



# HASEEB WAQAS SUGAR MILLS LIMITED

## DIRECTORS' REPORT

The directors of your Company take pleasure in presenting the Annual Report together with the Audited Accounts and Auditors' Reports thereon for the year ended September 30, 2003.

## FINANCIAL RESULTS:

The financial results of your Company for the year ended September 30, 2003 under review are summarized as follows :-

	<u>2003</u> (Rupees)	<u>2002</u> (Rupees)
		<b>Restated</b>
Profit / (Loss) before tax	<b>(14,878,546)</b>	81,888,060
Provision for Taxation		
Current	<b>(6,288,811)</b>	(8,033,292)
Deferred	<b>48,283,299</b>	(52,192,889)
	<b>41,994,488</b>	(60,226,181)
Profit / (Loss) after tax	<b>27,115,942</b>	21,661,879
Earning per Share-Basic	<b>Rs. 0.84</b>	Rs. 0.67

## OPERATIONAL PERFORMANCE:

Operating results for the year under review are as under:

		<u>2003</u>	<u>2002</u>
Crushing Days	No.	<b>146</b>	145
Average Recovery	%	<b>8.52</b>	8.65
Cane Crushed	M. Tons	<b>956,591</b>	964,336
Sugar Produced	M. Tons	<b>81,533</b>	83,400

The Company earned profit in the first quarter of the year under review but in subsequent quarters due to carryover surplus stocks, increased production in the country and negligible export of sugar by TCP, the sugar prices remained depressed throughout the year, which resulted in a loss of Rs. 14.879 million to the Company at the end of the year.

Your management has tried to reduce the losses by getting the reduction in mark up rates on short-term and long-term loans.

## CURRENT SEASON 2003-04:

The crushing started with effect from November 30, 2003 and the operational results are quite satisfactory till the date of the report.

## FUTURE OUTLOOK:

Trading Corporation of Pakistan (TCP) has purchased 200,000 Tons of sugar from the mills upto now. The industry is endeavoring that TCP should buy 100,000 Tons of more sugar from the mills. By this, the supply of sugar will be balanced and pressure on price will be controlled. Further, the cultivation of better variety of cane, the yield per acre and recoveries will be higher during next seasons, which will reduce the cost of production.

## COMMENTS ON AUDITORS OBSERVATIONS:

The Auditors' observations are explained as follows:

- The Company received a show cause notice U/S 265 of the Companies Ordinance, 1984 issued by Securities & Exchange Commission of Pakistan (SECP) vide Letter No. EMD/C.O 265/99/2002-2449,



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dated October 14, 2002. In compliance with aforesaid notice Company's senior officials attended the hearing in which the matter of non-payment of dividend brought by the Executive Director, Enforcement & Monitoring Division. It was pointed out that there are accumulated losses due to which company had not paid dividend. But they had a point of view that company can declare dividend out of the profits for the year.

- The Company earned net profit of Rs. 33.021 million in its first quarter ended on December 31, 2002. It was assumed from the financial results of the first quarter ended December 31, 2002 that the financial results of the company would be the same through the year. In view of this, the Board of Directors decided to declare the interim dividend for the year ended September 30, 2003 but unfortunately, the desired momentum could not be sustained due to decrease in selling rate.

## **DIVIDEND:**

During the year under review the Company has announced and paid cash dividend @ 10 % (Re. 1 per share).

## **AUDITORS:**

M/S M. Yousuf Adil Saleem & Co. Chartered Accountants, Lahore, the retiring Auditors, being eligible, have offered themselves for reappointment. The Audit Committee also recommends the reappointment of Messrs M. Yousuf Adil Saleem & Co. Chartered Accountants as auditors for the financial years ending September 30, 2004.

## **PATTERN OF SHAREHOLDING:**

The pattern of shareholding of the company as at September 30, 2003 is annexed. This statement is in accordance with the Code of Corporate Governance and Companies Ordinance, 1984.

## **COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE:**

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the CEO and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that;

- a. The financial statements, prepared by the management of the company, fairly present its state of affairs, the results of its operations, cash flow and changes in equity.
- b. The Company has maintained proper books of accounts as required by the Companies Ordinance, 1984.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of the Corporate Governance as mentioned in the listing regulations of the stock exchanges.
- h. Key operating and financial data of last six years is annexed.
- i. Outstanding taxes, and other government levies are given in related note(s) to the audited accounts.



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- j. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.
- k. During the year under review ten (10) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Sr. No.	Name of Directors	Attendance
1.	Mian Muhammad Ilyas MehraJ	6
2.	Mian Waqas Riaz	9
3.	Mr. Siddique Akbar Butt*	8
4.	Mrs. Shehzadi Ilyas	7
5.	Miss Zainab Ilyas	7
6.	Miss Maiza Riaz	8
7.	Hafiz M. Irfan Hussain Butt	8
8.	Mst. Bano MehraJ	1

Leaves of absence where granted to the directors who could not attend the Board of Directors' Meetings.

\* The directors resigned and casual vacancies filled in the Board of Directors' Meetings.

- l. The Board of Directors, in compliance to the code of Corporate Governance, has established an Audit Committee in June, 2002. The members of Audit Committee are as follows:

Sr. No.	Name	Designation
1.	Hafiz M. Irfan Hussain Butt	Chairman
2.	Mian Waqas Riaz	Member
3.	Miss Maiza Riaz	Member

- m. The purchase of shares by the directors during the year 2002-03:

Name	Purchase	Sale
Mrs. Shehzadi Ilyas	1,000	-

Other than the above, none of the directors, CEO, CFO, Company Secretary and their spouses and minor children has traded in the shares of the company during the year.

## ACKNOWLEDGMENT:

The directors record their gratitude to the regulatory bodies, financial institutions, customers and all other institutions related to our Company for their continued cooperation, support and patronage, which enabled the Company to continue its efforts for constant improvement and look forward for the same in future.

The directors acknowledge the dedicated services, loyalty and hard work of all the employees of the Company at its various divisions and hope that this spirit of devotion and dedication will continue.

*On behalf of the Board*

Lahore:  
January 08, 2004.

**(Mian Waqas Riaz)**  
Chief Executive