



## DIRECTORS' REPORT

The directors of your Company take pleasure in presenting the Annual Report together with the Audited Accounts alongwith Auditors' Reports thereon for the year ended September 30, 2004.

### FINANCIAL RESULTS:

The financial results of your Company for the year under review are summarized as follows :-

	<u>2004</u>	<u>2003</u>
	(Rupees)	(Rupees)
Profit / (Loss) before tax	<b>22,685,614</b>	(14,878,546)
Provision for Taxation		
Current	<b>(8,239,540)</b>	6,288,811
Deferred	<b>14,932,678</b>	(48,283,299)
	<b>6,693,138</b>	(41,994,488)
Profit / (Loss) after tax	<b>29,378,752</b>	27,115,942
Earning per Share-Basic	<b>Rs. 0.91</b>	Rs. 0.84

The operation for the year resulted in a per-tax profit of Rs. 22.686 million as against loss of Rs 14.879 million for the last year. Despite the fact that prices were depressed due to record sugar production of 4.2 million tons in the country and carryover of surplus stocks of last year, your Company earned profits and managed to reduce the accumulated losses which is an outcome of joint team efforts of the management, employees, and our farmer community. The increase in sugar production, higher sucrose recovery and reduction in financial charges have also resulted in achieving this profitability.

### OPERATIONAL PERFORMANCE:

The crushing season continued for 135 days as against 146 days for last year starting on November 30, 2003 and ending on April 12, 2004. The comparison of operating results for the said year under review is as under:

		<u>2004</u>	<u>2003</u>
Crushing Days	No.	<b>135</b>	146
Average Recovery	%	<b>8.74</b>	8.52
Cane Crushed	M. Tons	<b>965,573</b>	956,591
Sugar Produced	M. Tons	<b>84,395</b>	81,533

The better recovery rate and proper cane management helped to increase the cane crushing and sugar production by 0.94% and 3.51% respectively.

### SUGARCANE DEVELOPMENT ACTIVITIES:

The management is continuously focusing significant emphasis on development of better variety of sugarcane and also providing interest free loans to the growers for the seed, fertilizer and pesticides.

### CURRENT SEASON 2004-05:

The crushing season 2004-05 started with effect from November 19, 2004 and so far 225,134 tons of sugarcane has been crushed and 17,885 tons of sugar has been produced at an average recovery rate of 8.25%.



## **FUTURE OUTLOOK:**

The sugarcane growth is affected due to scanty rains and insufficient water resources; the supply of sugarcane is likely to be less than the previous year. It is expected that sugar production for the season 2004-05 plus carryover stock of TCP shall hardly be sufficient to meet the sugar requirements of the country, which may result in better sugar prices throughout the year. However, government policies regarding import of raw/refined sugar may affect the sugar prices.

## **DIVIDEND:**

There has been no dividend declaration, neither cash nor bonus, for the year under consideration due to accumulated losses, which are expected to be wiped off in near future.

## **KEY OPERATING AND FINANCIAL DATA:**

The key operating and financial data for last six years is annexed.

## **EXTERNAL AUDITORS:**

The present Auditors Messrs M. Yousuf Adil Saleem & Co. Chartered Accountants, Lahore, retire and being eligible, offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors have recommended their appointment as Auditors of the Company for the year ending September 30, 2005.

## **PATTERN OF SHAREHOLDING:**

The statement pattern of shareholding of the Company as at September 30, 2004 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. A statement of compliance with the best practice of Code of Corporate Governance is annexed.

## **CORPORATE AND FINANCIAL REPORTING FRAME WORK:**

As required under the Code of Corporate Governance, the Board of Directors states that:

- a. The financial statements, prepared by the management of the company, fairly present its state of affairs, the results of its operations, cash flows 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 judgement.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departures there from, if any, have been adequately disclosed.
- 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 where the Company is listed.



# HASEEB WAQAS SUGAR MILLS LIMITED

- h. Outstanding taxes, and other government levies are given in related note(s) to the audited accounts.
- i. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.
- j. During the year under review seven (07) 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.	5
2.	Mian Waqas Riaz.	7
3.	Mrs. Shahzadi Ilyas.	6
4.	Mrs. Bano Mehraj.	6
5.	Mrs. Zainab Waqas.	6
6.	Mst. Maiza Riaz.	6
7.	Hafiz M. Irfan Hussain Butt.	6

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

- k. Code of Ethics and Business Practices has been developed and acknowledged by each director and employees of the company.
- l. The Audit Committee continued to exist in compliance with the Code of Corporate Governance and it comprises the following members:-

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

- m. The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

## ACKNOWLEDGEMENT:

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

Growers are the key element of our industry and we thank them for their continued co-operation. The directors also 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:  
December 18, 2004.

**(MIAN WAQAS RIAZ)**  
Chief Executive