Executive



AUDITORS' REVIEW REPORT TO THE MEMBERS On Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of HASEEB WAQAS SUGAR MILLS LIMITED (the Company) for the year ended September 30, 2015 to comply with the requirements of Listing Regulations No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the Company is listed.

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

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate price mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon the recommendation of the Audit Committee, we have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended September 30, 2015.

Further, we highlight below the instance of non-compliance with the requirement of the code as reflected in paragraph 9 in the statements of compliance with respect to the requirement to complete director's training of at least one director during the year which will be complied in the upcoming year.

Lahore
Dated: January 01, 2016

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of HASEEB WAQAS SUGAR MILLS LIMITED ('the Company') as at September 30, 2015 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984.
- (b) 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;
 - (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;
- (c) 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, 2015 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, no Zakat was deductible at source under Zakat & Ushr Ordinance, 1980 (XVII).

Without qualifying our opinion, we draw attention to Note # 2.3 in the financial statements which indicate that the Company incurred gross loss amounting to Rs. 606,776,334/- and net loss from operations amounting to Rs. 645,571,272/- during the year ended September 30, 2015 leading to negative equity of Rs. 1,449,287,801/-. Moreover, the current liabilities exceed current assets by Rs. 903,281,429. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Lahore
Dated: January 01, 2016

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA



BALANCE SHEET AS AT SEPTEMBER 30, 2015

		September 30, 2015	September 30, 2014
CAPITAL AND LIABILITIES	Note	Rupees	
Share Capital and Reserves			
Authorized capital			
35,000,000 (2014: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital	4	324,000,000	324,000,000
Accumulated (loss)/ profit		(1,773,287,801)	(1,083,736,505)
		(1,449,287,801)	(759,736,505)
Surplus on Revaluation of Property, Plant and Equipment			
	5	1,768,804,207	1,859,153,693
Non Current Liabilities			
Long term financing	6	1,562,185,935	207,371,944
Liabilities against assets subject to finance lease	7	27,184,728	12,499,999
Deferred liabilities	8	30,035,431	22,792,246
Deferred taxation	9	866,560,655	876,451,750
		2,485,966,749	1,119,115,939
Current Liabilities			
Trade and other payables	10	438,829,004	681,685,228
Markup on loans and other payables	11	89,681,083	72,077,785
Short term borrowings	12	710,820,105	1,610,578,931
Current portion of non current liabilities	13	187,405,692	135,988,011
		1,426,735,883	2,500,329,955
Contingencies and Commitments			
	14	-	-
		4,232,219,038	4,718,863,082

CHIEF EXECUTIVE

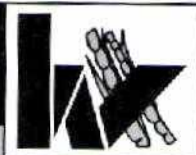


HASEEB WAQAS SUGAR MILLS LIMITED

		September 30, 2015	September 30, 2014
	Note	Rupees	
ASSETS			
Non Current Assets			
Property, plant and equipment	15	3,695,512,964	3,570,545,215
Capital work in progress			-
Long term deposits	16	13,251,620	14,247,120
Current Assets			
Stores, spares and loose tools	17	23,153,554	59,862,296
Stock in trade	18	3,867,211	574,075,966
Loans and advances	19	-	5,914,758
Advances ,deposits,prepayments and other recievables	20	490,776,049	483,611,516
Cash and bank balances	21	5,657,640	10,606,211
		523,454,454	1,134,070,747
		4,232,219,038	4,718,863,082

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

DIRECTOR



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2015

		2015	2014
	Note	Rupees	
Sales - Net	22	1,380,222,141	2,173,224,775
Cost of goods sold	23	(1,986,998,475)	(2,582,133,634)
Gross loss		(606,776,334)	(408,908,859)
Operating expenses:			
- Administrative and general expenses	24	(38,175,560)	(32,329,948)
- Other operating charges	25	(625,000)	(625,000)
- Other income	26	5,622	333,448
Loss from operation		(645,571,272)	(441,530,360)
Finance cost	27	(144,107,178)	(187,700,411)
Loss before taxation		(789,678,450)	(629,230,771)
Taxation	28	9,854,799	4,124,687
Loss after taxation		(779,823,652)	(625,106,084)
Earning per share - basic	29	(24.07)	(19.29)

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

CHIEF EXECUTIVE

DIRECTOR



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Note	2015	2014
		Rupees	
(Loss) after taxation		(779,823,652)	(625,106,084)
Other comprehensive income			
Re-measurements of defined benefit obligation		(113,427)	(2,463,979)
Impact of deferred tax		36,297	813,113
		(77,130)	(1,650,866)
Total comprehensive loss for the year		(779,900,782)	(626,756,949)

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

CHIEF EXECUTIVE

DIRECTOR



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2015	2014
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(789,678,450)	(629,230,771)
Adjustments for:		
- Depreciation	181,782,107	130,434,272
- Provision for employees retirement benefits	7,252,247	6,063,310
- Gain on disposal of property plant and equipment	-	(332,994)
- Finance cost	144,107,178	187,700,411
	333,141,532	323,864,999
Operating profit before working capital changes	(456,536,918)	(305,365,772)
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	36,708,742	5,014,333
- Stock in trade	570,208,755	307,253,535
- Loans and advances	5,914,758	(2,464,758)
- Trade deposits and short term prepayments	(654,772)	86,692,322
Increase / (decrease) in current liabilities:		
- Trade and other payables	(242,856,225)	353,603,631
	369,321,258	750,099,063
Cash generated from operations	(87,215,660)	444,733,291
Income tax paid / deducted	(6,509,759)	(13,374,026)
Gratuity paid	(122,489)	(458,844)
Finance cost paid	(126,503,880)	(179,705,835)
Net cash generated from/used in operating activities	(220,351,788)	251,194,586
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(179,516,283)	(174,433,606)
Capital work in progress	(127,233,574)	-
Proceed from sale of vehicle	-	360,000
Long term deposits	995,500	-
Net cash used in investing activities	(305,754,357)	(174,073,606)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) from long term loans - Net	1,160,624,050	(68,750,000)
Proceeds / (Repayment) from Lease Finance - Net	(22,299,418)	(24,499,415)
Proceeds / (Repayment) from directors' / sponsor loan - Net	282,591,769	1,627,570
Short term borrowings	(900,000,000)	(299,324,687)
Proceeds / (Repayment) of related parties	241,174	305,111,456
Net cash used in financing activities	521,157,575	(85,835,076)
Net decrease in cash and cash equivalents	(4,948,570)	(8,714,096)
Cash and cash equivalents at the beginning of the year	10,606,211	19,320,307
Cash and cash equivalents at the end of the year	5,657,640	10,606,211

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

CHIEF EXECUTIVE

DIRECTOR



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Issued, subscribed and paid-up	Accumulated loss / Unappropriated profit	Total
	R u p e e s		
Balance as at September 30, 2013	324,000,000	(517,158,014)	(193,158,014)
Comprehensive income for the period			
Net (loss) for the period	-	(626,756,949)	(626,756,949)
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the period	-	(626,756,949)	(626,756,949)
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation	-	60,178,458	60,178,458
Balance as at September 30, 2014	324,000,000	(1,083,736,505)	(759,736,505)
Comprehensive income for the period			
Net (loss) for the period	-	(779,900,782)	(779,900,782)
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the period	-	(779,900,782)	(779,900,782)
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation	-	90,349,486	90,349,486
Balance as at September 30, 2015	324,000,000	(1,773,287,801)	(1,449,287,801)

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, 2015

1 REPORTING ENTITY

Haseeb Waqas Sugar Mills Limited ("the Company") was incorporated on 13 January 1992 as a Public Limited Company under the Companies Ordinance, 1984. The Company's registered office is situated at 6-F Model Town, Lahore. The mill is situated at Tehsil Jattoi Distt. Muzafargarh. 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.

BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

The crushing season 2014-2015 of the Company commenced on November 21, 2014 and ended on February 25, 2015.

2.3 Going concern assumption

The financial statements of the Company indicate that the Company incurred gross loss amounting to Rs. 606,776,334 (2014 : 408,908,859) and net loss from operations amounting to Rs. 641,571,272 (2014: 441,530,360) and accumulated losses Rs. 1,773,287,801 (2014: 1,083,736,505) which leads to negative equity of Rs. 1,449,287,801 (2014: 759,736,505). Moreover the current liabilities exceed current assets by Rs. 903,281,429 (2014: 1,366,259,208).

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

Operational measures

In view of above issues Company has taken following steps:

- Restructuring of current and long term liabilities of amounting to Rs 1250 Million.
- Shifting of Mill to Ali Pur Jattoi, Muzafargarh where Sugar cane availability and recovery are better.
- BMR for energy saving for Rs. 107,646,207 (2014:174,993,606) done for compensation of losses in sugar production each year.

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

The projected financial statement prepared by the management to support its going concern assessment is



		Projected	
	2016	2017	2018
Sugar cane crushing M.T	630,000	780,000	800,000
Sugar cane rate	190	200	210
Sugar price per Kg	56	60	63

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

2.4 Judgment, estimates and assumptions

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

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

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

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

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

2.4.2 Recoverable amount of assets/ cash generating units

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

2.4.3 Fair value of financial instruments having no active market

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

2.4.4 Taxation

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

2.4.5 Provisions

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

2.4.6 Revaluation of property, plant and equipment

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

2.5 Functional currency

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



3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Ordinary share capital

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

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

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

3.3 Employee benefits

Short-term employee benefits

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

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

Defined benefit plan

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after the completion of a prescribed qualifying period of service. The latest actuarial valuation was carried out as at September 30, 2015. Charge for the current year is based on estimates provided by the actuary as at September 30, 2015. The following significant assumptions were used in the latest actuarial valuation:

	2015	2014
Discount rate	9.25%	13.25%
Expected rate of salary increase in future years	8%	12.25%
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.

3.10 Impairment

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



3.11 Cash and cash equivalents

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

3.12 Stores, spares and loose tools

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

3.13 Property, plant and equipment

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.

'Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

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

		Effective Date
IFRS 10	Consolidated Financial Statements	January 01 ,2015
IFRS 10, 12 & IAS 27	Investment Entities (Amendment)	January 01 ,2015
IFRS 10, 12 & IAS 27	Investment Entities: Applying the Consolidation Exception (Amendment)	January 01 ,2016
IFRS 10 & IAS 28	Sale or Contribution of Assets between an investor and its associates or joint venture (Amendment)	January 01 ,2016
IFRS 11	Joint Arrangements	January 01 ,2015
IFRS 11	Accounting for Acquisition of interest in joint operation (Amendment)	January 01 ,2016
IFRS 12	Disclosure of interests in other entities	January 01 ,2015
IFRS 13	Fair value measurement	January 01 ,2015
IAS-1	Disclosure initiative (Amendment)	January 01 ,2016
IAS-16 & 38	Clarification of acceptable method of depreciation and amortization (Amendment)	January 01 ,2016



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IAS-16 & 41 Agriculture bearer plants (Amendment) January 01 ,2016

IAS-27 Equity method in separate financial statements (Amendment) January 01 ,2016

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

		2015	2014
		Rupees	
4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
Ordinary shares of Rs. 10 each:			
27,000,000 (2014: 27,000,000) shares issued for cash.		270,000,000	270,000,000
5,400,000 (2014: 5,400,000) shares issued as fully paid bonus shares.		54,000,000	54,000,000
		<u>324,000,000</u>	<u>324,000,000</u>
5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
As at beginning of the year		1,859,153,693	1,206,336,950
Surplus arised during the year		-	712,995,200
		<u>1,859,153,693</u>	<u>1,919,332,151</u>
Incremental depreciation on revalued property, plant and equipment during the year - transferred to retained earnings		(90,349,486)	(60,178,458)
		<u>1,768,804,207</u>	<u>1,859,153,693</u>
5.1	The revaluation was carried out as at September 30, 2014 by M/s Empire Enterprises on the basis of local market value, replacement and current values.		
6 LONG TERM FINANCING - secured			
Loan from banking companies and other financial institutions - secured	6.1	1,072,222,222	-
Loan from directors - unsecured	6.2	489,963,713	207,371,944
		<u>1,562,185,935</u>	<u>207,371,944</u>
6.01 Loan from banking companies and other financial institutions - secured			
National Bank of Pakistan			
- Demand Finance	6.1.1	-	12,500,950
- Demand Finance I	6.1.2	220,000,000	-
- Demand Finance II	6.1.3	160,000,000	-
The Bank of Punjab			
- Demand Finance	6.1.4	298,125,000	-
Sindh Bank Limited			
- Demand Finance	6.1.5	500,000,000	-
PAIR			
- Demand Finance	6.1.6	70,000,000	75,000,000



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	1,248,125,000	87,500,950
Less: current portion shown under current liabilities		
- NBP - Demand Finance	-	(12,500,950)
- NBP - Demand Finance - I	(25,000,000)	-
- NBP - Demand Finance - II	(53,333,332)	-
- Sindh Bank - Demand	(41,666,667)	-
- BOP - Demand Finance	(13,125,000)	-
- Demand Finance - PAIR	(42,777,779)	(75,000,000)
	(175,902,778)	(87,500,950)
	<u>1,072,222,222</u>	<u>-</u>

6.1.1 Demand Finance - NBP

Opening balance	12,500,950	62,500,950
Less: payment made during the year	(12,500,950)	(50,000,000)
	<u>-</u>	<u>12,500,950</u>

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

6.1.2 Demand Finance I - NBP

	2015	2014
	Rupees	
Opening balance	-	-
Loan obtained during the period	220,000,000	-
	<u>220,000,000</u>	<u>-</u>
Less: payment made during the year	-	-
	<u>220,000,000</u>	<u>-</u>
Current portion shown under current liabilities	(25,000,000)	-
	<u>195,000,000</u>	<u>-</u>

This finance has been obtained from National Bank of Pakistan The finance is secured by 1st PP charge of Rs. 293.334 million on fixed assets of the Company and personal guarantees of sponsoring directors of the Company. It carries markup 3 months KIBOR +2.5% per annum. This loan is payable in ten bi-annual instalments.

6.1.3 Demand Finance II - NBP

Opening balance	-	-
Loan obtained during the period	160,000,000	-
	<u>160,000,000</u>	<u>-</u>
Less: payment made during the year	-	-
	<u>160,000,000</u>	<u>-</u>
Current portion shown under current liabilities	(53,333,332)	-
	<u>106,666,668</u>	<u>-</u>

This finance has been obtained from National Bank of Pakistan The finance is secured by 1st PP charge of Rs. 213.334 million on fixed assets of the Company and personal guarantees of sponsoring directors of the Company. It carries markup 3 months KIBOR +2.5% per annum. This loan is payable in twelve equal quarterly instalments.



6.1.4 Demand Finance - BOP

Opening balance	-	-
Loan obtained during the period	300,000,000	-
	300,000,000	-
Less: payment made during the year	(1,875,000)	-
	298,125,000	-
Current portion shown under current liabilities	(13,125,000)	-
	285,000,000	-

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

6.1.5 Demand Finance - SINDH BANK

Opening balance	-	-
Loan obtained during the period	500,000,000	-
	500,000,000	-
Less: payment made during the year	-	-
	500,000,000	-
Current portion shown under current liabilities	(41,666,667)	-
	458,333,333	-

This finance has been obtained from Sindh Bank Limited under demand finance arrangement. The finance is secured by ranking charge over all present and future fixed assets of the Company and personal guarantees of directors of the Company. It carries markup 3 months KIBOR +5% per annum. This loan is payable in twelve quarterly instalments.

6.1.6 Demand Finance - PAIR

	2015	2014
	Rupees	
Opening balance	75,000,000	93,750,000
Less: payment made during the year	(5,000,000)	(18,750,000)
	70,000,000	75,000,000
Current portion shown under current liabilities	(42,777,779)	-
	27,222,221	75,000,000

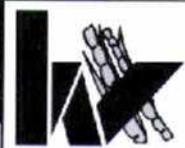
This finance has been obtained from PAIR Investment Company Limited. The finance is secured by parri passu charges over the present and future fixed assets of the Company, with a margin of 33% above the financing amount. Parri passu charge by way of creation of mortgage over the land and building of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

6.02 Loan from directors and Sponsors

Loan from directors - unsecured - interest free	489,963,713	207,371,944
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This loan has been obtained from Directors and Sponsors of the Company, and is interest free. There is no fixed tenor or schedule for repayment of this loan. According to the loan agreement, the lenders shall not demand repayment and the same is entirely at the Company's option.

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



7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance	60,987,060	85,486,475
Less: Payment made/ security deposits adjusted during the year	(22,299,418)	(24,499,415)
	38,687,642	60,987,060
Current portion shown under current liabilities	(11,502,914)	(48,487,061)
	27,184,728	12,499,999

The Company has entered into sale and lease back agreement with First Punjab Modaraba and First National Bank Modaraba for plant and machinery. It carries markup at the rate of six months average KIBOR + 4.5% and 4% respectively.

Gross minimum lease payments

Not later than one year	15,143,072	65,851,456
Later than one year but not later than five years	28,806,368	-
	43,949,440	65,851,456
Less: financial charges allocated to future period	(5,261,798)	(4,864,396)
	38,687,642	60,987,060
Less: current maturity shown under current liabilities	(11,502,914)	(48,487,061)
	27,184,728	12,499,999

Present value of minimum lease payments

Not later than one year	11,502,914	60,987,060
Later than one year but not later than five years	27,184,728	-
	38,687,642	60,987,060

2015

2014

Rupees

8 DEFERRED LIABILITIES

Employee retirement benefits	8.01	30,035,431	22,792,246
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8.01 EMPLOYEES RETIREMENT BENEFITS

The amounts recognized in the balance sheet are as follows

Present value of defined benefit obligation	30,035,431	22,792,246
Balance sheet liability		
Opening balance	22,792,246	17,187,780
Amount recognized during the year	7,252,247	9,387,235
Remeasurements	113,427	(3,323,925)
	30,157,920	23,251,090
Benefits paid during the year	(122,489)	(458,844)
Closing balance	30,035,431	22,792,246
Charge for the defined benefit plan		
Service cost	4,240,389	7,404,151
Interest cost	3,011,858	1,983,084
	7,252,247	9,387,235



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8.02 The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at September 30, 2015, using Project Unit Credit Method.

8.03 Comparison for five years

YEAR	Present Value	Experience Adjustment
2011	10,854,535	-
2012	15,030,032	859,946
2013	17,187,780	2,463,979
2014	22,792,246	3,323,925
2015	30,035,431	113,427

9 DEFERRED TAXATION

Deferred tax liability on taxable temporary differences
Accelerated tax depreciation
Surplus on revaluation of property, plant and equipment

	2015	2014
	Rupees	
	168,567,991	142,540,146
	838,085,128	885,274,864
	1,006,653,119	1,027,815,010
Deferred tax asset on deductible temporary differences		
Employees retirement benefits	(8,709,492)	(7,521,441)
Deferred income	-	(418,156)
Finance lease	(12,380,045)	(20,125,730)
Unused tax losses	(119,002,927)	(122,721,769)
Staff retirement benefits	-	(576,164)
	(140,092,464)	(151,363,260)
	866,560,655	876,451,750

Deferred tax assets of Rs. 376 million (2014: 171 million) on taxable losses have not been recognized due to unpredictability in future taxable profits.

10 TRADE AND OTHER PAYABLES

Trade creditors	219,017,722	145,599,470
Advances from customers	-	410,980,997
Accrued liabilities	32,021,400	12,129,201
Sales tax payable	136,000,964	75,981,821
Unclaimed dividend	1,443,972	1,443,972
Other payables	50,344,946	35,549,768
	438,829,004	681,685,228

10.1 Other payables include an amount of Rs. 30,564,611 of penalty imposed by Trading Corporation of Pakistan (TCP). The Company is defending a suit filed by TCP for recovery before Honorable Sindh High Courts, and the case still pending.



11 MARKUP ON LOANS AND OTHER PAYABLES

Long term financing		53,850,957	7,080,389
Finance lease		954,816	2,656,312
Short term borrowings		15,012,500	42,478,274
Others	11.1	19,862,810	19,862,810
		<u>89,681,083</u>	<u>72,077,785</u>

11.1 This represents markup accrued on penalty as disclosed in note 10.1

12 SHORT TERM BORROWINGS

From banking companies and other financial institutions - secured	12.01	-	900,000,000
Loan from related parties	12.02	710,820,105	710,578,931
		<u>710,820,105</u>	<u>1,610,578,931</u>

12.01 These facilities were obtained from various commercial banks for working capital requirements and were 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.

12.02 Loan from related parties

Abdullah Sugar Mills Limited	708,340,041	707,481,367
Haseeb Waqas Trading (Private) Limited	2,204,064	2,204,064
Oriental Fruits (Private) Limited	276,000	893,500
	<u>710,820,105</u>	<u>710,578,931</u>

13 CURRENT PORTION OF NON CURRENT LIABILITIES

Long term financing	175,902,778	87,500,950
Finance lease	11,502,914	48,487,061
	<u>187,405,692</u>	<u>135,988,011</u>

14 CONTINGENCIES AND COMMITMENTS

Contingencies

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

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

Commitments

No commitments were outstanding as at September 30, 2015



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15 PROPERTY, PLANT AND EQUIPMENT - Tangible

Operating Fixed Assets 15.01 3,568,279,390 3,570,545,215
Capital Work in Progress 15.04 127,233,574 -
3,695,512,964 3,570,545,215

15.01 Operating Fixed Assets

Particulars	Cost / Revalued Amount				Depreciation			Book Value as at September 30, 2015		
	As at October 01, 2014	Additions/Deletions	Revaluations	Elimination of Accumulated Depreciation	As at September 30, 2015	Rate %	As at October 01, 2014		Adjustment	For the Year
Owned										
Land - freehold	182,031,250	70,870,000	-	-	252,851,250	-	-	-	-	252,851,250
Buildings on freehold land										
- Factory	198,678,385	-	-	-	198,678,385	10%	-	-	19,867,839	178,810,546
- Non-factory	60,933,115	-	-	-	60,933,115	5%	-	-	3,046,656	57,886,459
Plant and machinery	3,000,000,000	107,646,267	-	-	3,107,646,267	5%	-	-	151,654,636	2,955,991,631
Electric equipment	-	624,971	-	-	624,971	0%	-	-	4,987	619,984
Furniture and fixtures	46,083,563	425,045	-	-	46,508,608	10%	37,989,517	-	816,931	7,702,160
Vehicles	29,204,111	-	-	-	29,204,111	20%	26,866,529	-	467,516	1,870,065
	3,516,930,424	179,516,283	-	-	3,696,446,707	-	64,856,046	-	175,858,563	3,455,732,095
Leased										
Plant and machinery	139,500,000	-	-	-	139,500,000	10%	21,029,163	-	5,923,542	112,547,395
	139,500,000	-	-	-	139,500,000	-	21,029,163	-	5,923,542	112,547,395
Rupees 2015	3,656,430,424	179,516,283	-	-	3,835,946,707	-	85,885,209	-	181,782,107	3,588,279,390
Rupees 2014	2,847,715,692	174,433,606	1,017,559,204	(383,269,078)	3,656,430,424	-	337,985,871	(383,802,072)	131,701,411	3,570,545,215

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

As at September 30, 2015		
Cost	Accumulated Depreciation	Book value
Land - freehold	-	87,868,648
Buildings on freehold land	165,401,908	22,157,972
Plant and machinery	454,185,929	621,533,912
Rupees 2015	619,587,836	731,560,533
Rupees 2014	584,111,528	671,190,766

Rupees		
2015	2014	
177,446,017	128,043,035	
-	(1,267,139)	
177,446,017	126,776,896	
4,336,090	3,657,375	
181,782,107	130,434,272	
114,173,746	-	
13,659,828	-	
127,233,574	-	

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

Note	
22	Cost of sales
	Amortization of deferred income
23	Administrative expenses

15.04 Capital Work in Progress

Building
Plant & Machinery



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16 LONG TERM DEPOSITS

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

	2015	2014
	Rupees	
17 STORES, SPARES AND LOOSE TOOLS		
Stores	22,611,730	59,327,749
Spares	541,822	534,544
	<u>23,153,552</u>	<u>59,862,293</u>

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

18 STOCK IN TRADE

Work in process	3,693,796	3,587,500
	173,415	184,920
Sugar	3,867,211	3,772,420
Molasses		
Finished goods	-	570,303,546
	-	570,303,546
Sugar	<u>3,867,211</u>	<u>574,075,966</u>

19 LOANS AND ADVANCES - considered good

Due by related parties		
H. W Dairies (Private) Limited	-	5,914,758
	<u>-</u>	<u>5,914,758</u>

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

Advances to employees:			
- against purchases		2,347,617	1,987,441
- against salaries - secured	20.01	1,153,129	1,511,739
Advances to growers - unsecured	20.02	435,139,973	446,374,571
Advances to suppliers - unsecured		23,682,928	12,662,420
Advance income tax		18,506,975	11,997,216
Deposits		8,712,721	8,712,721
Prepayments		1,232,706	365,408
		<u>490,776,049</u>	<u>483,611,516</u>

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

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

21 CASH AND BANK BALANCES

Cash in hand	1,425,308	102,996
Cash with banks - in current accounts	4,232,332	10,503,215
	<u>5,657,640</u>	<u>10,606,211</u>



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		2015	2014
		Rupees	
22 SALES - NET			
- Sugar - Local		1,455,993,332	2,119,036,473
- Molasses		79,859,520	220,632,750
- Bagasse		-	22,500,000
- Mud		1,472,000	5,713,000
		1,537,324,852	2,367,882,223
Less: Sales tax and federal excise duty		(157,102,711)	(194,657,448)
		1,380,222,141	2,173,224,775
23 COST OF GOODS SOLD			
Raw materials consumed		1,028,919,042	1,888,039,138
Stores and spares consumed		48,004,903	72,917,285
Salaries, wages and other benefits	23.01	76,874,970	88,556,577
Dismantling expenses		27,200,825	
Insurance		2,910,150	8,498,809
Repair and maintenance		54,283,704	87,513,496
Depreciation	15.03	177,446,017	126,776,896
Others		1,150,109	2,577,898
		1,416,789,720	2,274,880,099
Opening work in process		3,772,420	2,312,037
Closing work in process		(3,867,211)	(3,772,420)
		(94,791)	(1,460,383)
Cost of goods manufactured		1,416,694,929	2,273,419,716
Opening finished goods		570,303,546	879,017,464
Closing finished goods		-	(570,303,546)
		570,303,546	308,713,918
		1,986,998,475	2,582,133,634
23.01 Salaries and benefits include Rs. 5.684 million (2014: Rs.7.509 million) on account of employee retirement benefits.			
24 ADMINISTRATIVE AND GENERAL EXPENSES			
Director's remuneration		2,400,000	2,400,000
Salaries, wages and other benefits	24.01	9,697,640	8,705,665
Utilities		255,406	318,343
Traveling and conveyance		1,162,134	662,555
Rent, rates and taxes		2,400,000	2,400,000
Repairs and maintenance		366,552	845,165
Fees and subscription		2,042,255	1,284,131
Insurance		920,836	850,162
Vehicle running and maintenance		5,192,887	7,268,341
Printing and stationery		404,345	411,876
Telephone and postage		1,402,031	1,760,662
Advertisement		89,346	54,940
Entertainment		731,713	934,938
News paper books and periodicals		14,594	16,385
Legal and professional charges		3,886,450	604,162
Depreciation	15.03	4,336,090	3,657,375
Miscellaneous		2,873,281	155,248
		38,175,560	32,329,948



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24.01 Salaries and benefits include Rs. 1.567 million(2014: Rs. 1.877 million)on account of employees retirement benefits.

25 OTHER OPERATING CHARGES

	2015	2014
	Rupees	
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>

26 OTHER OPERATING INCOME

Income from financial assets

Return on bank deposit

5,622 454

Income from non-financial assets

Gain on sale of fixed assets

- 332,994

Fines

5,622 333,448

27 FINANCE COST

Interest / mark up on:

- Long term financing
- Finance lease
- Short term borrowings

73,838,298	16,272,708
4,531,665	8,160,657
62,779,623	159,281,704
141,149,586	183,715,069
2,957,592	3,985,342
<u>144,107,178</u>	<u>187,700,411</u>

Bank charges and commission

28 TAXATION

Taxation:

- Current year
- Deferred

-	-
(9,854,799)	(4,124,687)
<u>(9,854,799)</u>	<u>(4,124,687)</u>

29 EARNING PER SHARE - Basic

Profit after taxation for the year	Rupees	(779,823,652)	(625,106,084)
Outstanding weighted average ordinary shares	No. of shares	32,400,000	32,400,000
Earnings per share - Basic	Rupees	<u>(24.07)</u>	<u>(19.29)</u>

29.1 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.



30 PLANT CAPACITY AND PRODUCTION

Processed cane

Installed capacity (tones)	776,000	840,000
Installed capacity (days)	97	105
Actual crushing (tones)	219,383	420,096
Actual crushing (days)	97	105
Actual production (percentage of actual capacity in tones)	28.27%	50.01%

Sugar

Installed capacity (tones)	67,240	77,616
Installed capacity (days)	97	105
Actual production (tones)	18,940	38,762
Actual production (days)	97	105
Actual production (percentage of actual capacity in tones)	28.17%	49.94%
Cane sugar recovery	8.67%	9.24%

31 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per balance sheet

Long term deposits	13,251,620	14,247,120
Advances, deposits and other receivables	490,776,049	483,611,516
Cash and bank balances	5,657,640	10,606,211
	509,685,309	508,464,847

Financial liabilities as per balance sheet

Trade and other payables	438,829,004	681,685,228
Accrued interest/mark-up	89,681,083	72,077,785
Short term borrowings	710,820,105	1,610,578,931
	1,239,330,191	2,364,341,944

31.01 Fair values of financial assets and liabilities

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

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

32 FINANCIAL INSTRUMENTS

32.01 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**

	2015	2014	2015	2014
	Percentage		Rupees	
Long term financing	15.21 to 12.01	-	1,072,222,222	-
Short term borrowings	-	14.06 to 13.68	-	900,000,000
			<u>1,072,222,222</u>	<u>900,000,000</u>
Total yield / markup rate risk sensitivity gap			<u>(1,072,222,222)</u>	<u>(900,000,000)</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 2014.

	Effect on Profit and Loss 1% rate	
	Increase	Decrease
As at September 30, 2015		
Cash flow sensitivity - variable rate financial liabilities	<u>10,722,222</u>	<u>(10,722,222)</u>
As at September 30, 2014		
Cash flow sensitivity - variable rate financial liabilities	<u>9,000,000</u>	<u>(9,000,000)</u>

(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. 509,685,309 (2014: 508,464,847) the financial assets exposed to credit risk amount to Rs. 504,027,669 (2014: Rs. 497,858,636).

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:

	2015	2014
	Rupees	
Long term deposits	13,251,620	14,247,120
Advances, deposits, prepayments and other receivables	490,776,049	483,611,516
Cash and bank balances	5,657,640	10,606,211
	509,685,309	508,464,847

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

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



(c) Liquidity risk

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

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

		2015			
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
Non-Derivative					
Financial Liabilities					
Long term financing	1,248,125,000	(1,248,125,000)	(46,906,554)	(116,906,554)	(1,084,311,892)
Trade and other payables	219,017,722	(219,017,722)	(219,017,722)	-	-
Short term borrowings	-	-	-	-	-
	1,467,142,722	(1,467,142,722)	(265,924,276)	(116,906,554)	(1,084,311,892)
		2014			
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
Non-Derivative					
Financial Liabilities					
Long term financing	87,500,950	(87,500,950)	(50,000,950)	(37,500,000)	-
Trade and other payables	145,599,470	(145,599,470)	(145,599,470)	-	-
Short term borrowings	900,000,000	(900,000,000)	(900,000,000)	-	-
	1,133,100,420	(1,133,100,420)	(1,095,600,420)	(37,500,000)	-

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.



33 RELATED PARTY TRANSACTIONS

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

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

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

33.1 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:

	2015	2014
33.1.1 Transactions with related parties	Rupees	
Sale of molasses	79,859,520	220,632,750
Sale of stores and spares	-	577,312
Sale of baggasse	-	22,500,000
33.1.2	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.	
33.1.3	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.	

33.2 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 September 30, 2015		
	Chief Executive	Directors	Executives
<i>Short-term employee benefits</i>			
Remuneration	2,400,000	-	9,387,228
<i>Post employment benefits</i>			
Retirement benefits	-	-	-
	2,400,000	-	9,387,228
No. of persons	1	-	6



HASEEB WAQAS SUGAR MILLS LIMITED

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

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.

33.3 Details of related party balances are as follows:

33.3.1 Balances with related parties	2015	2014
	Rupees	
Due to:		
Haseeb Waqas Trading (Private) Limited	2,135,064	2,135,064
Abdullah Sugar Mills Limited	708,409,041	707,550,367
Oriental Fruits (Private) Limited	276,000	893,500
Long term loan from directors	489,963,713	207,371,944
Due by:		
H. W Dairies (Private) Limited	-	5,914,758

34 NUMBER OF EMPLOYEES

Total average number of employees during the year and as at September 30, 2015 and September 30, 2014 respectively are as follows :

	Number of employees	
Average number of employees during the year	320	335
Number of employees as at September 30	287	310

35 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue by the Board of Directors of the Company on January 01, 2016.

36 GENERAL

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

CHIEF EXECUTIVE

DIRECTOR



FINANCIAL STATEMENTS

For the year ended September 30, 2015



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 **24th Annual General Meeting** of the Company to be
held on Monday, 25th day of January, 2016 at 09:00 a.m. at the Registered Office of the Company.

Signed this _____ day of _____ 2016

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.



HASEEB WAQAS

SUGAR MILLS LTD.

06-F, Model Town,

Lahore-Pakistan.

Tel: (92-42)35917321-3

Fax: (92-42) 35917317

Web: www.hwgc.com.pk

