



Annual Report **2019**

Sardar

Chemical Industries Limited



ISO 9002 CERTIFIED



ANNUAL REPORT 2019

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COMPANY INFORMATION**CHIEF EXECUTIVE**

Sardar Mahmood Sadiq

DIRECTORS

Mr. Shahid Aziz (NIT Nominee)

Sardar Ayaz Sadiq

Mr. Fayaz Ahmed Khan

Mr. Aitzaz Ahmad Tarar

Mrs. Tayyabah Mahmood Saiq

Mrs. Reema Ayaz

AUDIT COMMITTEE

Mr. Aitzaz Ahmad Tarar

Mrs. Tayyabah Mahmood Sadiq

Mr. Fayyaz Ahmed Khan

COMPANY SECRETARY

Mr. Niaz Ahmed Chughtai

AUDITORS

Aslam Malik & Co.

Chartered Accountants

HR & REMUNERATION

Mrs. Tayyabah Mahmood Sadiq

Mr. Aitzaz Ahmad Tarar

Mr. Fayyaz Ahmed Khan

BANKERS

Allied Bank of Pakistan Ltd.

Askari Bank Ltd.

LEGAL ADVISORS

Mr. Javaid Iqbal Malik, Advocate

HEAD OFFICE/SHARE DEPARTMENT

2-A, 2nd Floor, Canal Bank Road,
Justice Sardar Iqbal Road, Aziz
Avenue, Gulberg-V, Lahore, Pakistan.
Ph: (042) 35711154, 35710148
Fax: (042) 35775706
E-Mail: sarchem@brain.net.pk
Web: www.sardarchem.net

REGISTERED OFFICE/ FACTORY

Plot. NO. 29-B, Road No. 01
Gadoon Amazai, industrial Estate, Topi,
Ganduf Road, Swabi (NWFP)
Ph: (0938) 270792, 270439, 270539
Fax: (0938) 270791

REGISTRAR/TRANSFER AGENT

CorpLink (PVT) Ltd, Wings Arcade,
1-K, Commercial, Model Town, Lahore
Ph: 042-35916714, 35916719
Fax: 042-35839182

SARDAR CHEMICAL INDUSTRIES LIMITED **NOTICE OF ANNUAL GENERAL MEETING**

The 30th Annual General Meeting of the shareholders of SARDAR CHEMICAL INDUSTRIES LIMITED. will be held at Plot No. 29-B, Road No. 1, Gadoon Amazai Industrial Estate, Topi, Ganduf Road, District Swabi K.P.K. on Monday 28th October 2019, at 03:30 P.M. to transact the following business:-

1. To confirm the minutes of 29th Annual General Meeting held on 27th October 2018.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2019, together with the Directors' and Auditors', report thereon.
3. To appoint Auditors for the year ended June 30, 2020, and fix their remunerations.
4. To transact any other ordinary business with the permission of the Chair.

Gadoon Amazai.
3rd October 2019

By Order of the Board

Company Secretary

Notes:

1. The Shares Transfer Books of the Company will remain closed from 22-10-2019 to 28-10-2019 (both days inclusive).
2. The members are requested to notify immediately the change in their address if any.
3. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her.
4. The instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarized attested copy of power of attorney must be deposited at the Registered Office of Company at least 45 hours before the time of meeting.
5. Members who have deposited their shares into CDC will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
6. Shareholders who have not yet submitted attested photocopy of their Computerized National Identity Card to the Company are requested to send the same at their earliest.
7. In compliance with the SECP Notification No. 634(1)2014 Dated 10-07-2014, the financial statements and reports of the Company for the year ended June 30, 2019 have been placed on the Company's web site www.sardarchem.net

A. For Attending the Meeting

- a. In case of Individuals, the account holder and for sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his her original CNIC, or, original passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's 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

- a. In case of individuals, the account holder and for sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of Meeting.
- e. In case of corporate entity the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

C. Consent for Video Conference Facility

- a. As allowed by the SECP vide Circular No. 10 of 2014 Dated May 21, 2014 members can avail video conference facility to participate in this Annual General Meeting provided that the Company receive consent from the members holding in aggregate 10% or more shareholding at least 10 days prior to the date of meeting subject to availability of such facility in that city.

IMPORTANT

Shareholders are informed that under the provision of Section 242 of the Companies Act, 2017, Securities & Exchange Commission of Pakistan (SECP) has directed all listed companies to pay cash dividends only through electronic mode directly into the bank accounts of the shareholders. Therefore, shareholders are requested to provide their Bank Mandate details including International Bank Account Number (IBAN) along with a copy of valid CNIC at the earliest,

MISSION STATEMENT
OF
SARDAR CHEMICAL INDUSTRIES LIMITED

Our Mission is to be a quality producer of leather and textile dyes continuously striving for excellence and international standard.

VISION

Dynamic, quality conscious and ever progressive.

CORPORATE STRATEGY

To produce and market high quality products, ensure right usage of company's resources, create employment opportunities, protect the interest of the stockholders and be a part of country's development.

STATEMENT OF ETHICS
AND
BUSINESS PRACTICES

- * SCIL resolves to always place the company's interest first;
- * SCIL resolves to excel through resource management namely, human (Professional & technical both), financial and other infrastructural facilities and to ensure reasonable return all the stockholders;
- * SCIL conducts business as a responsible and law abiding corporate member of society to achieve its legitimate commercial objectives and supports unconditionally the Compliance with the Best Practices of Corporate Governance for the betterment of the corporate culture;
- * SCIL expects from its employees full integrity, total honesty, fair and impartial practices in all aspects of its business;
- * SCIL resolves to adopt fair and ethical marketing practices and to prepare itself to face the challenges of open markets under WTO by supplying its customers quality dyes at competitive prices;
- * SCIL resolves not to compromise on principles;

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of SARDAR CHEMICAL INDUSTRIES LIMITED feels pleasure to present the annual report along with audited financial statements for the year ended June 30, 2019.

RESULTS FOR THE HALF YEAR ARE SUMMERIZED AS FOLLOWS:

	<u>2019</u>	<u>2018</u>
	(Rupees in thousands)	
Sales-Net	268,426	204,826
Gross Profit	63,612	52,861
Profit/(Loss) before Taxation	23,419	15,189
Profit/(Loss) after Taxation	18,653	10,562
Earning per share (Rs.)	3.11	1.76

It is evident that there is increase of about 31% in net Sales as compared to the previous year's results. The total Sales in KGs for the previous year was 379,371 Kgs and this year sales were Kgs 386,160 whereby showing that the increase in sales in Tons did not take place.

The percentage of increase in Sales in Rs is 31% approximately. The percentage of increase in KGs is 1.79% approximately. It clearly shows that the sales in proportion to Rs. VS KGs is proportionate.

The main reason is that we had to increase the price of our product due to the reason that the dollar devalued from Rs. 124 to Rs. 162 approximately an increase of about 31%.

The cost of energy i.e. electricity and Gas increased many folds, cost of transportation and local raw materials increased, we have no option but to increase our selling rates.

The sales that was expected to increase in tons and Kg did not increase but the increase of sales in terms of Rs was due to the above factors.

FUTURE PROSPECTS

The Company is operating in most competitive environments competing with the unorganized sector. Having a strong knowledge and experience of dyes business, the management is now focusing on increase in volume, improving buying of imported raw materials and increasing efficiencies. Dumping of Imported products in the Pakistani market has been a constant irritant and we are successfully facing it.

DIVIDEND

The Board of Directors of the Company has decided not to declare dividend to keep in mind liquidity of the Company as the price of Rs has depreciated tremendously.

The Government of Pakistan has withdrawn the facilities of Zero rated for the five export oriented industries and increase in rate Sales Tax at import stage will increase prices of our imported raw materials while we have to import the raw materials to maintain the same production and sales tonnage for the future.

Our Sales are mainly on credit while we have to deposit the Sales Tax within 15 days of closing of the last month also we get recovery of Sales amount after an average of 5 to 6 months therefore, the Company have to obtain additional funds. Our raw material requirements have put a financial crunch on our working capital.

Our factory was established in 1992. It requires major expenses of repair and maintenance of machinery, building and floor of production area.

BOARD OF DIRECTORS

The Board of directors of the Company comprises of seven directors including one nominee director of NIT. During the year under review four Board meetings were held, to discuss, adopt and approve the accounts and other matters of the Company.

The Board comprises of Two Executive Directors and four non-executives and one independent director.

AUDIT COMMITTEE:

The Audit committee of the Company was comprised of the following Directors:

- | | |
|--------------------------------|----------|
| 1. Mr. Aitzaz Ahmed Tarar | Chairman |
| 2. Mrs. Tayyabah Mahmood Sadiq | Member |
| 3. Mr. Fayyaz Ahmed Khan | Member |

During the year under review four Board meetings were held, to discuss, adopt and approve the accounts, appointment of Auditors of the Company and other matters of the Company. All board members attended the board meetings.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Company has constituted a human resources and remuneration (HR & R) committee in accordance with the code of corporate governance. This committee will help the Board of Directors in discharging their responsibilities as envisaged by the Code of Corporate Governance which include:-

1. Recommending human resources management policies to the Board.
2. Recommending to the Board for the selection, evaluation, compensation (including retirement benefits) and succession planning.
3. Recommending to the Board of Directors the selection evaluation, compensation (including retirement benefits) of C.F.O., Company Secretary and Head of Internal Audit.
4. Consideration and approval on recommendations of Board of Directors on matters relating to the management position.

Human resource and remuneration committee (HR & R) include the following Directors:-

- | | |
|--------------------------------|---------------|
| a. Mrs. Tayyabah Mahmood Sadiq | (Chairperson) |
| b. Mr. Aitzaz Ahmed Tarar | (Member) |
| c. Mr. Fayyaz Ahmed Khan | (Member) |

Two meeting were conducted during the period under review.

DIRECTORS' TRAINING PROGRAMMES

The existing Board of Directors fully complied with the exemption from training program criteria except Mr. Aitzaz Ahmed Tarar and Mrs. Tayyabah Mahmood Sadiq who are highly qualified.

TRANSFER PRICING

The Company will fully comply with the best practice on transfer pricing as contained in the Listing Regulation of Stock Exchanges as and when it will be decided by the SECP.

POST BALANCE SHEET EVENTS

There has been no event subsequent to the balance sheet data that would require as appropriate disclosure or adjustment to the financial statements referred herein.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data of the last six years is annexed with this annual report.

VALUE OF INVESTMENTS OF PROVIDENT FUND

The balance of investment in provident fund account was Rs. 37,206,195 as on 30th June, 2019.

AUDITORS

Upon recommendations of the audit committee for the re-appointment of M/S Aslam Malik & Co., Chartered Accountants as auditors of the Company have been finalized for the year ending June 30, 2020.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as on 30-06-2019 is annexed. The directors, Company Secretary and their spouse and minor children have made no transactions in the Company's share during the year.

PRODUCTION

Our volume of production is regulated with the demand of our customers. The management of the Company keeps strict control over volume of production and market demand to avoid blockage of unnecessary finances in the stocks.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- 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.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.

The management of the Company is committed towards good corporate governance, and taking all appropriate measures to comply with the best practices and also continuously reviewing the system of internal control in the light of Companies Act-2017.

ACKNOWLEDGEMENT

The Board expresses their deep appreciation for devotion and dedication of Company's Employees and its valuable customers in taking the Company forward.

On behalf of the Board



SARDAR MAHMOOD SADIQ
Chief Executive

October 03, 2019.
Place: Gadoon Amazai

KEY OPERATING & FINANCE DATA FOR LAST SIX YEARS

PARTICULARS	2019	2018	2017	2016	2015	2014
Net Sales	268,425,730	204,826,170	190,662,109	195,556,597	202,178,685	206,708,018
Gross Profit	63,611,939	52,861,202	38,720,676	37,553,497	38,471,252	39,117,422
Operating Profit/(Loss)	26,386,074	23,408,134	8,671,615	7,486,947	10,972,754	12,095,392
Profit/(Loss) before tax	23,418,804	15,189,464	6,769,507	4,461,762	5,984,867	6,163,921
Profit/(Loss) after tax	18,653,457	10,562,283	3,955,224	3,769,472	3,643,443	4,174,927
Paid - up Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Net Worth	141,529,606	127,411,543	116,849,259	114,394,035	110,624,563	106,981,120
FINANCIAL POSITION						
Fixed assets net	27,412,168	20,282,803	19,476,138	21,659,493	21,205,852	24,765,664
Total assets	175,909,550	15,156,928	139,533,354	157,543,991	158,907,410	156,564,855
Long term liabilities	5,849,722	2,425,960	1,334,285	5,228,862	4,279,036	6,465,487
RATIOS						
Gross Profit	23.70%	25.81%	20.31%	19.20%	19.03%	18.92%
Profit/(Loss) before tax	8.72%	7.42%	3.55%	2.28%	2.96%	2.98%
Profit/(Loss) after tax	6.95%	5.16%	2.07%	1.93%	1.80%	2.02%
RETURN TO SHAREHOLDER						
ROCE before Tax	16.54%	11.92%	5.79%	3.90%	5.41%	5.76%
ROCE after Tax	13.18%	8.29%	3.38%	3.30%	3.29%	3.90%
Earning per share	3.11	1.76	0.66	0.63	0.61	0.70
LIQUIDITY/LEVERAGE						
Current Ratio	5.13	5.99	5.63	3.51	3.11	3.03
Break up Value Per Share	18.59	16.24	14.47	14.07	13.44	12.83
Total Liabilities to Equity (times)	0.24	0.19	0.19	0.38	0.44	0.46
ACTIVITY						
Sales to total assets	1.53	1.35	1.37	1.24	1.27	1.32
Sales to fixed assets	9.79	10.10	9.79	9.03	9.53	8.35

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of company: Sardar Chemical Industries Limited

Year ending: June 30, 2019

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

1. The total number of directors areas per the following:

Gender	Number
Male	5
Female	2

2. The composition of board is as follows:

Category	Names
Independent Directors	1. Mr. Aitzaz Ahmad Tarar
Other Non-Executive Directors	1. Mr. Fayaz Ahmed Khan 2. Mr. Aitzaz Ahmad Tarar 3. Mrs. Reema Ayaz
Executive Director	1. Sardar Mahmood Sadiq (Chief Executive) 2. Sardar Ayaz Sadiq 3. Mrs. Tayyabah Mahmood Sadiq

3. 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).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In terms of Regulation 20 of the 2017 Code, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Committees	Composition/Names
Audit Committee	Chairman: Mr. Aitzaz Ahmed Tarar (Independent Director) Members: Mrs. Tayyabah Mahmood Sadiq Mr. Fayyaz Ahmed Khan
HR & Remuneration Committee	Chairman: Mrs. Tayyabah Mahmood Sadiq Members: Mr. Aitzaz Ahmad Tarar Mr. Fayyaz Ahemd Khan

The Company was in compliance with the Code of Corporate Governance, 2012 for the year ended June 30, 2018. Further, during the year, the committees of the Board of Directors have been reconstituted to comply with the requirements of the 2017 Code.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

15.

Committees	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2019
HR & Remuneration Committee	One meeting was held during the financial year ended June 30, 2019

16. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all other requirements of the Regulations have been complied with.

Dated: October 3, 2019.
Place: Gadoon Amazai



SARDAR MAHMOOD SADIQ
Chief Executive



Aslam Malik & Co.
Chartered Accountants

Phone : +92-42-35858693-35858694
 : +92-42-35856819
Fax : +92-42-35856019
e-mail : info@aslammalik.com
 aslammalik@brain.net.pk
web : www.aslammalik.com
Suite # 18-19 First Floor,
Central Plaza, Civic Centre,
New Garden Town, Lahore-Pakistan.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sardar Chemical Industries Limited

**Review report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Sardar Chemical Industries Limited** for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As part of our audit of the 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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensued compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried procedures to access and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
Phone : +92-51-2374282-3 Fax: +92-51-2374281

Karachi: 1001-1003 10th Floor, Chapal Plaza, Hasrat Mohani Road, Off I.I Chundrigar Road, Karachi
Tel: + 92-21-32425911-2, Fax: +92-21-32432134

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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Place: Lahore

Date: 03 OCT 2019

Aslam Malik & Co.
(Aslam Malik & Co.)
Chartered Accountants
Hafiz Muhammad Ahmad *HMC*

building
better
together.



Aslam Malik & Co.
Chartered Accountants

Phone : +92-42-35858693-35858694

: +92-42-35856819

Fax : +92-42-35856019

e-mail : info@aslammalik.com

aslammalik@brain.net.pk

web : www.aslammalik.com

Suite # 18-19 First Floor,
Central Plaza, Civic Centre,
New Garden Town, Lahore-Pakistan.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SARDAR CHEMICAL INDUSTRIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Sardar Chemical Industries Limited** (the Company), which comprise the statement of financial position as at **June 30, 2019**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters

Amc

Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
Phone : +92-51-2374282-3 Fax: +92-51-2374281

Karachi: 1001-1003 10th Floor, Chapal Plaza, Hasrat Mohani Road, Off I.I Chundrigar Road, Karachi
Tel: + 92-21-32425911-2, Fax: +92-21-32432134

were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Trade Debtors</p> <p>Refer note 11 to the financial statements regarding the trade debts.</p> <p>The Company has significant balance of trade debts. Trade debts constitute 53% of total assets of the company. Loss allowance against trade debts is based on management's judgement to determine the appropriate level of provision against balances which may ultimately not recovered.</p> <p>In view of the significance of trade debtors in relation to the total assets of the company and recoverability, we identified trade debtors as key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.</p>	<p>Our audit procedures to assess the valuation of trade debts, amongst others, includes the following:</p> <ul style="list-style-type: none"> ➤ Obtained an understanding of and assessing the design and implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit reviews) , debt collections process and making provision for Loss Allowance calculation; ➤ We considered the appropriateness of loss allowance of trade receivables as per the company policies and assessing compliance with applicable accounting standards. ➤ We obtained an understanding of the management's basis for determining of the loss allowance required at the year end and the recoverability of trade debts; ➤ For a sample of trade debtors, tested the adequacy of the loss allowance against trade debts by taking into account the aging of receivables at the year end and cash received after the year end, as well as assessing the judgements made by the management in relation to credit worthiness of the debtors. ➤ Assessed the historical accuracy of provisions for doubtful debts made by the company.

Amc

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2019.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, on other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Amir

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Amc.

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) Refer to note 9.1 to the financial statements, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company but the same was not deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Hafiz Muhammad Ahmad.

Place: Lahore

Date: 03 OCT 2019

Aslam Malik & Co.
(Aslam Malik & Co.)

Chartered Accountants

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SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	JUNE 30, 2019	JUNE 30, 2018		Note	JUNE 30, 2019	JUNE 30, 2018
		Rupees				Rupees	
<u>CAPITAL AND LIABILITIES</u>				<u>ASSETS</u>			
<u>SHARE CAPITAL AND RESERVES</u>				<u>NON-CURRENT ASSETS</u>			
Authorised Capital:				Property, Plant and Equipment	12	27,412,168	20,282,803
10,000,000 (2018: 10,000,000)							
ordinary shares of Rs. 10/- each		<u>100,000,000</u>	<u>100,000,000</u>				
Issued, subscribed and Paid up:				Deffered Tax	13	767,080	481,305
6,000,000 (2018: 6,000,000) ordinary shares				Long term deposits	14	1,290,200	574,000
of Rs. 10/- each fully paid in cash		60,000,000	60,000,000			29,469,448	21,338,108
Share premium		30,000,000	30,000,000				
Unappropriated profit		51,564,999	37,411,542				
		141,564,999	127,411,542				
<u>NON CURRENT LIABILITIES</u>				<u>CURRENT ASSETS</u>			
Obligation under finance lease	5	5,849,722	2,425,960	Stores, spares and loose tools	15	534,651	605,371
				Stock in trade	16	12,870,591	8,924,230
				Trade debts	17	93,014,490	79,915,888
				Current maturity of long term deposits		-	883,600
				Advances, deposits, prepayments and other	18	3,785,279	1,252,073
				receivables			
<u>CURRENT LIABILITIES</u>				Taxation- Net	19	24,966,422	17,098,651
Current maturity	6	999,338	1,699,891	Cash and bank balances	20	11,268,668	21,543,007
Short term finance	7	14,357,932	9,613,295			146,440,102	130,222,820
Creditors, accrued & other liabilities	8	9,904,097	8,787,689				
Unclaimed Dividend	9	2,818,365	1,584,507				
Mark up Accrued	10	415,098	38,045				
		28,494,829	21,723,426				
CONTINGENCIES & COMMITMENTS	11	-	-				
		<u>175,909,550</u>	<u>151,560,928</u>			<u>175,909,550</u>	<u>151,560,928</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30,2019

		JUNE 30, 2019	JUNE 30, 2018
		Rupees	
Sales - Net	21	268,425,730	204,826,170
Cost of sales	22	(204,813,791)	(151,964,968)
Gross profit		63,611,939	52,861,202
Administrative Expenses	23	(25,979,391)	(24,976,119)
Selling & distribution Costs	24	(11,246,473)	(10,476,948)
		(37,225,864)	(35,453,067)
Operating profit for the year		26,386,074	17,408,134
Other Operating Income	25	830,659	560,301
Other Operating Expenses	26	(1,735,658)	(1,191,052)
Finance Cost	27	(2,062,272)	(1,587,920)
Profit for the year before tax		23,418,804	15,189,464
Taxation	28	(4,765,346)	(4,627,181)
Profit / (Loss) for the year after tax		18,653,457	10,562,283
Earning per Share- Basic and Diluted	33	3.11	1.76

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30,2019

	JUNE 30, 2019	JUNE 30, 2018
	Rupees	
Profit for the year after tax	18,653,457	10,562,283
Other Comprehensive Income	-	-
Total Comprehensive Income	18,653,457	10,562,283

The annexed notes from 1 to 40 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30,2019

PARTICULARS	Share Capital	RESERVES			Total Shareholders Equity
		CAPITAL	REVENUE	TOTAL	
		Share Premium	Accumulated Profit		
		Rupees			
Balance as at June 30, 2017	60,000,000	30,000,000	26,849,259	56,849,259	116,849,259
Interim Dividend for the year 2017-2018	-	-	-	-	-
Total Comprehensive income for the year ended June 30, 2018	-	-	10,562,283	10,562,283	10,562,283
Balance as at June 30, 2018	60,000,000	30,000,000	37,411,542	67,411,542	127,411,542
Balance as at June 30, 2019	60,000,000	30,000,000	37,411,542	67,411,542	127,411,542
Final Dividend for the year 2018 - 2019			(4,500,000)	(4,500,000)	(4,500,000)
Total Comprehensive income for the year ended June 30, 2019	-	-	18,653,457	18,653,457	18,653,457
Balance as at June 30, 2019	60,000,000	30,000,000	51,564,999	81,564,999	141,564,999

The annexed notes from 1 to 40 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,2019

	JUNE 30, 2019	JUNE 30, 2018
	Rupees	
Cash flow from operating activities		
Profit/(loss) before Taxation.	23,418,804	15,189,464
<u>Adjustments for non- cash items:</u>		
Depreciation	3,218,793	2,691,821
Financial Changes	2,062,272	1,587,920
Profit on sale of fixed assets	(760,162)	(343,486)
Provision for doubtful debts	-	6,000,000
Workers profit participation fund	1,257,723	815,761
Workers welfare fund	477,935	309,989
	6,256,561	11,062,005
Profit before Working Capital Changes	29,675,365	26,251,468
<u>Effect of working capital changes:</u>		
(Increase)/Decrease in store, spares & loose tools	70,720	169,587
(Increase)/Decrease in stock in trade	(3,946,361)	3,534,090
(Increase)/Decrease in trade debts	(13,098,602)	(17,757,175)
(Increase)/Decrease in advances, deposits & prepayment	(2,533,206)	(259,200)
Increase/(Decrease) in creditors accrued & other liabilities	285,747	1,964,817
	(19,221,702)	(12,347,611)
Financial charges paid	(1,685,219)	(1,734,428)
Workers profit participation fund and workers welfare fund paid	(904,996)	(363,561)
Tax paid	(12,918,892)	(1,260,315)
	(15,509,107)	(3,358,304)
Net cash used in operating activities	A (5,055,444)	10,545,553
Cash flow from investing activities		
Long term deposits	167,400	1,166,700
Addition in fixed assets	(5,434,000)	(675,000)
Sale proceeds of fixed assets	950,000	390,000
Net cash generated from investing activities	B (4,316,600)	881,700
Cash flow from financing activities		
Repayment of lease obligation	(2,380,789)	(3,968,546)
Proceeds from short term finances	4,744,637	186,262
Dividend paid	(3,266,142)	-
Net cash generated from financing activities	C (902,294)	(3,782,284)
Net increase/(decrease) in cash & cash equivalents	A+B+C (10,274,339)	7,644,968
Cash & cash equivalents at beginning of the year	21,543,007	13,898,039
Cash & cash equivalents at end of year	11,268,668	21,543,007


Chief Executive Officer


Chief Financial Officer


Director

SARDAR CHEMICAL INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2019

1 The Company and its operation

Sardar Chemical Industries Limited (the Company) was incorporated in Pakistan on October 3, 1989 as a Private Limited Company under the Companies Ordinance, repealed Company Ordinance, 1984. It was converted into the Public Limited Company on December 30, 1993. The registered office of the Company is located at Plot No. 29-B, Road No. 01 Gadoon Amazai, Industrial Estate, Topi, Ganduf Road, Swabi (KPK). The principal business of the Company is to manufacture and sale of dyestuffs, chemicals for the leather, textile and paper industries. The Company is listed on all the Stock Exchanges in Pakistan. Manufacturing facilities of Chemical are located at Plot No. 29-B, Road No. 01 Gadoon Amazai, Industrial Estate, Topi, Ganduf Road, Swabi (KPK).

2 Basis Of Preparation

2.1 Statement of Compliance

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

2.2 Significant Transactions and Events Effecting the Company's Financial Position and Performance

- a) The exchange rate of US Dollar to Pakistan Rupee has increased from PKR 120.35 as at June 30, 2018 to PKR 160.3 as at June 30, 2019. This movement in exchange rate has caused positive by increasing selling prices of our products impact on the profits earned by the Company.
- c) For a detailed discussion about the Company's performance please refer to the Directors' report.

2.3 New And Revised Standards And Interpretations

- 2.3.1** IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" became applicable to the Company from July 1, 2018. For related changes in accounting policies and impact on the Company's financial statements refer note 4 to these financial statements.
- 2.3.2** The following are the standards, amendments & interpretations which have been issued but are not yet effective for the current financial year and have not been early adopted by the Company:

DESCRIPTION		Effective for annual periods
IAS 1	Presentation of financial statements (Amendments)	January 01, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2020
IAS 12	Income Taxes (Amendments)	January 01, 2019
IAS 19	Employee benefits (Amendments)	January 01, 2019
IAS 23	Borrowing Costs (Amendments)	January 01, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRS 3	Business combinations (Amendments)	January 01, 2019
IFRS 9	Financial instruments (Amendments)	January 01, 2019
IFRS 16	Leases	January 01, 2019
IFRIC 23	Uncertainty Over Income Tax	January 01, 2019

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

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

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

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

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements is in conformity with the approved accounting standards and requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at balance sheet date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Estimates and Judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3 Summary of significant accounting policies.

3.1 Accounting Convention:

These financial statements have been prepared under the historical cost convention except for recognition of certain financial instruments that have been accounted for on the basis of their fair values as referred to in note # 3.17.

3.2 Tangible Fixed Assets and Depreciation:

(a) Owned Assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except for leasehold land, which is stated at its full capitalized value held equivalent to the total cost of acquiring the land.

Borrowing costs during the erection period are capitalized as part of historical cost of the related assets.

Depreciation is charged on operating fixed assets applying reducing balance method to write off the cost over remaining useful life of assets. Rates of depreciation are stated in Note No. 12.

Depreciation is charged from the month in which an asset is acquired or capitalized while no depreciation is charged from the month in which asset is disposed off.

Gains / (Losses) on disposal of operating assets are included in income currently. Normal maintenance and repairs are charged to income as and when incurred. Major renewals and replacements are capitalized.

(b) Lease hold Assets

The company is lessee,

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. At inception finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. The related rental obligations, net of finance charges, are included in obligation under finance lease as referred to in note # 4. The liability 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.

3.3 Stock in Trade:

Basis of valuation are as follows:

Particulars	Mode of Valuation
-------------	-------------------

Raw Materials	At lower of annual average cost and net realizable value
Work in Process	At lower of annual average cost or net realizable value plus manufacturing overheads with reference to degree of completion.
Finished Goods	At lower of annual average cost or net realizable value of material plus manufacturing overhead or net realizable value.

Cost in relation to work in process and finished goods represents the annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

Net realizable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.

3.4 Stores & Spares

These are valued at lower of weighted average cost and net realizable value, except for items in transit, which are valued at cost comprising invoice value and related expenses.

3.5 Trade Debts and other receivables

Trade Debts and other receivables are carried at invoices value, which approximates fair value less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy of financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered

3.6 Cash & Cash Equivalents

Cash & 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, bank balances and highly liquid short term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.7 Short Term Borrowings

Short term borrowings are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount remaining unpaid.

3.8 Creditors and Other Liabilities

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and / or services received, whether or not billed to the Company.

3.9 Contract liabilities

Under IFRS 15 "Revenue from Contracts with Customers", obligation to transfer goods or services to a customer for which the Company has received consideration or an amount of consideration is due from the customer is presented as contract liability.

3.10 Staff Retirement Benefits

The Company operates an approved funded contributory provident fund scheme for all permanent employees. Equal monthly contributions are made both by the Company and employees @ 10% of the basic pay.

3.11 Provisions

Provision are recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can

3.12 Taxation

- Current

Provision for current taxation is based on the taxable income at the current rate of taxation after taking into account applicable tax credit available, rebates and exemption available, if any, or minimum tax on turnover whichever is higher and tax paid on final tax receipt.

- Deferred

Deferred tax is provided in full using the balance sheet method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses and unused tax credits can be utilized., as required by IAS 12 Income Taxes.

The tax rates enacted at the balance sheet date are used to determine deferred income tax.

The carrying amount of all deferred tax assets are reviewed at each balance sheet date and adjusted to the appropriate extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

3.13 Related Party Transactions

All transactions with related parties are made at arm's length prices determined in accordance with comparable uncontrolled price method.

3.14 Revenue Recognition:

The Company recognizes revenue when it transfers control over goods to its customers, being when the products are delivered to the customer and there is no unfulfilled obligation that could effect the customer's acceptance of the product. Revenue is recognized at an amount that reflects the consideration, to which the Company expects to be entitled in exchange for transferring of goods to its customers net of discount and sales related indirect taxes. The sales related indirect taxes are regarded as collected on behalf of statutory authorities. The Company generates revenue by supplying products to the customers, including export product.

- i) Revenue from sales is recognised on delivery of products to the customers with the exception that export sales are recognised on the basis of products shipped to customers.
- ii) Dividend income is recognised when the right to receive dividend is established.
- iii) Income on bank deposits and short term investments are recognised using the effective yield method.

3.15 Foreign Currency Translations.

Translations in foreign Currencies are accounted for in Pak Rupees at the exchange rate prevailing at the date of translations. Assets & Liabilities denominated in Foreign Currencies are translated into Pak Rupees at the exchange rates prevailing on the Balance Sheet except for those covered by

Net gain and loss arising on retranslation is included in profit and loss account.

3.16 Borrowing Cost

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are recorded to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.17 Financial Instruments

instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

3.17.1 Financial Assets

Classification

Effective July 1, 2018, the Company classifies its financial assets in the following measurement categories:

- a) Amortized cost where the effective interest rate method will apply;
- b) fair value through profit or loss;
- c) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal

Debt Instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a) Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income/charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/charges and impairment expenses are presented as separate line item in the statement of profit or loss.

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- i The rights to receive cash flows from the asset have expired
- ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Effective July 1, 2018, the Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Loans, advances, deposits, prepayments and other receivables
- Short term investments
- Cash and bank balances

Simplified approach for trade debts

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 150 days past due in making a contractual payment.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

3.17.2 Financial Liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Amortised cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.17.3 Off-setting of financial assets and financial liabilities.

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the company has legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place

- a. In the principal market for the asset or liability; or
- b. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a. Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- b. Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- c. Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Chief Financial Officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the

3.19 Finance Cost

Finance Cost are recognised using the effective interest rate method and comprise foreign currency losses and interest expenses on bank borrowings.

3.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. 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 year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4 Changes in Accounting Policies

i IFRS 9 - Financial Instruments

IFRS 9 “Financial Instruments” (IFRS 9) replaces IAS 39 “Financial Instruments: Recognition and Measurement” (IAS 39).

IFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities ii) impairment for financial assets.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of July 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company’s financial statements are described below:

i) Classification and measurement of financial assets and financial liabilities

The new standard requires the Company to assess the classification of financial assets on its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial assets.

IFRS 9 no longer has an “Available-for-sale” classification for financial assets. The new standard has different requirements for debt or equity financial assets.

Debt instruments should be classified and measured either at:

- a) Amortized cost, where the effective interest rate method will apply;
 - b) Fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset; or
 - c) Fair value through profit or loss.
- Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:
- d) Fair value through other comprehensive income, with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
 - e) Fair value through profit or loss.

Application of IFRS 9 had no impact on financial liability of the company.

Assessment of financial impact of measurement requirements on adoption of IFRS 9 on financial assets as at July 1, 2018 is as follows:

	Measurement Category		Carrying Amount		
	Original (IAS 39)	New (IFRS 9)	Original Rs.	New Rs.	Difference Rs.
Non-Current Financial Assets					
Long term deposits	Held to Maturity	Amortised Cost	574,000	574,000	-
Current Financial Assets					
Trade debts	Loans and Receivables	Amortised Cost	79,915,888	79,915,888	-
Advances, deposits and other receivables	Loans and Receivables	Amortised Cost	3,770,279	3,770,279	-
Cash and bank balances	Loans and Receivables	Amortised Cost	11,268,668	11,268,668	-

Impairment of financial assets

debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred. For trade receivables and other receivables, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets i.e to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

ii) IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 from July 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. However, in accordance with the transition provisions in IFRS 15, there is no impact on the Company that require retrospective change and restatement of comparatives for the year ended June 30, 2018. As a result of the application of IFRS 15, freight charges relating to Exports that were classified in Distribution costs, have now been netted off against Revenue from Exports.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption.

The application of IFRS 15 has no material impact on the financial statements of the Company.

	JUNE 30, 2019	JUNE 30, 2018
	Rupees	
5 OBLIGATION UNDER FINANCE LEASE		
Future Minimum Lease Payments	8,966,185	4,805,450
Less: Financial charges pertaining to future period	(2,117,125)	(679,599)
Present value of minimum lease payments	6,849,060	4,125,851
Less: Current maturity of long term obligation	(999,338)	(1,699,891)
	5,849,722	2,425,960

Minimum lease payments and their present value are regrouped as below:

	Not later than one year	Later than one year and not later than one year	Not later than one year	Later than one year and not later than one year
Future minimum lease payments	1,764,420	7,201,765	1,942,260	2,863,190
Less: Un-amortized finance charge	729,689	1,387,436	242,369	437,230
Present value of minimum lease payments	1,034,731	5,814,329	1,699,891	2,425,960

GENERAL TERMS AND CONDITIONS OF LEASE

This represents finance lease arrangements entered into with banks to acquire vehicles . Financing rates ranging from 11.27 to 13.24 % (2018: 11.27%) per annum, approximately, have been used as discounting factor. Taxes, repairs, replacement and insurance costs are borne by the Company.

	JUNE 30, 2019	JUNE 30, 2018
	Rupees	
6 CURRENT MATURITY		
Current maturity of finance lease	999,338	1,699,891
	999,338	1,699,891

6.1 These amounts represent that portion of long term liabilities which are repayable within one year.

7 SHORT TERM FINANCE		
Askari Commercial Bank Limited	14,357,932	9,613,295
	14,357,932	9,613,295

7.1 Askari Commercial Bank Limited

Short terms finances obtained from Askari Bank Limited forms part of the total sanctioned credit facility of Rs. 20 million (2018: Rs. 20 million) and carried a markup @ Three months KIBOR+ 3.5%.The facility is secured against 2nd ranking Hypothecation charge on Present & Future Book Debts, outstanding moneys, receivables, claims, bills, contracts, engagements, right & asset, present & future stocks of raw materials inclusive of finished & semi finished goods/chemicals, stocks & inventories and work in progress, present & future fixed assets of the company in the shape of land, building plant & machinery, loose tools, spares & accessories and mortgage of property owned by an Ex-Director of the Company and personel guarantee of directors of the company.

8 CREDITORS , ACCRUED AND OTHER LIABILITIES		
Creditors for goods	1,309,317	1,621,253
Creditors for expenses	272,712	340,349
Accrued expenses	4,890,220	4,361,832
Tax deducted at source	46,248	59,480
Provident Fund Account	8.1 328,473	175,697
Workers profit participation fund	8.2 1,257,723	815,761
Workers welfare fund	8.3 1,799,404	1,410,705
Sales Tax Payable	-	2,612
	9,904,097	8,787,689

- 8.1 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	JUNE 30, 2019	JUNE 30, 2018
	Rupees	
8.2 WORKERS PROFIT PARTICIPATION FUND		
Opening balance	815,761	363,561
Paid during the year	(815,761)	(363,561)
Contribution for the year	1,257,723	815,761
	<u>1,257,723</u>	<u>815,761</u>
8.3 WORKERS WELFARE FUND		
Opening balance	1,410,705	1,100,716
Paid during the year	(89,235)	-
Contribution for the year	477,935	309,989
	<u>1,799,404</u>	<u>1,410,705</u>
9 Unclaimed Dividend		
Opening balance	1,584,507	1,321,584
Final Dividend declared	4,500,000	-
Interim Dividend declared	-	1,500,000
Paid during the year	(3,266,142)	(1,237,077)
	<u>2,818,365</u>	<u>1,584,507</u>
9.1 This includes Zakat payable amounting Rs. 237,765		
10 ACCRUED MARKUP		
Askari Bank Limited	415,098	38,045
	<u>415,098</u>	<u>38,045</u>
11 CONTINGENCIES & COMMITMENTS		

11.1 CONTINGENCIES

The company has pending cases against the following customers in lieu of sale recoveries.

	<u>Name of Party</u>	<u>Claimed Amount</u>	<u>Since</u>
1	Malik Arij Dyes, Sialkot	Rs. 2,596,293	June 19, 2001
2	Standard Dyes, Lahore	Rs. 300,000	December 24, 2001
3	Piracha Leather, Karachi	Rs. 1,306,846	January 03, 2001
4	Bashir Tannery, Lahore	Rs. 286,178	February 17, 2001

The management is confident, based on the legal advice that the matters will be decided in the favor of the Company and the Company will not be exposed to any loss on account of these claims and consequently no provision has been made by the Company in respect of these claims

11.2 COMMITMENTS

The Company has commitments against letters of credit issued in the normal course of business amounting to Rs. Nil (2018: Rs. 0) in favor of foreign suppliers for raw material.

JUNE 30, 2019 **JUNE 30, 2018**

Rupees

27,412,168 **20,282,803**

12 PROPERTY PLANT AND EQUIPMENT

12.1 Fixed schedule is attached.

June 30, 2019

12.1	PARTICULARS	COST				DEPRECIATION				W.D.V. AS AT 30-06-2019
		AS AT 01-07-2018	ADDITION/ (DELETION)	TRANSFER/ ADJUSTMENT	AS AT 30-06-2019	RATE %	AS AT 01-07-2018	ADJUSTMENT	FOR THE YEAR	AS AT 30-06-2019
	Lease hold land	1,222,152	-	-	1,222,152	-	-	-	-	1,222,152
	Factory Building on Leasehold Land	27,208,559	-	-	27,208,559	10	25,169,194	-	203,937	25,373,131
	Plant & machinery	64,594,466	5,368,500	-	69,962,966	10	57,794,322	-	956,127	58,750,449
	Electric installation	1,388,455	-	-	1,388,455	10	1,265,586	-	12,287	1,277,873
	Furniture & fixture	1,614,125	-	-	1,614,125	10	1,176,674	-	43,745	1,220,419
	Tools & equipment	3,171,849	-	-	3,171,849	10	2,448,047	-	72,380	2,520,428
	Vehicles	18,534,390	65,500	4,418,000	21,249,890	20	14,872,440	1,967,487	1,196,534	16,458,299
			(1,768,000)					(1,578,162)		4,791,591
	Electric & gas appliances	268,350	-	-	268,350	10	243,200	-	2,515	245,715
	Laboratory equipment	2,368,869	-	-	2,368,869	25	2,343,799	-	6,268	2,350,066
		120,371,215	3,666,000	4,418,000	128,455,215		105,313,262	389,325	2,493,792	108,196,379
	Leased assets									
	Vehicles	7,288,000	5,104,000	(4,418,000)	7,974,000	20	2,063,150	(1,967,483)	725,001	820,668
		7,288,000	5,104,000	(4,418,000)	7,974,000	20	2,063,150	(1,967,483)	725,001	820,668
		127,659,215	8,770,000	-	135,677,215		107,376,412	-	3,218,793	109,017,047
	June 30, 2019		3,666,000	(4,418,000)				389,325		27,412,168

12.2 The charge of depreciation has been allocated as under:-

Cost of sales
Administrative expenses

JUNE 30, 2019	JUNE 30, 2018
Rupees	
1,166,331	921,774
2,052,462	1,770,047
3,218,793	2,691,821

12.3 CHARGE ON FIXED ASSETS

There is charge of Rs. 17 million over land, building and machinery of the company provided against running finance facility of Allied Bank and a charge of Rs. 70 million over present and future fixed assets of the company in the shape of land, building, plant and machinery provided against running finance facility of Askari Bank Limited.

12.3 No asset was sold to Chief Executive, Directors, Executives and Shareholders during the year.

12.4 Particular of Immovable property (i-e land and buildings) in the name of Company are as follows:

Location	Usage of Immoveable Property	Total Area	Covered Area
Plot No. 29-B, Road No. 01 Gadoon Amazai, Industrial Estate, Topi, Ganduf Road, Swabi (KPK)	Plant	4 Acres	99,911.05 Sq.Fts

										June 30, 2018
12.5	PARTICULARS	COST				DEPRECIATION				W.D.V.
		AS AT 01-07-2017	ADDITION/ (DELETION)	TRANSFER/ ADJUSTMENT	AS AT 30-06-2018	RATE %	AS AT 01-07-2017	ADJUSTMENT	FOR THE YEAR	AS AT 30-06-2018
	Lease hold land	1,222,152	-	-	1,222,152	-	-	-	-	1,222,152
	Factory Building - Leasehold	27,208,559	-	-	27,208,559	10	24,942,598	-	226,596	25,169,194
	Plant & machinery	63,919,466	675,000	-	64,594,466	10	57,107,500	-	686,822	57,794,322
	Electric installation	1,388,455	-	-	1,388,455	10	1,251,934	-	13,652	1,265,586
	Furniture & fixture	1,614,125	-	-	1,614,125	10	1,128,068	-	48,606	1,176,674
	Tools & equipment	3,171,849	-	-	3,171,849	10	2,367,625	-	80,422	2,448,047
	Vehicles	10,420,890	(590,000)	8,703,500	18,534,390	20	8,945,192	5,554,458	916,276	14,872,440
								(543,486)		3,661,950
	Electric & gas appliances	268,350	-	-	268,350	10	240,406	-	2,794	243,200
	Laboratory equipment	2,368,869	-	-	2,368,869	25	2,335,442	-	8,357	2,343,799
		111,582,715	85,000	8,703,500	120,371,215		98,318,765	5,010,972	1,983,525	105,313,262
	Leased assets									15,057,953
	Vehicles	13,121,500	2,870,000	(8,703,500)	7,288,000	20	6,909,312	(5,554,458)	708,296	2,063,150
		13,121,500	2,870,000	(8,703,500)	7,288,000	20	6,909,312	(5,554,458)	708,296	2,063,150
	June 30, 2018	124,704,215	2,870,000	8,703,500	136,277,715		105,228,077	-	2,691,821	107,376,412
	Cost of sales									921,774
	Administrative expenses									1,135,588
										1,770,047
										2,691,821
										3,247,256

12.6 CHARGE ON FIXED ASSETS

There is charge of Rs. 17 million over land, building and machinery of the company provided against running finance facility of Allied Bank and a charge of Rs. 70 million over present and future fixed assets of the company in the shape of land, building, plant and machinery provided against running finance facility of Askari Bank Limited.

12.7 Disposal of fixed assets:-

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Profit/ (Loss)	Mode of disposal	Buyer's name and address
	Rs.	Rs.	Rs.	Rs.	Rs.		
Suzuki Cultus LWJ 8264	590,000	543,486	46,514	390,000	343,486	Negotiation	Mr. Tauseef Ul Hassan Mirza
							House No. 153, Block 2, Sectors C-1, Township Lahore.
Total	590,000	543,486	46,514	390,000	343,486		

JUNE 30, 2019 JUNE 30, 2018
Rupees

13 DEFERRED TAX

Deferred Tax	(767,080)	(481,305)
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13.1 Deferred Taxation comprises the following

Deferred Tax Liabilities on Accelerated Depreciation	933,939	312,448
Deferred Tax Liability on Leased assets	375,703	274,750
Deferred Tax Asset on provisions	(1,999,713)	(1,734,646)
Effect on Change In Tax Rate	(77,009)	-
	(767,080)	(1,147,447)

13.1.1 Deferred Taxation reconciliation

Opening Balance	(481,305)	184,837
Charge for the year in profit or loss account	(285,775)	(666,142)
Charge for the year in other comprehensive income	-	-
Closing Balance	(767,080)	(481,305)

14 LONG TERM DEPOSITS

Orix Leasing Pakistan Limited	1,290,200	574,000
	1,290,200	574,000

15 STORES, SPARES & LOOSE TOOLS

Stores	245,116	283,315
Spares	204,953	276,898
Loose tools	84,581	45,158
	534,651	605,371

16 STOCK IN TRADE

Raw material	6,256,349	2,994,910
Work in process	1,245,000	1,057,000
Finished goods	5,369,242	4,872,320
	12,870,591	8,924,230

17 TRADE DEBTORS-UNSECURED

Debtors	99,953,072	86,854,470
Less: Loss Allowance	6,938,582	6,938,582
	93,014,490	79,915,888

17.1

17.1 Loss Allowance

Opening Balance	6,938,582	2,998,832
Loss allowance for the year	-	6,000,000
	6,938,582	8,998,832
Less: Written off during the Year	-	2,060,250
	6,938,582	6,938,582

17.2 As at June 30, 2019 no amount was due from associates (2018: Nil).

17.3 As at June 30, 2019 no amount was due in respect of Export Sales (2018: Nil).

18 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances against material (Considered good)	2,183,000	122,979
Advances against expenses (Considered good)	305,558	309,818
Advances to employees (Considered good)	16,493	19,624
Deposits & prepayments	609,230	499,230
Deposits against letters of credit/guarantees	504,925	221,368
Other receivables (Considered good)	166,073	79,054
	3,785,279	1,252,073

JUNE 30, 2019 JUNE 30, 2018
Rupees

19 TAXATION-Net

Income Tax

Advance Tax
Provision for taxation

Sales Tax

Sales Tax receivable
Advance Sales Tax Paid

19.1

19,858,543	20,989,970
(5,051,122)	(9,350,530)
14,807,422	11,639,440
7,885,341	5,459,211
2,273,659	-
24,966,422	17,098,651

19.1 This will adjust against the future liability of the Company.

20 CASH AND BANK BALANCES

Cash in hand

Cash at banks:

On Current accounts
Local Currency
Foreign Currency

22,164	43,284
11,189,278	21,464,036
57,227	35,687
11,268,668	21,543,007

21 SALES - Net

Sales - Local
Sales - Export

21.1

269,163,588	202,550,158
1,668,000	2,664,000
270,831,588	205,214,158

Sales tax
Expenses on exports

2,318,881	63,562
86,977	324,426
2,405,858	387,988
268,425,730	204,826,170

21.1 Export Sales comprise of sale made in Bangladesh region.

22 COST OF SALES

Raw material consumed
Packing drums
Salaries and wages
Insurance
Carriage inward
Stores, spares and loose tools consumed
Fuel and power
Repair and maintenance
Other production expenses
Depreciation

22.1

161,512,482	110,910,429
3,870,835	3,953,245
15,251,656	15,510,420
-	105,000
2,660,930	2,365,680
2,555,127	2,589,315
16,984,879	14,283,795
1,392,575	714,182
103,898	169,468
1,166,331	921,774
205,498,713	151,523,308

Work in process

Opening Stock
Closing Stock

22.2

22.3

11.2

1,057,000	850,140
(1,245,000)	(1,057,000)
(188,000)	(206,860)
205,310,713	151,316,448

Finished goods

Opening Stock
Closing Stock

4,872,320	5,520,840
(5,369,242)	(4,872,320)
(496,922)	648,520
204,813,791	151,964,968

JUNE 30, 2019 JUNE 30, 2018**Rupees****22.1 Raw material consumed:**

Opening stock
Purchases during the period
Less: Sales Tax

2,994,910	6,087,340
167,161,903	109,188,241
(2,387,982)	(1,370,242)
164,773,921	107,817,999
167,768,831	113,905,339
(6,256,349)	(2,994,910)
161,512,482	110,910,429

22.2 Stores, spares & loose tools consumed:

Opening stock
Purchases during the period

605,371	605,371
2,484,406	2,419,458
3,089,777	3,024,829
(534,650)	(605,371)
2,555,127	2,419,458

Closing stock

22.3 Fuel & Power consumed:

Less: Sales Tax

19,812,306	16,855,019
(2,827,427)	(2,571,224)
16,984,879	14,283,795

23 ADMINISTRATIVE EXPENSES

Salaries, wages & benefits
Directors remuneration
Electricity, gas & water
Travelling & conveyance
Repair & maintenance
Telephone, telex & postage
Rent, rates & taxes
Legal & professional charges
Auditor's remuneration - Audit fee
Printing & stationery
Advertisement
Entertainment
Insurance
Medical
Subscription
News papers & periodicals
Depreciation
Miscellaneous
Provision for doubtful debts

12.2

10,050,158	8,758,182
3,771,148	1,713,444
160,380	132,155
2,894,142	1,145,273
616,806	572,938
811,836	854,132
1,404,344	1,060,960
339,179	248,348
250,000	250,000
539,381	484,055
74,400	125,700
770,636	638,747
616,101	525,138
1,695	4,990
920,063	467,639
35,120	50,952
2,052,462	1,770,046
671,540	173,420
-	6,000,000
25,979,391	24,976,119

24 SELLING & DISTRIBUTION COSTS

Staff salaries & benefits
Electricity, gas & water
Travelling & conveyance
Repair & maintenance
Rent, rates & taxes
Entertainment
Laboratory/testing expenses
Telephone, telex & postage
Carriage and cartage

6,680,415	6,184,135
144,397	42,131
1,173,963	977,574
358,436	219,867
993,984	941,798
-	105,000
7,347	29,970
106,247	96,342
1,781,684	1,880,131
11,246,473	10,476,948

	JUNE 30, 2019	JUNE 30, 2018
	Rupees	
25 OTHER OPERATING INCOME		
Profit on Sale of fixed assets	760,162	343,486
Exchange Gain	9,441	
Sale of scrap	61,056	58,034
Rent received	-	158,781
	830,659	560,301
26 OTHER OPERATING EXPENSES		
Workers Profit Participation Fund	1,257,723	815,761
Workers Welfare Fund	477,935	309,989
Loss on Exchange rate	-	65,302
	1,735,658	1,191,052
27 FINANCE COST		
Bank charges	131,948	203,980
Mark-up on loans	1,415,415	1,152,176
Leasing charges	514,909	231,765
	2,062,272	1,587,920
28 TAXATION		
Current year		
For the year	6,887,372	5,869,558
prior year	(1,836,250)	(576,235)
	5,051,122	5,293,323
Deferred		
Deferred Tax (Income) / Expense	(285,775)	(666,142)
	4,765,346	4,627,181

28.1 Corporate tax rate applicable for the year is 29% (2018: 30%).

28.2 Management assessment of sufficiency of current tax provision

28.2.1 It is management's assessment that the provision for taxation made in the financial statements is sufficient.

	2018	2017	2016
	Rupees		
28.2.2 Comparison of Tax Provision with Tax Assessment			
Tax Provision as per Accounts	5,869,558	2,098,547	1,427,764
Tax Assessment	4,033,308	1,522,312	1,958,663

28.3 Relationship between tax expense and accounting profit

Profit before tax	23,418,804	15,189,464
Tax at the applicable rate of 29% (30%)	6,791,453	4,556,839
Effect of Final Tax Regime	(467,040)	772,560
Prior Year Tax Provision	(1,836,250)	(576,235)
Others	277,183	(125,983)
	4,765,346	4,627,181

29 STAFF RETIRMENT BENEFITS

	Audited	Audited
29.1 Provident Fund		
(i) Size of fund	37,206,195	35,249,980
(ii) Cost of investments	21,357,300	21,357,300
(iii) Percentage of investments made	57.4%	60.6%
(iv) Fair value of investments	21,357,300	21,357,300
Break up of investments at fair value		
Defence Saving Certificates	21,357,300	21,357,300
	21,357,300	21,357,300

30 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Director	Executives
Managerial remuneration	853,804	1,579,188	1,003,224	625,935	479,508	964,512
Allowances:						
- House rent	384,212	710,640	451,446	281,676	215,784	434,028
- Utilities	85,384	157,920	100,326	62,592	47,952	96,456
Provident Fund						
Employer Contribution to PF	85,384	157,920	100,326	62,592	47,952	96,456
	1,408,784	2,605,668	1,655,322	1,032,795	791,196	1,591,452
Number of Persons	1	2	1	1	1	1

30.1 The Chief Executive, director and executives are provided with free use of Company maintained Cars in accordance with their

30.1 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

31 TRANSACTION WITH RELATED PARTIES

There was no party transactions related , other than remuneration to the chief executive, directors and executives of the Company under their terms of employment disclosed in note 30.

JUNE 30, 2019 **JUNE 30, 2018**

32 CAPACITY AND PRODUCTION

Production in manufacturing units:

Rated Capacity (M.Tons) on 360 days basis

Actual production (M. Tons)

Percentage of production

660	660
347	392
53%	59%

32.1 PRODUCTION

Under production is regulated with the demand of our valued customers. The management of the company keeps strict control over volume of production to avoid blockage of unnecessary finances in the stocks.

33 EARNING PER SHARE

Net profit/(Loss) for the year

Number of ordinary shares issued

Earnings per share- Basic and diluted

18,653,457	10,562,283
6,000,000	6,000,000
3.11	1.76

34 NUMBER OF EMPLOYEES

34.1 Number of Employees at June 30

Permanent

Temporary

101	101
9	7
110	108

This included 84 (2018: 83) number of factory employees.

Average Number of Employees during the year

Permanent

Temporary

104	103
8	10
112	113

35 Financial assets and liabilities

		INTEREST BEARING						NON INTEREST BEARING							
		Maturity up to one year		Maturity after one year		Sub total		Maturity up to one year		Maturity after one year		Sub total		Total	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Financial assets:															
At Amortised Cost															
Long term deposits		-	-	-	-	-	-	-	1,740,700	1,290,200	574,000	1,290,200	2,314,700	1,290,200	2,314,700
Trade debts		-	-	-	-	-	-	93,014,490	79,915,888			93,014,490	79,915,888	93,014,490	79,915,888
Advances, deposits, prepayments & other receivable		-	-	-	-	-	-	791,796	597,908	2,993,483	654,165	3,785,279	1,252,073	3,785,279	1,252,073
Cash & banks		-	-	-	-	-	-	11,268,668	21,543,007			11,268,668	21,543,007	11,268,668	21,543,007
		-	-	-	-	-	-	105,074,955	103,797,503	4,283,683	1,228,165	109,358,638	105,025,668	109,358,638	105,025,668
Financial liabilities:															
At Amortised Cost															
Obligation under finance lease	See Note No 5	999,338	1,699,891	5,849,722	2,425,960	6,849,060	4,125,851							6,849,060	4,125,851
Short term finance	See Note No.8.1 and 8.2	14,357,932	9,613,295	-	-	14,357,932	9,613,295							14,357,932	9,613,295
Creditors, accrued & other liabilities		415,098	38,045	-	-	415,098	38,045	6,800,722	6,501,743			6,800,722	6,501,743	7,215,820	6,539,788
Commitments		-	-	-	-	-	-							-	-
		15,772,368	11,351,231	5,849,722	2,425,960	21,622,090	13,777,191	6,800,722	6,501,743	-	-	6,800,722	6,501,743	28,422,812	20,278,934

34.1 Financial risk management

34.1.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

a) Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk of the Company arises from deposits with banks, trade debts, loans and advances and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and trade debts are subject to specific credit ceilings based on customer credit history.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to the statement of profit or loss.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit as mentioned in note 9 to the financial statements.

The table below analysis the contractual maturities of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

	Carrying Amount	Contractual Cash Fl	Les than 1 year	Above 1 year
	Rs.	Rs.	Rs.	Rs.
At June 30, 2019				
Obligation under finance lease	6,849,060	6,849,060	999,338	5,849,722
Short term finance	14,357,932	14,357,932	14,357,932	-
Creditors, accrued & other liabilities	6,800,722	6,800,722	6,800,722	-
At June 30, 2018				
Obligation under finance lease	4,125,851	4,125,851	1,699,891	2,425,960
Short term finance	9,613,295	9,613,295	9,613,295	-
Creditors, accrued & other liabilities	6,501,743	6,501,743	6,501,743	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

c) Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price risk.

i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial assets include Rs .057 million (2018: Rs .035 million) which were subject to currency risk.

Rupees per USD	2019	2018
Average Rate	136.39	109.98
Reporting date mid point rate	160.30	121.60

Sensitivity Analysis

At June 30, 2019, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 0.058 million (2018: Rs 0.036 million) lower/higher.

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no long term interest bearing financial assets whose fair value or future cash flows will fluctuate because of changes in market interest rates. Financial liabilities include balances of Rs 21.21 million (2018: Rs 13.73 million) , which are subject to interest rate risk. Applicable interest rates for liabilities have been indicated in respective notes.

Sensitivity analysis

At June 30, 2019, if interest rates had been 1% higher/lower with all other variables held constant, profit after tax for the year would have been Rs .21 million (2018: Rs .14 million) higher/lower, mainly as a result of higher/lower interest income/expense from these financial assets and liabilities.

iii) Price risk

Price risk represents 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 interest rate risk or currency 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.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

34.2 Capital risk management

The Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders. There was no change to the Company's approach to the capital management during the year and the company is not subject to externally imposed capital requirement.

36 EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date which may require adjustments and/or disclosure in these financial

37 CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However no significant reclassification have been made.

38 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The business units of the Company includes the following:

Business unit	Location
Plant	Plot.No.29-B, Road No.01 Gadoon Amazai,Industrial Estate,Topi,Ganduf Road,Sawabi(K.P.K)
Marketing and Sales Office Lahore	2-A,2nd Floor, Canal Bank Road, Justice Sardar Iqbal Road, Aziz Avenue, Gulberg-V, Lahore, Pakistan
Marketing and Sales Office Faisalabad	2nd Floor Ismail Manzil Satyana Road Faisalabad, Pakistan
Marketing and Sales Office Sialkot	Main Defence Road, Fateh Garh, Sialkot City, Pakistan
Marketing and Sales Office Karachi	Shop No. 11, Chemical Market, Sector 7-A, Korangi Industrial Area, Karachi, Pakistan

39 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 03-10-2019 by the board of directors of the company.

40 GENERAL

- Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Chief Financial Officer



Director

**THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING**

1.1 Name of the Company

SARDAR CHEMICAL INDUSTRIES LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2019

-----Shareholdings-----			
2.2 No. of Shareholders	From	To	Total Shares Held
72	1	100	4,883
1,450	101	500	707,367
73	501	1,000	71,300
134	1,001	5,000	377,450
15	5,001	10,000	126,200
7	10,001	15,000	94,900
8	15,001	20,000	148,000
2	20,001	25,000	45,200
2	25,001	30,000	55,000
4	35,001	40,000	148,100
1	40,001	45,000	41,000
2	50,001	55,000	104,000
1	60,001	65,000	62,000
1	65,001	70,000	70,000
1	90,001	95,000	92,000
2	95,001	100,000	195,400
1	100,001	105,000	102,000
1	105,001	110,000	105,500
1	110,001	115,000	114,000
3	140,001	145,000	424,050
1	215,001	220,000	219,500
1	245,001	250,000	249,000
1	495,001	500,000	500,000
1	535,001	540,000	536,900
1	655,001	660,000	656,250
1	745,001	750,000	750,000
1,787			6,000,000

2.3 Categories of shareholders**Share held****Percentage**2.3.1 Directors, Chief Executive Officers,
and their spouse and minor children

1,562,600

26.0433%

2.3.2 Associated Companies,
undertakings and related
parties. (Parent Company)

0

0.0000%

2.3.3 NIT and ICP	200,800	3.3467%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	2,887	0.0481%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	20,200	0.3367%
2.3.7 Share holders holding 10% or more	1,406,250	23.4375%
2.3.8 General Public		
a. Local	4,009,812	66.8302%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
Joint Stock Companies	177,201	2.9534%
Others	26,500	0.4417%

SARDAR CHEMICAL INDUSTRIES LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2019

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

- -

Mutual Funds (Name Wise Detail)

- -

Directors and their Spouse and Minor Children (Name Wise Detail):

1	SARDAR MAHMOOD SADIQ	500,000	8.3333%
2	SARDAR AYAZ SADIQ (CDC)	750,000	12.5000%
3	MRS. TAYYABAH MAHMOOD SADIQ	249,000	4.1500%
4	MRS. REEMA AYAZ (CDC)	62,000	1.0333%
5	MR. FAYYAZ AHMED KHAN.	1,000	0.0167%
6	MR. AITZAZ AHMED TARAR	600	0.0100%
7	MR. SHAHID AZIZ (NIT NOMINEE)	-	0.0000%

Executives:

10,000 0.1667%

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

23,087 0.3848%

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	NAME	HOLDING	%AGE
1	SARDAR AYAZ SADIQ (CDC)	750,000	12.5000%
2	MR. AITZAZ MUNAWAR	656,250	10.9375%
3	SARDAR AHMAD AYAZ SADIQ (CDC)	536,900	8.9483%
4	SARDAR MAHMOOD SADIQ	500,000	8.3333%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Sr. No.	Name	Sale	Purchase
1	MRS. TAYYABAH MAHMOOD SADIQ		249,000
2	MR. FAYYAZ AHMED KHAN.	199,000	

اطلاع برائے سالانہ اجلاس عام

تمام متعلقہ افراد کو بذریعہ ہذا مطلع کیا جاتا ہے کہ سردار کیمیکل انڈسٹریز لمیٹڈ کا 30 واں سالانہ اجلاس عام اس کی فیکٹری اور رجسٹرڈ آفس پلاٹ نمبر B-129، گدون امانی انڈسٹریل اسٹیٹ، ٹوپی ضلع صوابی، خیبر پختونخواہ میں 28 اکتوبر 2019 بروز پیر 3:30 بجے مندرجہ ذیل کاروبار کی انجام دہی کے لئے منعقد ہوگا۔

۱۔ پچھلے اجلاس عام منعقدہ 27 اکتوبر 2018 کی کاروائی کی توثیق۔

۲۔ 30 جون 2019 کو ختم شدہ سال کے لئے آڈٹ شدہ حسابات اور اس کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی اور ان پر غور کی منظوری۔

۳۔ اگلے سال 30 جون 2020 کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین کرنا۔

دیگر امور:

صاحب صدر کی اجازت سے کسی بھی دیگر امور کی انجام دہی۔

نوٹس:

بورڈ کی اجازت سے

کمپنی سیکرٹری

مورخہ 3 اکتوبر 2019

لاہور

- 1۔ کمپنی کی شیئر ٹرانسفر بکس 22 اکتوبر تا 28 اکتوبر 2019 (بشمول دونوں دن) بند رہیں گی۔
- 2۔ انفرادی ممبران سے گزارش ہے کہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل شیئر رجسٹرار کے پاس جلد از جلد جمع کروادیں۔
- 3۔ ممبران کے پتے میں ہونے والی کسی بھی تبدیلی سے متعلق فوری طور پر کمپنی کے شیئر رجسٹرار میسرز کارپ لنک لاہور کو مطلع فرمائیں۔
- 4۔ جن جن حصہ داران نے اپنا IBAN کمپنی کو مہیا نہیں کیا، ان کو چاہیے کہ جلد از جلد اپنے IBAN اور شناختی کارڈ کی کاپی جلد از جلد کمپنی کو ارسال کر دیں۔
- 5۔ مینٹگ میں شرکت کا مجاز ممبر کسی دوسرے شخص کو اپنا پر کسی مقرر کر سکتا ہے۔
- 6۔ بذریعہ پراکسی مینٹگ میں شرکت کے مجاز کاغذات باقاعدہ تصدیق شدہ کمپنی کے دفتر میں کم از کم 45 گھنٹے مینٹگ ٹائم سے پہلے جمع کرانے ضروری ہیں۔
- 7۔ جو ممبران CDC کے ممبر ہیں وہ SECP کی ہدایات کے مطابق عمل کریں۔
- 8۔ SECP کے نوٹیفیکیشن نمبر 2014(1)634 مورخہ 10 جولائی 2014 کمپنی کے حسابات 30 جون 2019 کو ختم شدہ سال کی سالانہ رپورٹ کمپنی کی ویب سائٹ www.sardarchem.net پر بھی ملاحظہ کی جاسکتی ہے۔
- 9۔ وہ حصہ داران جو کمپنی کے مالیاتی رپورٹس ای میل کے ذریعے وصول کرنے کے خواہش مند ہوں اپنی رضامندی فارم جو کہ ہماری ویب سائٹ پر موجود ہے، پُر کر کے کمپنی کے شیئر رجسٹرار میسرز کارپ لنک لاہور سال کریں۔

A- اجلاس میں شرکت کے لئے:

- (۱) انفرادی CDC شیئر ہولڈر اور ذیلی اکاؤنٹ ہولڈر اپنی شناخت اصل شناختی کارڈ یا پاسپورٹ دکھا کر میٹنگ میں شرکت کر سکتا ہے۔
- (۲) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نامزد فرد (جو کارپوریٹ ادارے کی جانب سے شرکت اور ووٹ دینے کا مجاز ہو) کے دستخط کا نمونہ پر کسی فارم کے ہمراہ دفتر کو جمع کروانا ضروری ہے۔

B- پراسیز کے تقرر کے لئے:

- (۱) افراد کی صورت میں، اکاؤنٹ ہولڈر اور / یا فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور جن کی رجسٹریشن کی تفصیلات قواعد کے مطابق مندرج ہیں وہ مندرجہ بالا ضابطے کے مطابق پر کسی فارم جمع کرائیں گے۔
- (۲) پر کسی فارم پر دو افراد کی گواہی لازمی ہے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج کیے جائیں گے۔
- (۳) بینیفشل مالکان اور پر کسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول پر کسی فارم کے ساتھ منسلک کی جائیں گی۔
- (۴) پر کسی اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ اجلاس کے وقت پیش کریں گے۔
- (۵) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی، بمعہ نامزد فرد (جو کارپوریٹ ادارے کی جانب سے اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو) کے دستخط کا نمونہ، پر کسی فارم کے ہمراہ کمپنی کو جمع کروانا لازمی ہے۔

- C- SECP کے سرکلر نمبر 10 کا 2014 مورخہ 21 مئی 2014 کے بموجب ممبران ویڈیو کانفرنس کی سہولت کے ذریعے اجلاس عام میں شرکت کرنے کے خواہشمند کے پاس کمپنی کے حصص کا 10 فیصد ہونے کی صورت میں کمپنی کے اجلاس سے 10 دن پہلے (اگر اُس شہر میں ویڈیو کانفرنس کی سہولت موجود ہو تو) مطلع کریں۔

ڈائریکٹرز رپورٹ برائے سال ختم شدہ 30 جون 2019

بورڈ آف ڈائریکٹرز آف سردار کیمیکل انڈسٹریز لمیٹڈ اپنی رپورٹ برائے سال ختم شدہ 30 جون 2019 بشمول کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

مالیاتی نتائج کا مختصر جائزہ:

<u>2019</u>	<u>2018</u>	
(ہزاروں میں)		
268,426	204,826	پکری صافی
63,612	52,861	ناخالص منافع
23,419	15,189	خالص منافع ٹیکس کے بغیر
18,653	10,562	خالص منافع ٹیکس کے بعد
3.11	1.76	فیصد کمائی

امسال ہماری بکری پچھلے سال کی نسبت روپوں میں %31 زیادہ رہی۔ جبکہ وزن میں %1.79 زیادہ رہی۔ اس سے ظاہر ہوتا ہے کہ یہ اضافہ ہماری مصنوعات کی قیمتوں میں اضافے کی وجہ سے ہوا ہے جو کہ ڈالر کی قیمت میں اضافے کی وجہ سے ہوا ہے۔

مستقبل کا امکان:

مارکیٹ میں ہمیں چھوٹے چھوٹے رنگ بنانے والوں اور کمرشل امپورٹرز سے مقابلہ کرنا ہوتا ہے لیکن ہم اپنے نام تجربہ، معیار اور وقت پر سپلائی کرنے کی وجہ سے کامیاب رہتے ہیں۔

ڈیویڈنڈ:

مارکیٹ میں ڈالر کا ریٹ بہت زیادہ بڑھ جانے کی وجہ سے اور گورنمنٹ کی طرف سے زیرو ریٹڈ سہولت ختم ہونے کی وجہ سے کمپنی کو اپنے پاس وافر مقدار میں کیش رکھنا پڑے گا، جس کی وجہ سے ڈائریکٹرز نے امسال ڈیویڈنڈ نہ دینے کا فیصلہ کیا ہے۔

آڈٹ کمیٹی:

کمپنی نے باقاعدہ آڈٹ کمیٹی بنا رکھی ہے جس میں تین عدد ڈائریکٹرز ہیں جو کہ اپنی متعلقہ ذمہ داریاں احسن طریقے سے سرانجام دے رہے ہیں۔

HR & R:

کمپنی نے HR & R کمیٹی بھی بنا رکھی ہے جس میں تین عدد ڈائریکٹرز شامل ہیں۔ جو کہ کمپنی کو کارپوریٹ گورننس کے مطابق بہتر طریقہ سے چلانے میں مددگار ہوتے ہیں۔

ڈائریکٹرز ٹریننگ پروگرام:

ہمارے تمام ڈائریکٹرز تعلیم اور تجربہ کی بنیاد پر ٹریننگ سے مستثنیٰ ہیں، سوائے دو کے جو کہ اعلیٰ تعلیم یافتہ اور متعلقہ علوم میں مہارت رکھتے ہیں۔

ٹرانسفر پرائسنگ:

ہماری کمپنی ٹرانسفر پرائسنگ کے قوانین پر مکمل عملدرآمد کر رہی ہے۔

بیلنس شیٹ کے بعد حالات:

بیلنس شیٹ بننے کے بعد اب تک کوئی بھی ایسی تبدیلی نہیں ہوئی جس کا ذکر کیا جائے۔

پراویڈنٹ فنڈ:

30 جون 2017 کو پراویڈنٹ فنڈ میں مبلغ 37,206,195 روپے تھے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز اسلم ملک اینڈ کمپنی کو اہلیت کی بنیاد پر آڈٹ کمیٹی نے ان کو دوبارہ کمپنی کا آڈیٹر مقرر کرنے کی سفارش کی ہے۔

پروڈکشن:

ہماری پروڈکشن ہمارے معزز گاہکوں کی ضروریات کے مطابق بڑھتی اور کم ہوتی رہتی ہے۔

کوڈ آف کارپوریٹ گورننس سے ہم آہنگی:

پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) کے رول بک میں شامل کئے گئے کوڈ آف کارپوریٹ گورننس کے عین مطابق، ڈائریکٹرز درج ذیل کے اظہار پر مسرت محسوس کرتے ہیں۔

☆ کمپنی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی گوشواروں میں معاملات کی واضح صورت، اس کے انتظامی نتائج، کیش فلو اور ایکویٹی کی تبدیلیوں کو واضح انداز میں پیش کیا گیا ہے۔

☆ کمپنی کے اکاؤنٹ بکس درست انداز میں برقرار رکھے گئے ہیں۔

☆ مالیاتی گوشواروں اور اکاؤنٹنگ بیانات کی تیاری مناسب اور محتاط انداز کی بنیاد پر متعلقہ اکاؤنٹنگ پالیسیز کے تحت کی گئی ہے۔

☆ فنانشل اسٹیٹمنس کی تیاری پاکستان میں لاگو انٹرنیشنل اکاؤنٹنگ کے معیاروں کے مطابق کی گئی ہے اور اس سے کسی طرح کے انحراف کو باقاعدہ واضح کیا گیا ہے۔

☆ انٹرئل کنٹرول کا سسٹم بہترین ہے اور اس پر بہترین انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔

☆ کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک و شبہ کی کوئی گنجائش نہیں ہے۔

☆ PSX کے رول بک میں مفصل کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔

☆ انتظام اور مالیات سے متعلق گزشتہ چھ سال کی اہم معلومات صفحہ نمبر پر درج کی گئی ہے۔

تشکر:

بورڈ آف ڈائریکٹرز کمپنی کے تمام ملازمین اور اپنے معزز گاہکوں کے شکر گزار ہیں کہ ان کی انتھک محنت اور لگن کی وجہ سے کمپنی بہتر طریقے سے چل رہی ہے۔



سردار محمود صادق

چیف ایگزیکٹو

مورخہ 3 اکتوبر 2019

لاہور

FORM OF PROXY
SARDAR CHEMICAL INDUSTRIES LIMITED

Register Folio No. _____

FORM OF PROXY

IMPORTANT

Instrument of proxy will not be considered as valid unless they are deposited or received at the Company's Share Registrar , CorpLink (PVT) Ltd, Wings Arcade, 1-K, Commercial, Model Town, Lahore not later than 48 hours before the time of holding.

I/We of

.....

Member(s) of SARDAR CHEMICAL INDUSTRIES LIMITED. Hereby appoint
..... of as a proxy to vote on
my/our behalf at the 30th Annual General Meeting of the Company to be held on 28th October, 2019
..... and at any adjournment thereof.

Date

Signatures