



Annual Report **2023**



Sardar

Chemical Industries Limited



ISO 9002 CERTIFIED



ANNUAL REPORT 2023

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COMPANY INFORMATION

CHIEF EXECUTIVE

Mrs. Reema Ayaz

DIRECTORS

Mr. Shahid Aziz (NIT Nominee)
Mr. Niaz Ahmed Chughtai
Mr. Fayyaz Ahmed Khan
Mr. Aitzaz Ahmad Tarar
Mrs. Tayybah Mahmood Sadiq
Mr. Abdul Rehman Qureshi

AUDIT COMMITTEE

Mr. Aitzaz Ahmad Tarar
Mrs. Tayybah Mahmood Sadiq
Mr. Fayyaz Ahmed Khan

COMPANY SECRETARY

Mr. Niaz Ahmed Chughtai

AUDITORS

Aslam Malik & Co.
Chartered Accountants

HR & REMUNERATION

Mr. Aitzaz Ahmad Tarar
Mrs. Tayybah Mahmood Sadiq
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:

info@sardarchemicals.com

Web:

www.sardarchemicals.com

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 34th Annual General Meeting 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 Friday 27th October 2023, at 5:00 P.M. to transact the following business: -

ORDINARY BUSINESS

1. To confirm the minutes of 33rd Annual General Meeting held on 28th October 2022.
2. To receive, consider and adopt the audited Financial Statements for the year ended June 30, 2023, together with the Chairman's Review Report the Directors' and Auditors', Report thereon.
3. To elect 7 directors for the next tenure in accordance with the provisions of the SECTION 159 OF THE COMPANIES ACT, 2017. The number of elected Directors of the Company has been fixed at 7 by the Board of Directors. The present Directors are eligible to offer themselves for re-election.

I. SARDAR AYAZ SADIQ	V. MRS. TAYYBAH MAHMOOD SADIQ
II. MRS. REEMA AYAZ	VI. MR. AITZAZ AHMAD TARAR
III. MR. ABDUL REHMAN QURESHI	VII. MR. FAYYAZ AHMED KHAN
IV. MR. SHAHID AZIZ	

In terms of the section 159(3) of the Companies Act, 2017, any person who seeks to contest an election of the office of director shall, whether he retiring director or otherwise, file with the Company not later than fourteen (14) days before the date of meeting, a notice of his intention to offer himself for election as a director.

4. To appoint Auditors for the year ended June 30, 2024, and fix their remuneration.
5. **TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH QR CODE AND WEBLINK:**

To approve, as and by way of ordinary resolution, the transmission of the annual balance sheet, profit & loss account, auditors' report, directors' report (the "Audited Annual Financial Statements") to the Company's shareholders through email or QR enabled code and weblink as allowed by the Securities and Exchange Commission of Pakistan via S.R.O. No. 389(I)/2023 dated 21-03-2023.

"RESOLVED THAT as notified by the Securities and Exchange Commission of Pakistan via S.R.O. No. 389(I)/2023 dated 21-03-2023 transmission of Annual Audited Financial Statements to the members through QR enabled code and weblink instead of transmitting the Annual Audited Accounts through CD/DVD/USB, be and is hereby ratified and approved for future".

6. To transact any other ordinary business with the permission of the Chair.

SPECIAL BUSINESS

1. To enhance the remuneration of the Chief Executive and two Working Directors.
 - i. Chief Executive to Rs. 350,000/- P.M.
 - ii. Working Directors to Rs. 350,000/- P.M. to each
 - iii. Executive to Rs. 150,000/- P.M.

A statement of material fact under section 134(3) of the Companies Act, 2017 relating to the aforesaid special business to be transacted at the said Annual General Meeting is being sent to the shareholders along with the notice.

ANY OTHER BUSINESS

1. To transact any other business with the permission of the chair.

Lahore
6th October, 2023

By Order of the Board
Company Secretary

Notes:

- I. The Share Transfer Books of the Company will remain closed from 21-10-2023 to 27-10-2023 (both days inclusive).
- II. The members are requested to notify immediately the change in their address if any.
- III. Members who have not yet submitted their attested copy of their Computerized National Identity Card to the Company are requested to send the same at their earliest.
- IV. The members are requested to intimate Title of Bank Account, Bank Account IBAN (24 digits), Bank Name, Bank Branch Name, Complete Address of Bank Branch and Code of Bank Branch etc.
- V. 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.
- VI. 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 the Company at least 45 hours before the time of the meeting.
- VII. 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.
- VIII. In compliance with the SECP Notification No. 634(1) Dated 10-07-2014, the financial statements and reports of the Company for the year ended June 30, 2022 have been placed on the Company's website www.sardarchemicals.com
- IX. Shareholders who wish to receive Company's Financial Report via email should submit their consent form, that is available on our website, fill it and send it to Company's share Registrar i.e. M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.
- X. According to SECP circular No. 5 of 2020, members can also share their comments/ suggestions on the above agenda on Whatsapp number 0300-8429502 or by email at nac.blacksmith@gmail.com

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.

D. TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH QR CODE AND WEBLINK:

The Securities and Exchange Commission of Pakistan has allowed listed Companies, through its S.R.O. No. 389(I)/2023 dated 21-03-2023 to circulate the Annual Audited Financial Statements to their members through QR-enabled code and weblink instead of transmitting the Annual Audited Financial Statements through CD/DVD/USB. The Company shall circulate Annual Audited Financial Statements through email address in case it has been provided by the member to the Company, and upon demand, supply hard copies of the Annual Audited Financial Statements to the shareholders free of cost upon receipt of a duly completed Request Form, which may be obtained from the Company's website i.e. <https://sardarchemicals.com/wp-content/uploads/2022/10/Accounts-Circulation-Form.pdf>.

STATEMENT OF MATERIAL FACT UNDER SECTION 134(2) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on 27th October, 2023.

- I. To enhance the remuneration of the Chief Executive and two Working Directors.
 - i. Chief Executive to Rs. 350,000/- P.M.
 - ii. Working Directors to Rs. 350,000/- P.M. to each.
 - iii. Executive to Rs. 150,000/- P.M.

“RESOLVED THAT the remuneration payable to the Chief Executive of the Company be and is hereby increased to Rs. 350,000/- (Three hundred and fifty thousand only). The remuneration of each Working Director to Rs. 350,000/- (Three hundred and fifty thousand only) and the remuneration of the Executive to Rs. 150,000/- (One hundred and fifty thousand only)”.

None of the Directors are interested except to the extent stated above in the special business.

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 employee's 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;

CHAIRMAN'S REVIEW REPORT

Annual evaluation of Board of Directors of SARDAR CHEMICAL INDUSTRIES LIMITED is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured against expectations in the context of objectives set out for the Company.

For the financial year ended June 30, 2023 the Board has played a pivotal role in achieving the Company's objectives and safeguarding interests of the shareholders. The Directors have rich and varied experience in the field of business, finance and regulations. The Board provides strategic direction to the management and is available for guidance. The Board meets frequently enough to adequately discharge its responsibilities. The Board approves competent and energetic team to achieve the goals set out for future. The Board ensures compliance of all requirements by the management. The Board committees provide valuable input and assistance to the Board. The audit committee particularly focused on detail review of financial statements and effectiveness of internal control. The HR committee overviews HR policy framework and recommends selection and compensation of senior management team.



Mrs. Tayybah Mahmood Sadiq
Chairperson of the Board

Date: September 19, 2023
Gadoon, Amazai

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of **SARDAR CHEMICAL INDUSTRIES LIMITED** are pleased to present their annual report along with audited financial statements of the Company for the year ended on June 30, 2023.

RESULTS FOR THE YEAR ARE SUMMARIZED AS UNDER:

	<u>2023</u>	<u>2022</u>
	(Rupees in thousands)	
Sales-Net	366,291	412,690
Gross Profit	108,020	104,106
Profit/(Loss) before taxation	30,877	40,355
Profit/(Loss) after taxation	24,329	29,050
Earning per share (Rs.)	4.05	4.84

Our Dyes are for the Textile, dying, printing and leather products. In addition to the dyes, we are also producing optical brighteners for the textile industries in powder and liquid form.

There is decrease of 11% in net sales as compared to last year. Due to drastic increase of the USD versus the Pakistani Rupee the prices of raw material increased along with increase in Utilities, Transportation and Freight. The industries were badly suffered by the economic situation and closed down, which hampered our sales also. These elements forced us to increase prices of our products. The increase in the price of our products was not received well and we were unable to increase our sales as compared to previous year.

The imposition of Sales Tax regime for the five export sectors increased our working capital requirement also.

FUTURE PROSPECTS

We are hopeful to maintain our profitability as before although we are facing tough competition from importers by under invoicing and misdeclaration of imported finished products.

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 Rupee has depreciated tremendously.

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 five Board meetings were held, to discuss, adopt and approve the accounts and other related matters of the Company.

The Board comprises of three Executive Directors and two non-executives and two independent directors.

AUDIT COMMITTEE

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

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

During the year under review five Board meetings were held, to discuss adopt and approve the accounts, appointment of Auditors of the Company and other matters.

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 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 positions.

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

- | | |
|-------------------------------|----------|
| a. Mr. Aitzaz Ahmad Tarar | Chairman |
| b. Mrs. Tayybah Mahmood Sadiq | Member |
| c. Mr. Fayyaz Ahmed Khan | Member |

The General Manager of the Company is a non-Director member of the HR & R Committee. The Committee held one meeting during the period under review.

DIRECTORS' TRAINING PROGRAMMES

The existing Board of Directors fully complied with the exemption from training program criteria except Mrs. Tayybah Mahmood Sadiq who have sufficient related qualification, knowledge and experience.

TRANSFER PRICING

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

POST BALANCE SHEET EVENTS

There has been no event subsequent to the balance sheet date 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. 14,453,890/- as on 30th June, 2023.

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, 2024. As their name exists in the QC list and in Audit Oversight.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as on 30-06-2023 is annexed. The directors, Company Secretary and their spouse and minor children have made no transactions in the Company's shares during the year.

PRODUCTION

We have to keep a range of approximately 65 products in our inventory as customers demand a complete range of products and if one or two products are not available with us, they may go to the traders selling imported products.

Demand of products cannot be predicted fully as colors and shades keep on changing so ample Raw Material and Finished Products have to be made available at all times.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

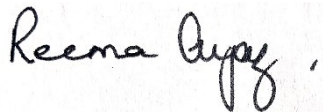
- The Financial statements, prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied 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 devotion and dedication of Company's valuable customers and distributors for their continued support. We also appreciate our Employees for their dedication and immense contribution to the Company.

On behalf of the Board



MRS. REEMA AYAZ
Chief Executive



FAYYAZ AHMED KHAN
Director

Dated: September 19th, 2023
Place: Gadoon Amazai

KEY OPERATING & FINANCE DATA FOR LAST SIX YEARS						
PARTICULARS	2023	2022	2021	2020	2019	2018
Net Sales	366,290,799	412,689,780	340,494,701	257,958,424	268,425,730	204,826,170
Gross Profit	108,019,631	104,106,325	112,250,430	77,315,109	63,611,939	52,861,202
Operating Profit/(Loss)	42,921,629	47,625,793	60,381,963	32,131,938	26,386,074	17,408,134
Profit/(Loss) before tax	30,876,754	40,354,580	53,986,242	26,206,294	23,418,804	15,189,464
Profit/(Loss) after tax	24,328,852	29,049,712	38,870,076	21,019,099	18,653,457	10,562,283
Paid - up Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Net Worth	251,832,737	227,503,886	201,454,174	141,529,606	141,529,606	128,268,642
FINANCIAL POSITION						
Fixed assets net	29,880,529	35,245,588	39,441,695	27,850,172	27,412,168	20,282,803
Total assets	330,474,676	317,751,705	242,051,225	205,333,913	175,909,550	151,936,723
Long term liabilities	9,663,583	14,413,905	17,955,114	6,109,157	5,849,722	2,425,960
RATIOS						
Gross Profit	29.49%	25.23%	32.97%	29.97%	23.70%	25.81%
Profit/(Loss) before tax	8.43%	9.78%	15.86%	10.16%	8.72%	7.42%
Profit/(Loss) after tax	6.64%	7.04%	11.42%	8.15%	6.95%	5.16%
RETURN TO SHAREHOLDER						
ROCE before Tax	15.90%	22.51%	26.11%	6.20%	16.54%	11.92%
ROCE after Tax	13.40%	14.55%	19.22%	12.93%	13.18%	8.29%
Earning per share	4.05	4.84	6.48	3.50	3.11	1.76
LIQUIDITY/LEVERAGE						
Current Ratio	4.26	3.63	8.64	4.77	5.13	6.03
Break up Value Per Share	41.97	37.92	33.58	22.10	18.59	16.24
Total Liabilities to Equity (times)	1.31	1.40	0.83	0.55	0.24	0.19
ACTIVITY						
Sales to total assets	1.11	1.30	1.41	1.26	1.53	1.35
Sales to fixed assets	12.26	11.71	8.63	9.26	9.79	10.10



Sardar Chemical Industries Limited

MANUFACTURERS OF DYES & CHEMICALS

Head Office: 2-A, 2nd Floor, Canal Bank Road, Justice Sardar Iqbal Road, Aziz Avenue, Gulberg-V, Lahore.
Tel: (92-42) 35711154, 35710148, 35753402 Fax: (92-42) 35775706
Email: info@sardarchemicals.com Website: www.sardarchemicals.com



Statement of Compliance

with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **Sardar Chemical Industries Limited**
Year ending: **June 30, 2023**

Sardar Chemical Industries Limited (the **Company**) has complied with the requirement of the Regulations in the following manner:

1. The total number of Directors are 7 as per the following:
- 2.

Gender	Number
Male	5
Female	2

3. The composition of the Board is as follows:

Category	Names
Independent Director	1. Mr. Abdul Rehman Qureshi 2. Mr. Aitzaz Ahmad Tarar
Non-Executive Director	1. Mr. Fayyaz Ahmed Khan
Executive Director	1. Mrs. Reema Ayaz 2. Mr. Niaz Ahmed Chughtai
Female Director	1. Mrs. Tayybah Mahmood Sadiq
NIT Nominee	1. Mr. Shahid Aziz

Best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The current Board of Directors of the Company adequately meets this requirement. Further, existing independent directors play an effective part within the Board and make valuable contribution. Therefore, the fraction (2.3) has not been rounded up.

4. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant

policies along with the dates on which they were approved, updated or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations).
8. The meetings of the Board were presided over by the Chairman and, in her absence, by a director elected by the Board for this purpose. The Board complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of Board.
9. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
10. The Directors were appraised of their duties and responsibilities from time to time. All of the Directors will duly comply with the requirement of Code of Corporate Governance with respect of in-house Directors' Training Program and the Company is planning to arrange this program for the Directors.
11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of appointment and complied with relevant requirements of the Regulations.
12. CFO and CEO duly endorsed the financial statements before approval of the Board.
13. The Board has formed committees comprising members given below:

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

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

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

Committees	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2023
HR & Remuneration Committee	One meeting was held during the financial year ended June 30, 2023

16. The Board has set up an effective internal audit function, which is 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

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 requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all requirements of regulation 3, 6, 7, 8, 27, 32, and 36 of the Regulations have been complied with.

For SARDAR CHEMICAL INDUSTRIES LIMITED



[Signature]
Director

Dated: September 20, 2023

Place: Gadoon Amazai



Aslam Malik & Co.
Chartered Accountants



www.aslamalik.com
info@aslamalik.com

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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Sardar Chemical Industries Limited** for the year ended 30 June 2023 in accordance with the requirements of regulation 36 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. 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.

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 2023.

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

Aslam Malik
Chartered Accountants



Place: Lahore

Date: September 20, 2023

UDIN: CR20231014842ISJqzX1

Lahore Head Office

Suite # 18-19 FF Floor, Central Plaza
Civic Centre, New Garden Town,
Lahore ✉ aslamalik@brain.net.pk
042-35858693-4, 042-35856819

Islamabad

House # 726, Street # 34,
Margalla Town, Off Murree
Road, Islamabad.
051-2374282, 051-2374283

Karachi

1001-1003 10th Floor, Chapal
Plaza, Hasrat Mohani Road, Off
I.I Chundrigar Road, Karachi
021-32425911, 021-32425912

Quetta

1st Floor, Haji Fateh
Khan Center, Adalat
Road, Quetta
081-2823837



Aslam Malik & Co. Chartered Accountants

INDEPENDENT AUDITOR'S REPORT



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To the 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, 2023, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, 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, statement of comprehensive income, the statement of changes in equity, 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, 2023 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 were addressed in the context of our audit of the financial statements as a

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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>Stock in Trade:</p> <p>Refer notes 3.3 and 16 to the financial statements, the Company has stock-in-trade aggregating Rs.103.3 million comprising raw materials, finished goods and work in progress. We identified this area as a key audit matter because stock-in-trade constitutes 4% of the total assets of the Company as at June 30, 2023 and determining an appropriate write down as a result of net realizable value (NRV) involves management judgement and estimation.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> ➤ Gained an understanding of the management's process of recording and valuing inventories; ➤ Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets; ➤ Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents; ➤ Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; and ➤ We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.

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 but does not include the financial statements and our auditor's report thereon.

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, 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:

- 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.

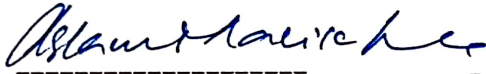
Report on Other Legal and Regulatory Requirements

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

- 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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



Chartered Accountants



Place: Lahore

Date: September 20, 2023

UDIN: AR202310148y4pweroZE

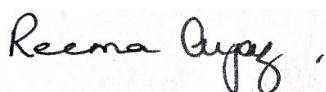
SARDAR CHEMICAL INDUSTRIES LIMITED

STATEMENT OF FINANCIAL POSITION

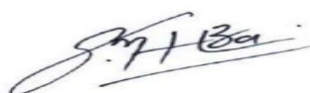
AS AT JUNE 30, 2023

	NOTE	2023 RUPEES	2022 RUPEES
EQUITY AND LIABILITIES			
Share capital and reserves			
<u>Authorised Capital:</u>			
10,000,000 (2022: 10,000,000)		100,000,000	100,000,000
<u>Issued, subscribed and Paid up:</u>			
Share capital - ordinary shares of Rs. 10/- each	4	60,000,000	60,000,000
Share premium - capital reserve		30,000,000	30,000,000
Accumulated profits - revenue reserve		161,832,737	137,503,886
		251,832,737	227,503,886
Non-current liabilities			
Lease liabilities	5	9,663,583	14,413,905
Current liabilities			
Current portion of long-term liabilities	6	4,176,328	4,482,109
Trade and other payables	7	16,497,429	21,563,170
Loan from directors	8	46,000,000	46,000,000
Unclaimed dividend	9	2,304,599	2,310,219
		68,978,356	74,355,498
Contingencies and commitments	10	-	-
		330,474,676	316,273,290
ASSETS			
Non-current assets			
Property, plant and equipment	11	29,880,529	35,245,588
Deferred tax asset	12	1,517,657	1,171,795
Long term deposits	13	5,289,430	5,863,430
		36,687,616	42,280,813
Current assets			
Advances, deposits, prepayments and other receivables	14	1,722,842	1,600,002
Stores, spares and loose tools	15	761,648	687,048
Stock-in-trade	16	103,345,105	93,994,777
Trade debts	17	146,530,846	140,895,363
Sales tax refundable - net		6,971,010	4,178,018
Taxation- net	18	15,715,783	11,383,872
Cash and bank balances	19	18,739,826	21,253,397
		293,787,060	273,992,477
		330,474,676	316,273,290

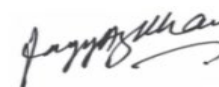
The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer

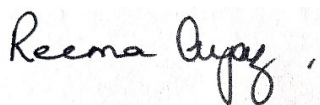


Director

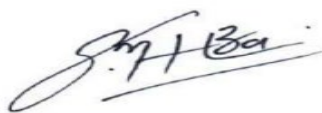
SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	NOTE	2023 RUPEES	2022 RUPEES
Sales - net	20	366,290,799	412,689,780
Cost of sales	21	(258,271,168)	(308,583,455)
Gross profits		108,019,631	104,106,325
Administrative expenses	22	(48,961,852)	(44,302,484)
Selling & distribution Costs	23	(16,136,150)	(12,178,048)
		(65,098,002)	(56,480,532)
Operating profit		42,921,629	47,625,793
Other expenses	24	(2,288,395)	(3,040,226)
Other Income	25	949,223	360,479
Financial charges	26	(10,705,702)	(4,591,466)
		(12,044,874)	(7,271,213)
Profit before taxation		30,876,754	40,354,580
Taxation	27	(6,547,903)	(11,304,869)
Profit after taxation		24,328,852	29,049,712
Earnings per share - basic and diluted	28	4.05	4.84

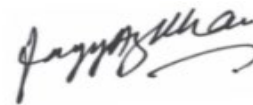
The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer

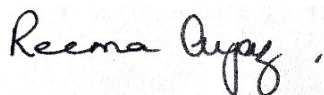


Director

SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
AS AT JUNE 30, 2023

	2023 RUPEES	2022 RUPEES
Profit after taxation	24,328,852	29,049,712
Other comprehensive income		
<i>Items that will be reclassified subsequently to profit or loss</i>	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the year	24,328,852	29,049,712

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer

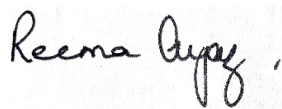


Director

SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Share capital	Capital reserve	Revenue reserve	Total
		Share premium	Accumulated profits	
Balance as on June 30, 2021	60,000,000	30,000,000	111,454,174	201,454,174
Total comprehensive income for the year ended June 30, 2022				
Profit after taxation	-	-	29,049,712	29,049,712
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	29,049,712	29,049,712
Final dividend for the year 2021	-	-	(3,000,000)	(3,000,000)
Balance as on June 30, 2022	60,000,000	30,000,000	137,503,886	227,503,886
Total comprehensive income for the year ended June 30, 2023				
Profit after taxation	-	-	24,328,852	24,328,852
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	24,328,852	24,328,852
Final dividend for the year ended				
Balance as on June 30, 2023	60,000,000	30,000,000	161,832,737	251,832,737

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

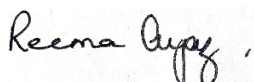
SARDAR CHEMICAL INDUSTRIES LIMITED

STATEMENT OF CASH FLOWS

AS AT JUNE 30, 2023

	NOTE	2023 RUPEES	2022 RUPEES
Cash flow from/used in operations	39	26,075,095	(11,236,575)
Finance charges paid	26	(10,705,702)	(4,591,466)
Workers Profit Participation Fund paid	7.2	(2,169,564)	(2,902,919)
Income tax paid	18	(11,225,676)	(11,819,114)
Net cash used in operating activities		1,974,153	(30,550,075)
Cash flow from investing activities			
Property, plant and equipment purchased		-	(1,207,700)
Proceeds from disposal of property, plant and equipment		-	400,000
Long term deposits	13	574,000	(105,650)
Net cash used in investing activities		574,000	(913,350)
Cash flow from financing activities			
Loan from directors	8	-	46,000,000
Repayment of lease liabilities	5	(5,056,103)	(3,994,459)
Dividend paid	9	(5,620)	(2,273,286)
Net cash generated from financing activities		(5,061,724)	39,732,255
Net decrease in Cash and Cash Equivalents		(2,513,571)	8,268,830
Cash and cash equivalents at the beginning of the year		21,253,397	12,984,567
Cash and Cash Equivalents at the End of the Year		18,739,826	21,253,397

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

**SARDAR CHEMICAL INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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 applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; 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 Initial application of a standard, amendment or an interpretation to an existing standard

2.2.1 Amendments to published accounting and reporting standards which are effective for the year ended June 30, 2021

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

2.2.2 Standard, amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

2.3 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 impairment.

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. 11.

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

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 invoice 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 or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

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 be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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 involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

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 forward contracts if any.

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

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the 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

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 and interest.

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

The Company assess on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its debt instruments, trade debts, short term investment and deposits and other receivables carried at amortised cost. 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; 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 either:

- 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; and
- 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 fair value hierarchy, as explained above.

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.

3.21 IFRS 16 - Leases

a) Right of Use Assets

The right-of-use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

b) Lease Liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

c) Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

SARDAR CHEMICAL INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
		RUPEES	RUPEES
4. Share capital - ordinary shares of Rs. 10/- each			
4.1 Authorised share capital		2023	2022
	2023	2022	
	(Number of shares)		
	Ordinary shares	Numbers	Numbers
	Ordinary shares of Rs. 10 each		
	paid in cash	100,000,000	100,000,000
	10,000,000	10,000,000	
4.2 Issued, subscribed and paid up capital		2023	2022
	2023	2022	
	(Number of shares)		
	Ordinary shares	Numbers	Numbers
	Ordinary shares of PKR 10 each as		
	fully paid in cash	60,000,000	60,000,000
	6,000,000	6,000,000	
	6,000,000	6,000,000	
5. Lease liabilities			
Future Minimum Lease Payments		14,949,595	21,362,375
Less: Financial charges pertaining to future period		(1,109,684)	(2,466,361)
Present value of minimum lease payments		13,839,911	18,896,014
Less: Current maturity of long term obligation		(4,176,328)	(4,482,109)
		9,663,583	14,413,905
5.1 This represents finance lease arrangements entered into with banks/Orix to acquire vehicles . Financing rates ranging from 20.23% to 27.72 % (2022: 17.92% to 20.86 %) per annum, approximately, have been used as discounting factor. Taxes, repairs, replacement and insurance costs are borne by the Company. Minimum Lease Payments (MLP) and their Present Value (PV) are as follow:			
		June 30, 2023	
		Not later than	Later than one
		one year	year and not
			later than
			five years
Future minimum lease payments		4,934,480	10,015,115
Less: Un-amortized finance charge		(758,152)	(351,532)
Present value of minimum lease payments		4,176,328	9,663,583
		June 30, 2022	
		Not later than	Later than one
		one year	year and not
			later than
			five years
Future minimum lease payments		5,838,780	15,523,595
Less: Un-amortized finance charge		(1,356,671)	(1,109,690)
Present value of minimum lease payments		4,482,109	14,413,905
6. Current portion of long-term liabilities			
Current maturity of lease liabilities		4,176,328	4,482,109
		4,176,328	4,482,109
6.1 These amounts represent the portion of long term liabilities which are repayable within one year.			

7. Trade and other payables

Accrued expenses		6,587,482	8,268,184
Workers Welfare Fund	7.1	5,080,759	4,450,621
Trade creditors		2,640,271	6,136,886
Workers Profit Participation Fund	7.2	1,658,257	2,169,564
Provident Fund payable	29	410,521	429,541
Contract liabilities		30,924	-
Withholding tax		89,215	108,375
		16,497,429	21,563,170

7.1 Workers Welfare Fund

Balance as at July 01		4,450,621	3,583,500
Paid during the year		-	-
Contribution for the year		630,138	867,121
Balance as at June 30		5,080,759	4,450,621

7.2 Workers Profit Participation Fund

Balance as at July 01		2,169,564	2,902,920
Paid during the year		(2,169,564)	(2,902,919)
Contribution for the year		1,658,257	2,169,563
Balance as at June 30		1,658,257	2,169,564

8. Loan from directors

Sardar Mahmood Sadiq		23,000,000	23,000,000
Sardar Ayaz Sadiq		19,000,000	19,000,000
Mrs.Reema Ayaz		4,000,000	4,000,000
		46,000,000	46,000,000

8.1 These loans were obtained to cope with the adverse economic conditions faced during COVID pandemic. These are payable on demand and markup will be Prevailing KIBOR of the market. Markup is payable quarterly basis.

9. Unclaimed dividend

Balance as at July 01		2,310,219	1,583,505
Final dividend declared		-	3,000,000
Paid during the year		(5,620)	(2,273,286)
Balance as at June 30		2,304,599	2,310,219

10. Contingencies and commitments**10.1 Contingencies**

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

Name of Party	Claimed Amount
Malik Arij Dyes, Sialkot	Rs. 2,596,293

The case has been decided in the favour of Sardar Chemical Industries Limited on November 14, 2022 but Malik Arij Dyes & Chemical (Pvt.) Ltd., has filed appeal before the Honourable Lahore High Court.

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.

10.2 Commitments

The Company has no commitments as at year end.

11. Property, plant and equipment

Fixed asset schedule is attached.		29,880,529	35,245,588
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12. Deferred tax asset			
Deferred tax assets on deductible temporary differences			
Provisions		(2,345,344)	(2,362,650)
Lease liability recognized under IFRS 16		(75,741)	(294,415)
		(2,421,085)	(2,657,066)
Deferred tax liability on taxable temporary differences			
Accelerated depreciation including right-of-use asset		903,428	1,485,270
		(1,517,657)	(1,171,795)
12.1 Movement in deferred tax liability is as follows:			
Balance as at July 01		(1,171,795)	(1,134,344)
Charge for the year in profit or loss account		(345,862)	(37,450)
Charge for the year in other comprehensive income		-	-
Balance as at June 30		(1,517,657)	(1,171,795)
13. Long term deposits			
Security against Leased Assets		5,289,430	5,863,430
		5,289,430	5,863,430
14. Advances, deposits, prepayments and other receivables			
Advances against expenses		738,107	421,009
Deposits others		694,230	694,230
Deposits against letters of credit/guarantees		220,500	220,500
Contract assets		60,005	209,270
Advances to employees		10,000	54,993
		1,722,842	1,600,002
15. Stores, spares and loose tools			
Stores		340,326	262,433
Spares		283,253	285,230
Loose tools		138,069	139,385
		761,648	687,048
16. Stock-in-trade			
Raw material		64,667,264	47,880,013
Work in process		16,403,656	25,019,556
Finished goods		22,274,185	21,095,208
		103,345,105	93,994,777
17. Trade debts			
Debtors		156,101,067	149,050,588
Less: Bad Debt Written-off		(1,414,996)	-
Less: Loss Allowance	17.1	(8,155,225)	(8,155,225)
		146,530,846	140,895,363
17.1 Loss Allowance			
Opening Balance		8,155,225	8,155,225
Provision Loss allowance for the year		-	-
		8,155,225	8,155,225
Less: Written off during the Year		-	-
		8,155,225	8,155,225
17.2 As at June 30, 2023 no amount was due from associates (2022: Nil).			
18. Taxation- net			
Balance as at July 01		11,383,872	16,563,510
Advance paid during the year advance		11,225,676	6,162,681
Provision for taxation		(6,893,765)	(11,342,319)
Balance as at June 30		15,715,783	11,383,872

19. Cash and bank balances

Cash in bank		
- Local currency	18,589,397	21,057,975
- Foreign currency	102,638	72,253
	18,692,034	21,130,228
Cash in hand	47,792	123,169
	18,739,826	21,253,397

20. Sales - net

Sales - Local	428,011,884	481,667,357
Sales - Export	3,050,200	3,790,400
	431,062,084	485,457,757
Sales tax	(64,340,212)	(72,423,265)
Expenses on exports	(431,073)	(344,712)
	(64,771,285)	(72,767,977)
	366,290,799	412,689,780

21. Cost of sales

Raw material consumed	21.1	173,881,618	256,111,010
Salaries and wages		31,224,071	25,364,911
Fuel and power		29,254,387	24,613,200
Packing drums		6,530,461	6,870,267
Stores, spares and loose tools consumed	21.2	4,267,794	5,226,568
Carriage inward		2,336,805	2,603,630
Repair and maintenance		1,368,541	10,355,038
Depreciation of property, plant and equipment	11.1	1,356,106	1,465,625
Other production expenses		614,462	700,699
		250,834,245	333,310,949
Work in process			
Opening stock		25,019,556	3,839,256
Closing stock		(16,403,656)	(25,019,556)
		8,615,900	(21,180,300)
		259,450,145	312,130,649
Finished goods			
Opening stock		21,095,208	17,548,014
Closing stock		(22,274,185)	(21,095,208)
		(1,178,977)	(3,547,194)
		258,271,168	308,583,455

21.1 Raw material consumed

Opening stock	47,880,013	29,094,560
Purchases during the period	237,283,949	320,234,991
Less: Sales Tax	(46,615,080)	(45,338,528)
	190,668,869	274,896,463
	238,548,882	303,991,023
Closing stock	(64,667,264)	(47,880,013)
	173,881,618	256,111,010

21.2 Stores, spares & loose tools consumed:

Opening stock	687,048	888,190
Purchases during the period	4,342,394	5,025,426
	5,029,442	5,913,616
Closing stock	(761,648)	(687,048)
	4,267,794	5,226,568

22. Administrative expenses		
Salaries, wages & benefits		17,401,787
Directors remuneration		8,850,000
Depreciation of property, plant and equipment	11.1	4,008,953
Travelling & conveyance		3,758,103
Rent, rates & taxes		3,699,330
Repair & maintenance		2,903,711
Entertainment		2,088,582
Telephone, telex & postage		993,770
Bad debt written-off		1,414,996
Insurance		758,190
Electricity, gas & water		723,506
Printing & stationery		657,190
Subscription		535,916
Miscellaneous		449,961
Legal & professional charges	22.1	590,380
News papers & periodicals		75,427
Advertisement		52,050
		48,961,852
		44,302,484
22.1 Legal and professional charges include the following in respect of auditor's services for:		
Statutory audit fee		250,000
Half year reviews		25,000
Other certificates		25,000
		300,000
		300,000
23. Selling & distribution Costs		
Staff salaries & benefits		8,771,847
Carriage and cartage		3,240,648
Travelling & conveyance		1,884,517
Rent, rates & taxes		1,323,236
Repair & maintenance		465,096
Electricity, gas & water		247,459
Telephone, telex & postage		203,347
Laboratory/testing expenses		-
		16,136,150
		12,178,048
24. Other expenses		
Workers Profit Participation Fund		1,658,257
Workers Welfare Fund		630,138
Exchange loss		-
		2,288,395
		3,040,226
25. Other Income		
Profit on Sale of fixed assets		-
Profit on bank account		631,169
Exchange Gain		244,244
Sale of scrap		73,810
		949,223
		360,479
26. Financial charges		
Mark-up on loans from directors		8,275,902
Markup on lease liabilities		2,185,382
Bank charges		244,418
		10,705,702
		4,591,466
27. Taxation		

Current year			
For the year		8,279,694	12,351,301
Prior year		(1,385,928)	(1,008,982)
Deferred tax	12.1	6,893,765	11,342,319
		(345,862)	(37,450)
		6,547,903	11,304,869

27.1 Corporate tax rate applicable for the year is 29% (2021: 29%).

27.2 Management assessment of sufficiency of current tax provision

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

27.2.2 Comparison of Tax Provision with Tax Assessment

	2022	2021	2020
	Rupees		
Tax Provision as per Accounts	12,351,301	17,339,737	7,739,350
Tax Assessment	10,965,373	16,330,755	5,294,547
Over Provision	1,385,928	1,008,982	2,444,803

27.3 Average effective tax rate charged to statement of profit or loss

Numerical reconciliation between the average effective tax rate and the applicable tax rate:

Applicable tax rate		29.00	29.00
Tax effect of amounts that are:			
Prior year tax expense		(4.49)	(2.50)
Effect of final tax regime		(2.86)	(2.72)
Other		(0.97)	4.23
		(8.32)	(0.99)
Average effective tax rate charged to statement of profit or loss		20.68	28.01

28. Earnings per share

28.1 Basic earnings per share

Profit after taxation available for distribution to ordinary shareholders		24,328,852	29,049,712
Weighted average number of ordinary shares		6,000,000	6,000,000
Basic earnings per share		4.05	4.84

28.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share as the Company has not issued instruments that cause dilution.

29. Staff retirement benefits

29.1 Provident fund

		Audited	Audited
(i) Size of fund		14,453,890	12,021,363
(ii) Cost of investments		13,964,902	11,509,440
(iii) Percentage of investments made		97%	96%
(iv) Fair value of investments	28.1.1	13,964,902	11,509,440

29.1.1 Break up of investments at fair value

Balance At Saving Account		13,964,902	11,509,440
		13,964,902	11,509,440

29.2 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.

29.3 Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies.

30. Transactions with related parties

The related parties comprise of Holding Company, Associated Companies, other related Companies, key management personnel and employees retirement benefit funds. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration to key management personnel is disclosed in note 31. Other significant transactions with related parties are disclosed in note 30.1.

30.1 Transactions during the year

Nature / name of related party	Relationship of related party	Nature of transactions	2023 (Rupees)	2022
Director / Shareholders / associates				
Sardar Mahmood Sadiq (Late)	Director	Loan	-	23,000,000
Sardar Ayaz Sadiq	Sponsor	Loan	-	19,000,000
Mrs.Reema Ayaz	Chief Executive	Loan	-	4,000,000
Sardar Mahmood Sadiq (Late)	Director	Markup on loan	(4,137,950)	(1,369,265)
Sardar Ayaz Sadiq	Sponsor	Markup on loan	(3,418,308)	(1,182,733)
Mrs.Reema Ayaz	Chief Executive	Markup on loan	(719,644)	(186,532)
Sardar Ayaz Sadiq	Sponsor	Head office rent	(1,894,500)	(1,787,472)
Sardar Industries (Private) Limited	Associated undertaking	Gadown rent	(921,480)	(877,596)

30.2 All transactions with related parties have been carried out on mutually agreed terms and conditions.

31. Remuneration of Chief Executive Officer, Directors and Executive

	Chief Executive Office		Directors		Executives	
	2023	2022	2023	2022	2023	2022
Managerial remuneration	1,935,480	1,483,868	3,774,186	2,129,028	967,740	1,161,288
House rent allowance	870,970	667,744	1,698,393	958,068	435,480	522,588
Utilities allowance	193,550	667,744	377,421	212,904	96,780	116,124
Employer Contribution to Provident Fund	193,550	148,388	377,421	212,904	-	-
Number of Persons	1	1	2	2	1	1

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

31.2 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.

32. Cash and cash equivalents

Cash and bank balances	19	18,739,826	21,253,397
		18,739,826	21,253,397

33. Number of employees

Number of employees as at June 30	126	127
Average number of employees during the year	107	113
Employees working in the Company's factory at the year end	97	98
Average employees working in Company's factory during the year	94	95

34. Capacity and production of industrial units

Rated capacity (Metric Ton) on 360 days basis	660	660
Actual production (Metric Ton)	322	394
Percentage of production	49%	60%

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.

35. Segment reporting

Segment information is presented in respect of how the Company's chief decision maker allocates resources and monitors performance based on business segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The Company's chief decision maker reviews the Company's performance on single segment accordingly the financial information has been prepared on basis of single reportable segment.

35.1 All assets of the Company as at 30 June 2023 are located in Pakistan.

SARDAR CHEMICAL INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	RUPEES	RUPEES
36. Financial risk management		
The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance. Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.		
36.1 Market risk		
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.		
36.1.1 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. Since there have been no foreign currency receivables and payables as at reporting date therefore the Company is not exposed to currency risk with respect to foreign receivables and payables.		
36.1.2 Other price risk		
Other 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 instrument traded in the market. The Company is not exposed to equity and commodity price risk.		
36.1.3 Interest rate risk		
This 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 significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:		
	2023	2022
	(Rupees)	
Floating rate instruments		
Financial liabilities		
Lease liabilities	13,839,911	18,896,014
Loan from directors	46,000,000	46,000,000
Financial assets		
Bank balances - saving accounts	13,218,310	17,803,723

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, profit/(loss) before taxation for the year would have been Rs. 598,399 (2022: Rs. 648,960) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

36.2 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. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023	2022
	(Rupees)	
Long term deposits	5,289,430	5,863,430
Trade debts	146,530,846	140,895,363
Advances, deposits, prepayments and other receivables	1,722,842	1,600,002
Cash and bank balances	18,739,826	21,253,397

The aging of trade debts at balance sheet date is as follows:

1 - 30 days	30,142,038	28,982,794
31 - 60 days	58,727,366	56,468,749
61 - 120 days	34,622,115	33,290,571
120 days and above	23,039,327	22,153,249
	<u>146,530,846</u>	<u>140,895,363</u>

The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of parties and trade debts are subject to specific credit ceilings based on customer credit history.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rate:

	Agency	Rating	
		Short term	Long term
Allied Bank Limited	PACRA	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+

Due to company's long standing business relationship with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligation to the company. Accordingly, the credit risk is minimal.

36.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. 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. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further, liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

36.3.1 The following are the contractual maturity analysis of financial liabilities as at June 30, 2023

Description	Carrying Amount	On Demand	Contractual cash flows	Within 1 Year	1-2 Years	2-5 Years
Lease liabilities	14,949,595	-	-	4,176,328	10,603,522	169,745
Loan from directors	46,000,000	46,000,000	-	-	-	-
Trade and other payables	16,497,429	-	16,497,429	16,497,429	-	-
Unclaimed dividend	2,304,599	2,304,599	-	-	-	-

36.3.2 The following are the contractual maturity analysis of financial liabilities as at June 30, 2022

Description	Carrying Amount	On Demand	Contractual cash flows	Within 1 Year	1-2 Years	2-5 Years
Lease liabilities	21,362,375	-	-	4,482,109	11,639,831	5,240,435
Loan from directors	46,000,000	46,000,000	-	-	-	-
Trade and other payables	21,563,170	-	21,563,170	21,563,170	-	-
Unclaimed dividend	2,310,219	2,310,219	-	-	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30th June. The rates of interest / mark up have been disclosed in Note 5 and 8 to these financial statements.

36.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2022 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

37. Financial instruments by categories**Financial asset as at amortized cost**

	2023	2022
	(Rupees)	
Long term deposits	5,289,430	5,863,430
Advances, deposits, prepayments and other receivables	1,722,842	1,600,002
Trade debts	146,530,846	140,895,363
Cash and bank balances	18,739,826	21,253,397
	<u>172,282,944</u>	<u>169,612,192</u>

Financial liabilities at amortized cost

	2023	2022
	(Rupees)	
Lease liabilities	13,839,911	18,896,014
Trade and other payables	16,497,429	21,563,170
Loan from directors	46,000,000	46,000,000
Unclaimed dividend	2,304,599	2,310,219
	<u>78,641,939</u>	<u>88,769,403</u>

37.1 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

38. Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal operating level, and regulate its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was as under:

	2023	2022
	(Rupees)	
Total borrowings	59,839,911	64,896,014
Cash and bank balances	(18,739,826)	(21,253,397)
Net Debt	41,100,085	43,642,617
Equity	251,832,737	227,503,886
Total capital employed	<u>292,932,822</u>	<u>271,146,503</u>
Gearing Ratio	<u>14%</u>	<u>16%</u>

There were no major changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

SARDAR CHEMICAL INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	2023 RUPEES	2022 RUPEES
39. Cash Generated from Operations		
Profit before taxation	30,876,754	40,354,580
<u>Adjustments for non- cash items:</u>		
Depreciation	5,365,059	6,354,833
Financial Changes	10,705,702	4,591,466
Profit on sale of fixed assets	-	(294,526)
Workers profit participation fund	1,658,257	2,169,563
Workers welfare fund	630,138	867,121
	18,359,157	13,688,457
Profit before Working Capital Changes	49,235,911	54,043,038
<u>Effect of working capital changes:</u>		
(Increase) / decrease in current assets		
Advances, deposits, prepayments and other receivables	(122,840)	(309,750)
Stores, spares and loose tools	(74,600)	201,142
Stock-in-trade	(9,350,328)	(43,512,947)
Trade debts	(5,635,483)	(27,386,306)
Sales tax refundable	(2,792,992)	-
(Decrease) / increase in current liabilities		
Trade and other payables	(5,184,573)	5,728,248
	(23,160,816)	(65,279,613)
Cash flow from/used in operations	26,075,095	(11,236,575)

40. 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.

41. 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

42. 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. Following reclassification/re-arrangement has been made in these financial statements:

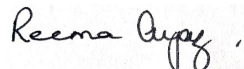
Reclassification from	Reclassification to	Rs.
Trade and other payables - Sales tax payable	Sales tax refundable - Net	1,478,415
Taxation net - Sales tax receivable	Sales tax refundable - Net	5,656,433

43. Date of authorization for issue

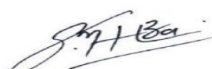
These financial statements were authorized for issue on September 19, 2023 by the Board of Directors of the Company.

44. General

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures have been rounded off to the nearest of thousands of rupee unless otherwise stated in these financial statements.



Chief Executive



Chief Financial Officer



Director

FORM 34

**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 **30-06-2023**

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
77	1	100	5,084
1,405	101	500	686,081
62	501	1,000	59,447
114	1,001	5,000	329,246
15	5,001	10,000	110,342
5	10,001	15,000	64,500
4	15,001	20,000	71,500
2	20,001	25,000	41,700
2	35,001	40,000	75,100
1	40,001	45,000	40,500
1	50,001	55,000	52,500
1	60,001	65,000	62,000
1	75,001	80,000	76,500
1	90,001	95,000	92,000
1	95,001	100,000	97,100
1	100,001	105,000	102,000
2	110,001	115,000	226,200
1	115,001	120,000	116,000
1	140,001	145,000	142,800
1	195,001	200,000	200,000
2	265,001	270,000	536,900
1	280,001	285,000	281,250
1	325,001	330,000	329,000
1	465,001	470,000	468,750
1	700,001	705,000	703,750
1	1,025,001	1,030,000	1,029,750
1,705			6,000,000

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, 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	197,300	3.2883%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	5,887	0.0981%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	20,200	0.3367%
2.3.7 Shareholders holding 10% or more	1,733,500	28.8917%
2.3.8 General Public		
a. Local	3,981,912	66.3652%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
- Joint Stock Companies	232,101	3.8684%

SARDAR CHEMICAL INDUSTRIES LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2023

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 AYAZ SADIQ (CDC)	468,750	7.8125%
2	MRS. TAYYABAH MAHMOOD SADIQ (CDC)	1,029,750	17.1625%
3	MRS. REEMA AYAZ (CDC)	62,000	1.0333%
4	MR. FAYYAZ AHMED KHAN.	1,000	0.0167%
5	MR. AITZAZ AHMED TARAR	600	0.0100%
6	MR. ABDUL REHMAN QURESHI	500	0.0083%
7	MR. SHAHID AZIZ (NIT NOMINEE)	-	0.0000%
Executives:		4,500	0.0750%
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		26,087	0.4348%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
S. No.	NAME	HOLDING	%AGE
1	MRS. TAYYABAH MAHMOOD SADIQ (CDC)	1,029,750	17.1625%
2	MR. ALI MOHYUDDIN DIN (CDC)	703,750	11.7292%
3	SARDAR AYAZ SADIQ (CDC)	468,750	7.8125%
4	SHEIKH JAMIL AHMED (CDC)	329,000	5.4833%

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 (CDC)	-	99,500
2	MR. NIAZ AHMED CHUGHTAI	500	-

اطلاع برائے سالانہ اجلاس عام

تمام متعلقہ افراد کو بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ سردار کیمیکل انڈسٹریز لمیٹڈ کا 34 واں سالانہ اجلاس عام اس کی فیکٹری اور رجسٹرڈ آفس پلاٹ نمبر B-29، گدون امازئی انڈسٹریل اسٹیٹ، ٹوپی ضلع صوابی، خیبر پختونخواہ 27 اکتوبر 2023 بروز جمعہ 5:00 بجے مندرجہ ذیل کاروبار کی انجام دہی کے لئے منعقد ہوگا۔

- ۱۔ پچھلے اجلاس عام منعقدہ 28 اکتوبر 2022 کی کاروائی کی توثیق۔
- ۲۔ 30 جون 2023 کو ختم شدہ سال کے لئے آڈٹ شدہ حسابات اور اس کے ساتھ چیئرمین جائزہ رپورٹ، ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی اور ان پر غور کی منظوری۔
- ۳۔ کمپنیز ایکٹ 2017 کے سیکشن 159 کی دفعات کے مطابق اگلی مدت کے لئے 7 ڈائریکٹرز کا انتخاب کرنا۔ بورڈ آف ڈائریکٹرز نے کمپنی منتخب ڈائریکٹرز کی تعداد مقرر کی ہے۔ موجودہ ڈائریکٹرز خود کو دوبارہ انتخاب کے لئے پیش کرنے کے اہل ہیں۔ اہل ہونے والے درج ذیل اراکین نے بطور ڈائریکٹر انتخاب کے لئے اپنے آپ کو پیش کرنے کے اپنے ارادے سے مطلع کیا ہے۔

۱۔ سردار ایاز صادق صاحب ۵۔ محترمہ طیبہ محمود صادق

۲۔ محترمہ ریما ایاز ۶۔ جناب اعزاز احمد تارڑ صاحب

۳۔ جناب عبدالرحمن قریشی صاحب ۷۔ جناب فیاض احمد خان صاحب

۴۔ جناب شاہد عزیز صاحب

کمپنیز ایکٹ، 2017 کے سیکشن 159(3) کے مطابق کوئی بھی شخص جو ڈائریکٹر کے عہدے کا الیکشن لڑنا چاہتا ہے، چاہے وہ ریٹائر ہو یا ہوڈائریکٹر ہو یا دوسری صورت میں کمپنی کے چودہ (14) دن کے اندر فائل کرے گا۔ ملاقات کی تاریخ سے پہلے ڈائریکٹر کے طور پر انتخاب کے لئے اپنے آپ کو پیش کرنے کے ارادے کا نوٹس۔

۴۔ اگلے سال 30 جون 2024 کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین کرنا۔

۵۔ QR کوڈ اور ویب لنک کے ذریعے سالانہ آڈٹ شدہ مالیاتی حسابات کی منتقلی:

عام ریزولوشن کے ذریعے، سالانہ بیلنس شیٹ، منافع اور نقصان کے اکاؤنٹ، آڈیٹرز کی رپورٹ، ڈائریکٹرز کی رپورٹ کمپنی کے شیئر ہولڈر کو ای میل کرنے یا فعال QR کوڈ اور ویب لنک کے ذریعے منتقل کرنے کی اجازت دی جاتی ہے۔ جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے 389(1)/2023 SRO مورخہ 21-03-2023 کے ذریعے مطلع کیا ہے۔

" سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 389(1)/2023 SRO مورخہ 21-03-2023 کے مطابق سالانہ آڈٹ شدہ مالیاتی

حسابات کو فعال QR کوڈ اور ویب لنک کے ذریعے منتقل کرنے کی توثیق اور منظوری دی جاتی ہے۔"

مخصوص کاروبار:

ورکنگ ڈائریکٹرز کے معاوضے کو بڑھانا۔

- ۱۔ چیف ایگزیکٹو 3,50,000 روپے ماہانہ کرنے کی تجویز ہے۔
- ۲۔ ورکنگ ڈائریکٹر 3,50,000 روپے ماہانہ فی ڈائریکٹر کرنے کی تجویز ہے۔
- ۳۔ ایگزیکٹو 1,50,000 روپے ماہانہ کرنے کی تجویز ہے۔

کمپنی ایکٹ 2017 کے سیکشن (3) 134 کے مطابق مخصوص کاروبار کی تفصیل سالانہ میٹنگ کے نوٹس کے ساتھ جملہ حصہ داران کو بھجوا رہے ہیں۔

دیگر امور:

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

نوٹس:

بورڈ کی اجازت سے
کمپنی سیکرٹری

مورخہ 6 اکتوبر 2023

لاہور

- 1- کمپنی کی شیئر ٹرانسفر بکس 21 اکتوبر تا 27 اکتوبر 2023 (بشمول دونوں دن) بند رہیں گی۔
- 2- 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۔
- 3- انفرادی ممبران سے گزارش ہے کہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل شیئر رجسٹرار کے پاس جلد از جلد جمع کروادیں۔
- 4- جن حصہ داران نے اپنا IBAN کمپنی کو مہیا نہیں کیا، ان کو چاہیے کہ جلد از جلد اپنے IBAN اور بینک کا نام، بینک کی برانچ اور بینک کا ایڈریس کمپنی کو ارسال کر دیں۔
- 5- میٹنگ میں شرکت کا مجاز ممبر کسی دوسرے شخص کو اپنا پراکسی مقرر کر سکتا ہے۔
- 6- بذریعہ پراکسی میٹنگ میں شرکت کے مجاز کاغذات باقاعدہ تصدیق شدہ کمپنی کے دفتر میں کم از کم 45 گھنٹے میٹنگ 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 2023 کو ختم شدہ سال کی سالانہ رپورٹ کمپنی کی ویب سائٹ www.sardarchemicals.com 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 کو ارسال کریں۔
- 10- SECP کے سرکلر نمبر 5 سال 2020 کے مطابق ممبران مذکورہ ایجنڈے پر اپنے تبصرے / تجاویز واٹس ایپ نمبر 0300-8429502 پر یا ای میل کے ذریعے بھی شیئر کر سکتے ہیں (nac.blacksmith@gmail.com)

A- اجلاس میں شرکت کے لئے:

- (1) انفرادی CDC شیئر ہولڈر اور ذیلی اکاؤنٹ ہولڈر اپنی شناخت اصل شناختی کارڈ یا پاسپورٹ دکھا کر میٹنگ میں شرکت کر سکتا ہے۔
- (2) 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 پراکسی فارم کے ہمراہ دفتر کو جمع کروانا ضروری ہے۔

B- پراکسیز کے تقرر کے لئے:

- (1) افراد کی صورت میں، اکاؤنٹ ہولڈر اور ایفرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور جن کی رجسٹریشن کی تفصیلات قواعد کے مطابق مندرج ہیں وہ مندرجہ بالا ضابطے کے مطابق پراکسی فارم جمع کرائیں گے۔

- (۲) پراکسی 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 پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ منسلک کی جائیں گی۔
- (۴) پراکسی 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 / اپاور آف اٹارنی، بمع نامزد فرد (جو کارپوریٹ ادارے کی جانب سے اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو) کے دستخط کا نمونہ، پراکسی 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 اس شہر میں ویڈیو کانفرنس کی سہولت موجود ہو تو) مطلع کریں۔

-D QR کوڈ اور ویب سائٹ کے ذریعے سالانہ آڈٹ شدہ مالیاتی حسابات کی منتقلی:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے SRO/2023(1)/389 مورخہ 03-2023-21 کے مطابق اپنے آڈٹ شدہ مالیاتی حسابات کو فعال QR کوڈ اور ویب لنک کے ذریعے ممبران کو منتقل کرنے کی اجازت دی ہے۔ ممبران کی جانب سے کمپنی کو ای میل فراہم کیے جانے میں کمپنی آڈٹ شدہ حسابات ای میل کے ذریعے ارسال کرے گی۔ مطالبہ پر اور باضابطہ طور پر سالانہ آڈٹ شدہ مالی حسابات کی کاپیاں مفت فراہم کرے گی۔ فارم کمپنی کی ویب سائٹ سے حاصل کیا جاسکتا ہے:

<http://sardarchemicals.com/wp-content/uploads/2022/10/Accounts-Circulation-Farm.pdf>

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے مطابق مخصوص کاروبار کی تفصیل:

مخصوص کاروبار کی تفصیل جس کی اجازت کمپنی کے حصہ داران سے کمپنی کے سالانہ اجلاس مورخہ 27 اکتوبر 2023 کو لینا مقصود ہے۔

- ۱- چیف ایگزیکٹو 3,50,000 روپے ماہانہ کرنے کی تجویز ہے۔
 - ۲- ورکنگ فی ڈائریکٹر 3,50,000 روپے ماہانہ کرنے کی تجویز ہے۔
 - ۳- ایگزیکٹو 1,50,000 روپے ماہانہ کرنے کی تجویز ہے۔
- ("ہم کمپنی کی چیف ایگزیکٹو کو -/3,50,000 روپے ماہانہ تنخواہ ورکنگ فی ڈائریکٹر 3,50,000 روپے ماہانہ تنخواہ ایگزیکٹو 1,50,000 روپے ماہانہ تنخواہ دینے کی اجازت دیتے ہیں")
- اوپر بیان شدہ مخصوص کاروبار میں کسی بھی ڈائریکٹر کا مفاد نہیں ہے۔

ڈائریکٹرز رپورٹ برائے سال ختم شدہ 30 جون 2023

سردار کیمیکل انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے سال کے آڈٹ شدہ مالی حسابات کے ساتھ سالانہ رپورٹ پیش کرتے ہیں۔

مالیاتی نتائج کا مختصر جائزہ:

2022	2023	
	(ہزاروں میں)	
412,690	366,291	پکری صافی
104,106	108,020	ناخالص منافع
40,355	30,877	خالص منافع ٹیکس کے بغیر
29,050	24,329	خالص منافع ٹیکس کے بعد
4.84	4.05	فی حصہ آمدنی

ہمارے رنگ ٹیکسٹائل، ڈائنگ، پرنٹنگ اور چمڑے کی مصنوعات کے لئے ہیں۔ رنگوں کے علاوہ ہم ٹیکسٹائل کی صنعتوں کے لئے پاؤڈر اور مائع کی شکل میں آپٹیکل براہٹرز (لیکو) بھی تیار کر رہے ہیں۔

گذشتہ سال کے مقابلے میں خالص فروخت میں 11 فیصد کمی آئی ہے۔ پاکستانی روپے کے مقابلے امریکی ڈالر کے زبردست اضافے کی وجہ سے یوٹیلٹی، ٹرانسپورٹیشن اور فریٹ میں اضافے کی ساتھ خام مالی کی قیمتوں میں کئی گنا اضافہ ہو گیا ہے۔ صنعتیں معاشی صورتحال سے بری طرح متاثر ہوئیں ہیں اور بند ہو گئیں جس سے ہماری فروخت بھی متاثر ہوئی۔ ان عناصر نے ہمیں اپنی مصنوعات کی قیمتیں بڑھانے پر مجبور کیا۔ ہماری مصنوعات کی قیمتوں میں اضافہ کو خاطر خواہ پذیرائی نہیں ملی اور ہم گذشتہ سال کے مقابلے اپنی فروخت میں اضافہ کرنے سے قاصر رہے۔

مستقبل کا امکان:

ہم پہلے کی طرح اپنے منافع کو برقرار رکھنے کے لئے پُر امید ہیں حالانکہ ہمیں درآمد کنندگان کی جانب سے انڈر انوائسنگ اور اپورٹڈ تیار شدہ مصنوعات کی غلط بیانی سے سخت مقابلے کا سامنا ہے۔

ڈیویڈنڈ:

مارکیٹ میں ڈالر کا ریٹ بہت زیادہ بڑھ جانے کی وجہ سے اور گورنمنٹ کی طرف سے زیرو ریٹ سہولت ختم ہونے کی وجہ سے کمپنی کو اپنے پاس وافر مقدار میں نقد رقم رکھنا پڑے گی جس کی وجہ سے ڈائریکٹرز نے اس سال 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 طریقے سے چلانے میں مددگار ہوتے ہیں۔

ڈائریکٹرز ٹریننگ پروگرام:

ہمارے تمام ڈائریکٹرز تعلیم اور تجربہ کی بنیاد پر ٹریننگ سے مستثنیٰ ہیں، سوائے محترمہ طیبہ محمود صادق کے جو کہ اعلیٰ تعلیم یافتہ اور متعلقہ علوم میں مہارت رکھتی ہیں۔

ٹرانسفر پرائسنگ:

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

بورڈ آف ڈائریکٹرز:

کمپنی کا بورڈ آف ڈائریکٹرز سات ڈائریکٹرز پر مشتمل ہے جس میں NIT کا ایک نامزد ڈائریکٹر بھی شامل ہے۔ سال کے دوران کمپنی کے اکاؤنٹس اور دیگر متعلقہ امور پر تبادلہ خیال، حسابات اپنانے اور منظوری دینے کے لئے بورڈ کے پانچ اجلاس منعقد ہوئے۔ بورڈ میں تین ایگزیکٹو ڈائریکٹرز اور دو نان ایگزیکٹو اور دو آزاد ڈائریکٹرز شامل ہیں۔

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 2023 کو پراویڈنٹ فنڈ میں مبلغ -/14,453,890 روپے تھے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز اسلم ملک اینڈ کمپنی کو اہلیت کی بنیاد پر آڈٹ کمیٹی نے ان کو دوبارہ برائے سال 30 جون 2024 کمپنی کا آڈیٹ مقرر کرنے کی سفارش کی ہے۔

کمپنی کے حصہ داران کی تفصیل:

کمپنی کے حصہ داران کی تفصیل مورخہ 2023-6-30 منسلک ہے۔ کمپنی کے ڈائریکٹرز، کمپنی سیکرٹری اور ان کے افراد خانہ میں سے کسی نے بھی کمپنی کے حصص کا کاروبار نہیں کیا۔

پیداوار:

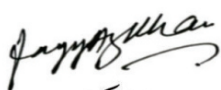
ہم اپنی انوینٹری میں تقریباً 65 مصنوعات رکھتے ہیں کیونکہ گاہک مصنوعات کی مکمل ریچ کا مطالبہ کرتے ہیں اور اگر ہمارے پاس ایک یا دو پروڈکٹس دستیاب نہیں ہیں تو وہ درآمد شدہ مصنوعات فروخت کرنے والے تاجروں کے پاس چلے جاسکتے ہیں اور ہمارے ہاتھ سے نکل جاتے ہیں۔ مصنوعات کی مانگ کا پوری طرح سے اندازہ نہیں لگایا جاسکتا کیونکہ رنگ اور شیڈز بدلتے رہتے ہیں اس لئے کافی مقدار میں خام مال اور تیار مصنوعات کو ہر وقت دستیاب ہونا چاہیے۔

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۔

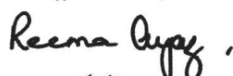
- ☆ کمپنی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی گوشواروں میں معاملات کی واضح صورت، اس کے انتظامی نتائج، کیش فلوز اور ایکویٹی کی تبدیلیوں کو واضح انداز میں پیش کیا گیا ہے۔
- ☆ کمپنی کے اکاؤنٹ بکس درست انداز میں برقرار رکھے گئے ہیں۔
- ☆ مالیاتی گوشواروں اور اکاؤنٹنگ بیانات کی تیاری مناسب اور محتاط انداز کی بنیاد پر متعلقہ اکاؤنٹنگ پالیسیز کے تحت کی گئی ہے۔
- ☆ فنانشل اسٹیٹمنٹس 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۔
- ☆ انٹرنل 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۔

فیاض احمد خان



ڈائریکٹر

محترمہ ریما ایاز



چیف ایگزیکٹو

مورخہ 19 ستمبر 2023

گدون امازٹی

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 _____,
 _____,
 being Member(s) of SARDAR CHEMICAL INDUSTRIES LIMITED and holder of _____
 shares _____ hereby _____ appoint
 _____ of _____ as a proxy to
 vote on my/our behalf at the _____ Annual General Meeting of the Company to be held on
 _____, 2023 _____
 and at any adjournment thereof.

Date: _____

Signatures: _____

Signature of
 member(s) across
 Revenue Stamp
 of PKR 20/-

Witnesses:

1. Signature: _____

Name: _____

Address: _____

CNIC or Passport No. _____

2. Signature: _____

Name: _____

Address: _____

CNIC or Passport No. _____

Annual Report
2023