



# Annual Report 2017

# Sardar Chemical Industries Limited



ISO 9002 CERTIFIED



*Annual Report*  
**2017**



**Sardar**  
**Chemical Industries Ltd.**

**ANNUAL REPORT 2017**

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**COMPANY INFORMATION**

CHIEF EXECUTIVE	Sardar Mahmood Sadiq
DIRECTORS	Mr. Shahid Aziz (NIT Nominee) Sardar Ayaz Sadiq Mr. Fayaz Ahmed Khan Mr. Aitzaz Ahmad Tarar Mrs. Mona Mahmood Mrs. Reema Ayaz
AUDIT COMMITTEE	Mr. Fayyaz Ahmed Khan Mrs. Mona Mahmood Mrs. Reema Ayaz
COMPANY SECRETARY	Mr. Niaz Ahmed Chughtai
AUDITORS	Aslam Malik & Co. Chartered Accountants
HR & REMUNERATION	Mrs. Mona Mehmood Mr. Aitzaz Ahmad Tarar Mrs. Reema Ayaz
BANKERS	Allied Bank of Pakistan Ltd. Askari Bank Ltd.

## LEGAL ADVISORS

Mr. Javaid Iqbal Malik, Advocate

## HEAD OFFICE/SHARE DEPARTMENT

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

## REGISTERED OFFICE/ FACTORY

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

## REGISTRAR/TRANSFER AGENT

CorpLink (PVT) Ltd, Wings Arcade,  
1-K, Commercial, Model Town, Lahore  
Ph: 042-35839182, 35887262  
Fax: 042-35869037



## SARDAR CHEMICAL INDUSTRIES LIMITED NOTICE OF ANNUAL GENERAL MEETING

The 28th Annual General Meeting of the shareholders of SARDAR CHEMICAL INDUSTRIES LIMITED. will be held at Plot No. 29-B, Road No. 1, Gadoon Amazai Industrial Estate, Topi, Ganduf Road, District Swabi K.P.K. on Friday 31st October 2017, at 03:30 P.M. to transact the following business:-

1. To confirm the minutes of 27<sup>th</sup> Annual General Meeting held on 29th October 2016.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2017, together with the Directors' and Auditors', report thereon.
3. To elect 7 directors for the next tenure in accordance with the provisions of the SECTION 178 OF THE Companies Ordinance, 1984. 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. The following members being eligible have notified their intention to offer themselves for election as Directors:

I. SARDAR MAHMOOD SADIQ	V. MRS. MONA MAHMOOD
II. SARDAR AYAZ SADIQ	VI. MRS. REEMA AYAZ
III. MR. SHAHID AZIZ	VII. MR. FAYYAZ AHMED KHAN
IV. MR. AITZAZ AHMED TARAR	
4. In terms of the section 178(3) of the Companies Ordinance, 1984, any person who seeks to contest an election of the office of director, whether he is retiring director or otherwise, shall 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 director
5. To appoint Auditors for the year ended June 30, 2018, and fix their remunerations.
6. To transact any other ordinary business with the permission of the Chair.

Lahore. 9th October 2017.

By Order of the Board

Company Secretary

#### Notes:

1. The Shares Transfer Books of the Company will remain closed from 25-10-2017 to 31-10-2017 (both days inclusive).
2. The members are requested to notify immediately the change in their address if any.
3. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her.
4. The instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarized attested copy of power of attorney must be deposited at the Registered Office of Company at least 45 hours before the time of meeting.
5. Members who have deposited their shares into CDC will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
6. Shareholders who have not yet submitted attested photocopy of their Computerized National Identity Card to the Company are requested to send the same at their earliest.
7. In compliance with the SECP Notification No. 634(1)2014 Dated 10-07-2014, the financial statements and reports of the Company for the year ended June 30, 2017 have been placed on the Company's web site [www.sardarchem.net](http://www.sardarchem.net)

**A. For Attending the Meeting**

- a. In case of Individuals, the account holder and for sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his her original CNIC, or, original passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

**B. For Appointing Proxies**

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

**C. Consent for Video Conference Facility**

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

**MISSION STATEMENT**  
**OF**  
**SARDAR CHEMICAL INDUSTRIES LIMITED**

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

**VISION**

Dynamic, quality conscious and ever progressive.

**CORPORATE STRATEGY**

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

**STATEMENT OF ETHICS**  
**AND**  
**BUSINESS PRACTICES**

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



## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Board of Directors of SARDAR CHEMICAL INDUSTRIES LIMITED are pleased to submit the annual report along with audited financial statements for the year ended June 30, 2017.

### **RESULTS FOR THE YEAR ARE SUMMERIZED AS FOLLOWS:**

	<b><u>2017</u></b>	<b><u>2016</u></b>
	<b>(Rupees in thousands)</b>	
Sales-Net	190,662	195,557
Gross Profit	38,721	37,553
Profit/(Loss) before Taxation	6,769	4,462
Profit/(Loss) after Taxation	3,955	3,769
Earning per share (Rs.)	0.66	0.63

It is evident from the above that there is a decrease of about 2.50% in net Sales as compared to the previous year's results. Our dyes are mainly for Leather and Textile export oriented industries. The exports of the country have gone down due to many national and international reasons. Due to reduction in exports especially in Leather sector badly affected our Sales results also in reduction of sales as compared to the previous year. Due to some financial policies of the Government the local market response was very also slow and our customers are lifting only its dire needs. The business activities in the country was overall dull. We have increased our discount to promote our sales and to help our valued customers.

The Government has announced very big export incentive for the export oriented industries along with reduction in the per unit rate of electricity consumptions for the industries which will considerably reduce the manufacturing costs of the Pakistan's products that make them able to compete in the national and international markets. The government has announced load shedding free energy for the industries also. The law and order of the country has also improved, therefore, the directors of your Company are hope full for increase in the exports of the country and accordingly increase in the sales of the Company with in near future.

### **FUTURE PROSPECTS**

The Company is operating in competitive environments and competing with the unorganized sector. Having a strong knowledge and experience of dyes business, the management is now focusing on increase in volume, improving buying, reducing wastages and increasing efficiencies. The Company will continue to focus on quality products meeting with the international standards and remedial measures will be taken to put the Company on the path of profitability with consistency in production and supply.

### **DIVIDEND**

The Board of Directors of the Company has decided not to declare dividend this year to keep the better liquidity of the Company.

### **BOARD OF DIRECTORS**

The Board of directors of the Company comprises of seven directors including one nominee director of NIT. During the year one of our Directors Mr. Iftikhar Ahmed Khan has resigned and casual vacancy was duly filled in for the remaining tenure.

During the year under review four Board meetings were held, to discuss, adopt and approve the accounts and other matters of the Company. There was 89% attendance of the directors was witnessed in the Board Meetings.

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

**AUDIT COMMITTEE:**

Due to resignation of one of our directors the audit was committee was reconstituted as under:

- |                           |          |
|---------------------------|----------|
| 1. Mr. Aitzaz Ahmed Tarar | Chairman |
| 2. Mrs. Mona Mahmood      | Member   |
| 3. Mrs. Reema Ayaz        | Member   |

During the period four Audit Committee Meetings were held and attendance was 100%.

**HUMAN RESOURCES AND REMNURATION COMMITTEE**

The Company has constituted a human resources and remuneration (HR & R) committee in accordance with the code of corporate governance. This committee will help the Board 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 the selection, evaluation, compensation (including retirement benefits) and succession planning.
3. Recommending to the Board the selection evaluation, condensation (including retirement benefits) of C.F.O., Company Secretary and Head of Internal Audit.
4. Consideration and approval on recommendations of Board of Directors on matters relating to the management position.

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

- |                           |               |
|---------------------------|---------------|
| a. Mrs. Mona Mahmood      | (Chairperson) |
| b. Mr. Aitzaz Ahmed Tarar | (Member)      |
| c. Mr. Reema Ayaz         | (Member)      |

During the period one Remuneration Committee meetings was held. The attendance was 100%.

**DIRECTORS' TRAINING PROGRAMMES**

The existing Board of Directors fully complied with the exemption from training program criteria except Mr. Aitzaz Ahmed Tarar.

**TRANSFER PRICING**

The Company will fully comply with the best practice on transfer pricing as contained in the Listing Regulation of Stock Exchanges.

**POST BALANCE SHEET EVENTS**

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

**KEY OPERATING AND FINANCIAL DATA**

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

**VALUE OF INVESTMENTS OF PROVIDENT FUND**

The balance of investment in provident fund account was Rs. 18,802,428 on 30<sup>th</sup> June, 2017.

**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, 2018.

**PATTERN OF SHAREHOLDING**

The pattern of shareholding of the Company as on 30-06-2017 is annexed. The directors, Company Secretary and their spouse and minor children have made no transactions in Company's share during the year.



**PRODUCTION**

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

**STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

- The Financial statements, prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, 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.

**ACKNOWLEDGEMENT**

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

On behalf of the Board



SARDAR MAHMOOD SADIQ  
Chief Executive

October 09, 2017.

Place: Lahore

**KEY OPERATING & FINANCE DATA FOR LAST SIX YEARS**

<b>PARTICULARS</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net Sales	190,662,109	195,556,597	202,178,685	206,708,018	174,378,050	158,707,975
Gross Profit	38,720,676	37,553,497	38,471,252	39,117,422	37,955,188	33,893,740
Operating Profit/(Loss)	8,671,615	7,486,947	10,972,754	12,095,392	10,861,964	9,719,089
Profit/(Loss) before tax	6,769,507	4,461,762	5,984,867	6,163,921	4,991,925	6,379,342
Profit/(Loss) after tax	3,955,224	3,769,472	3,643,443	4,174,927	3,582,524	5,303,790
Paid - up Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Net Worth	117,034,096	114,394,035	110,624,563	106,981,120	102,806,193	99,223,669
<b>FINANCIAL POSITION</b>						
Fixed assets net	19,476,138	21,659,493	21,205,852	24,765,664	28,881,068	25,041,033
Total assets	139,533,354	157,543,991	158,907,410	156,564,855	154,931,985	161,691,123
Long term liabilities	1,334,285	5,228,862	4,279,036	6,465,487	7,957,757	3,247,023
<b>RATIOS</b>						
Gross Profit	20.31%	19.20%	19.03%	18.92%	21.77%	21.36%
Profit/(Loss) before tax	3.55%	2.28%	2.96%	2.98%	2.86%	4.02%
Profit/(Loss) after tax	2.07%	1.93%	1.80%	2.02%	2.05%	3.34%
<b>RETURN TO SHAREHOLDER</b>						
ROCE before Tax	5.79%	3.90%	5.41%	5.76%	5.00%	6.43%
ROCE after Tax	3.38%	3.30%	3.29%	3.90%	3.48%	5.35%
Earning per share	0.66	0.63	0.61	0.70	0.59	0.88
<b>LIQUIDITY/LEVERAGE</b>						
Current Ratio	5.63	3.51	3.11	3.03	2.82	2.28
Break up Value Per Share	14.47	14.07	13.44	12.83	12.13	11.54
Total Liabilities to Equity (times)	0.19	0.38	0.44	0.46	0.51	0.63
<b>ACTIVITY</b>						
Sales to total assets	1.37	1.24	1.27	1.32	1.12	0.98
Sales to fixed assets	9.79	9.03	9.53	8.35	6.04	6.34



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

**For the year ended June 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in clause No. 5.19.24 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent, non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes -

Category	Names
Independent Director	Mr. Aitzaz Ahmad Tarar
Executive Directors	1. Sardar Mahmood Sadiq (Chief Executive) 2. Mrs. Mona Mahmood
Non-Executive Director	1. Mr. Fayaz Ahmed Khan 2. Mr. Aitzaz Ahmad Tarar 3. Sardar Ayaz Sadiq 4. Mrs. Reema Ayaz

The independent director meet the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Sardar Chemical Industries Limited (excluding the listed subsidiaries of listed holding companies wherever applicable).
3. All the resident directors of the company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy was occurred on the Board during the year as Mr. Iftikhar Ahmad Khan resign and replace with Mr. Aitzaz Ahmad Tarar occurred on the Board during the year.
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 procedure.
6. The Board has developed a vision /mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of

employment of the Chief Executive and other executive and non executive directors, have been taken by the board/shareholders.

8. The majority of the director are exempt from the director's training program in accordance with the provisions of the revised code of corporate governance, further the board has arranged in house training program of Corporate Governance Leadership Skills (CGLS) for its directors.
9. The meetings of the Board were presided over by the Chairman and, in his absence, other director elected by the board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Auditor were made during the year.
11. The director's report has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee, It comprises of three members, of whom all are non executive directors and the chairman of the committee is also an non executive director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of references of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration committee. It comprises of three members, all are the non-executive directors including chairman of the committee.
18. The Board has set up an effective internal audit function which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with

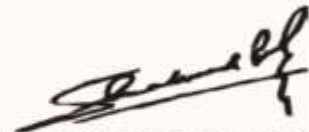


International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The “closed period” prior to the announcement of interim/final results and business decisions which may materially affect the market price of Company’s securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The Company has been compliant with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Dated: October 9, 2017.

Place: Lahore.



**SARDAR MAHMOOD SADIQ**  
Chief Executive



**Aslam Malik & Co.**  
Chartered Accountants

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New Garden Town, Lahore-Pakistan.

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE  
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Sardar Chemical Industries Limited** ("the Company") for the year ended June 30, 2017 to comply with the requirements of, Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24(b) of the Code of Corporate Governance, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Place: Lahore  
Date: October 09, 2017



*Muhammad Aslam Malik*  
(Aslam Malik & Co.)  
Chartered Accountants  
Muhammad Aslam Malik

**Other Offices at:**

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

**Karachi:** 1001-1003 10th Floor, Chapal Plaza, Hasrat Mohani Road, Off I.I Chundrigar Road, Karachi  
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**Aslam Malik & Co.**  
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web : www.aslammalik.com

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

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **M/S SARDAR CHEMICAL INDUSTRIES LIMITED** as at June 30, 2017 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the Notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- a) In our opinion, proper books of accounts have been kept by the company as required by the repealed Companies Ordinance, 1984;
- b) In our opinion:
  - i. the balance sheet and the profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied;
  - ii. the expenditure incurred during the year was for the purpose of company's business; and
  - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

### Other Offices at:

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

**Karachi:** 1001-1003 10th Floor, Chapal Plaza, Hasrat Mohani Road, Off I.I Chundrigar Road, Karachi  
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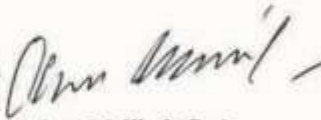
## Aslam Malik &amp; Co.

## Continuation Sheet

- c) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the Notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the Profit, its cash flow and changes in equity for the year then ended; and
- d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Place: Lahore  
Date: October 09, 2017



  
(Aslam Malik & Co.)  
Chartered Accountants  
Mohammad Aslam Malik



**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30,2017**

		JUNE 30, 2017	JUNE 30, 2016
Rupees			
Sales - Net	19	190,662,109	195,556,597
Cost of sales	20	(151,941,433)	(158,003,100)
<b>Gross profit</b>		<b>38,720,676</b>	<b>37,553,497</b>
Administrative Expenses	21	(19,328,814)	(19,959,383)
Selling & distribution Costs	22	(10,720,246)	(10,107,167)
		(30,049,060)	(30,066,550)
<b>Operating profit for the year</b>		<b>8,671,615</b>	<b>7,486,947</b>
Other Operating Income	23	932,065	938,228
Other Operating Expenses	24	(549,879)	(401,288)
Finance Cost	25	(2,284,294)	(3,562,124)
<b>Profit for the year before tax</b>		<b>6,769,507</b>	<b>4,461,762</b>
Taxation	26	(2,814,283)	(692,290)
<b>Profit / (Loss) for the year after tax</b>		<b>3,955,224</b>	<b>3,769,472</b>
Earning per Share (Rs. / Share)	30	0.66	0.63

The annexed notes from 1 to 35 form an integral part of these financial Statements.

  
**Chief Executive**

  
**Director**



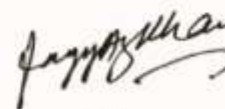
**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30,2017**

	JUNE 30, 2017	JUNE 30, 2016
	Rupees	
Profit for the year after tax	3,955,224	3,769,472
Other Comprehensive Income	-	-
<b>Total Comprehensive Income</b>	<b>3,955,224</b>	<b>3,769,472</b>

The annexed notes from 1 to 35 form an integral part of these financial Statements.



Chief Executive



Director

**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30,2017**

PARTICULARS	Share Capital	RESERVES		TOTAL	Total Shareholders Equity
		CAPITAL	REVENUE		
		Share Premium	Accumulated Profit		
<b>Rupees</b>					
Balance as at June 30, 2015	60,000,000	30,000,000	20,624,563	50,624,563	110,624,563
Total Comprehensive income for the year ended June 30, 2016	-	-	3,769,472	3,769,472	3,769,472
<b>Balance as at June 30, 2016</b>	<b>60,000,000</b>	<b>30,000,000</b>	<b>24,394,035</b>	<b>54,394,035</b>	<b>114,394,035</b>
Balance as at June 30, 2016	60,000,000	30,000,000	24,394,035	54,394,035	114,394,035
Interim Dividend for the year 2016-2017			(1,500,000)	(1,500,000)	(1,500,000)
Total Comprehensive income for the year ended June 30, 2017	-	-	3,955,224	3,955,224	3,955,224
<b>Balance as at June 30, 2017</b>	<b>60,000,000</b>	<b>30,000,000</b>	<b>26,849,259</b>	<b>56,849,259</b>	<b>116,849,259</b>

The annexed notes from 1 to 35 form an integral part of these financial Statements.



CHIEF EXECUTIVE OFFICER



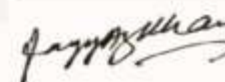
DIRECTOR

**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30,2017**

	JUNE 30, 2017	JUNE 30, 2016
	Rupees	
<b>Cash flow from operating activities</b>		
Profit/(loss) before Taxation.	6,769,507	4,461,762
<u>Adjustments for non- cash items:</u>		
Depreciation	3,052,605	3,247,257
Financial Changes	2,284,294	3,562,124
Profit on sale of fixed assets	-	(852,898)
Provision for doubtful debts	-	-
Workers profit participation fund	363,561	239,622
Workers welfare fund	138,153	91,056
	5,838,614	6,287,161
Profit before Working Capital Changes	12,608,121	10,748,923
<u>Effect of working capital changes:</u>		
(Increase)/Decrease in store, spares & loose tools	(64,207)	(5,018)
(Increase)/Decrease in stock in trade	9,518,809	10,692,869
(Increase)/Decrease in trade debts	(1,618,823)	2,060,040
(Increase)/Decrease in advances, deposits & prepayment	(294,612)	228,471
Increase/(Decrease) in creditors accrued & other liabilities	(1,812,713)	(662,325)
	5,728,454	12,314,037
Financial charges paid	(2,611,860)	(3,791,192)
Workers profit participation fund paid	(243,026)	(319,200)
Tax paid	8,023,553	(6,805,537)
	5,168,668	(10,915,929)
<b>Net cash used in operating activities</b>	<b>A 23,505,243</b>	<b>12,147,031</b>
<b>Cash flow from investing activities</b>		
Long term deposits	-	(883,600)
Addition in fixed assets	(869,250)	
Sale proceeds of fixed assets	-	1,570,000
<b>Net cash generated from investing activities</b>	<b>B (869,250)</b>	<b>686,400</b>
<b>Cash flow from financing activities</b>		
Repayment of lease obligation	(2,756,730)	(2,160,850)
Proceeds from short term finances	(15,482,964)	(6,216,862)
Dividend paid	(1,500,000)	-
<b>Net cash generated from financing activities</b>	<b>C (19,739,693)</b>	<b>(8,377,712)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>A+B+C 2,896,299</b>	<b>4,455,719</b>
<b>Cash &amp; cash equivalents at beginning of the year</b>	<b>11,001,739</b>	<b>6,546,020</b>
<b>Cash &amp; cash equivalents at end of year</b>	<b>13,898,039</b>	<b>11,001,739</b>



Chief Executive



Director



**SARDAR CHEMICAL INDUSTRIES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30,2017**

**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.

**2 Basis Of Preparation**

**2.1 Statement of Compliance**

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Company Ordinance, 1984. Accordingly these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Company Ordinance, 1984, provisions of and directives issued under the repealed Company Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Company Ordinance, 1984 shall prevail.

**2.2 Adoption of New And Revised Standards And Interpretations**

The following are the standards, amendments & interpretations which have been issued but are not yet effective for the current financial year and have not been early adopted by the Company.

	Description	Effective for annual periods beginning on or
<b>IFRS 2</b>	Classification and Measurement of Share Based Payment Transactions (Amendment)	January 01, 2018
<b>IFRS 10</b>	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet finalized
<b>IAS 7</b>	Statement of Cash Flows (Amendment)	January 01, 2017
<b>IAS 12</b>	Income Taxes (Amendments) Recognition of Deferred Tax Assets for Unrealized losses	January 01, 2017
<b>IFRS 4</b>	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	January 01, 2018
<b>IFRIC 22</b>	Foreign currency transactions and advance consideration	January 01, 2018
<b>IFRIC 23</b>	Uncertainty over Income Tax treatment	January 01, 2019

The Company expects that the adoption of the above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.

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

	Effective date beginning on or after
<b>IFRS 9</b> Financial Instruments: Classification and Measurement	January 01, 2018
<b>IFRS 14</b> Regulatory Deferral Accounts	January 01, 2018
<b>IFRS 15</b> Revenue from Contracts with the Customers	January 01, 2018
<b>IFRS 16</b> Leases	January 01, 2019
<b>IFRS 17</b> Insurance Contracts	January 01, 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

**Standards, amendments and interpretations adopted during the year**

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except as follows :

**New Standards**

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

- IFRS 10** Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11** Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IFRS 1** Presentation of Financial Statements: Disclosure Initiative (Amendment)
- IAS 16** Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16** Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27** Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

**Annual Improvements to IFRSs 2012-2014 Cycle**

- IFRS 5** Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7** Financial Instruments: Disclosures - Servicing contracts
- IFRS 7** Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19** Employee Benefits - Discount rate: regional market issue
- IAS 34** Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above revised standards, amendments and improvements does not have any material effect on 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.

**(b) Lease hold Assets**

The company is lessee,

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. At inception finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. The related rental obligations, net of finance charges, are included in obligation under finance lease as referred to in note # 4. The liability are classified as current and long term depending upon the timing of the payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

**3.3 Stock in Trade:**

Basis of valuation are as follows:

<b>Particulars</b>	<b>Mode of Valuation</b>
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

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

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

**3.4 Stores & Spares**

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

**3.5 Trade Debts and other receivables**

Trade Debts and other receivables are carried at invoices value, which approximates fair value less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy 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 statement of cash flow, cash and cash equivalents comprise of cheques in hand, cash and bank balances.

**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 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.

**3.10 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

**3.11 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.

#### **3.12 Related Party Transactions**

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

#### **3.13 Revenue Recognition:**

Revenue is recognized when it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Sales are recorded when goods are dispatched to customers and invoices raised to the customers.

#### **3.14 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.

#### **3.15 Impairment of Assets**

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the assets. If the recoverable amount of the assets is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

#### **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**

##### **3.17.1 Financial Assets**

The company classifies its financial assets in the following categories; at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

**Loans and receivables** Loans and receivables are non-derivation financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as trade debts, loans and advances, deposits, other receivables and profit receivable from banks in the Balance Sheet.

Changes in fair value of securities classified as available-for-sale are recognised in equity.

##### **3.17.2 Financial Liabilities**

All financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instruments.

All the financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired. Where 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 and modification is treated as a derecognised in the profit & loss account.

##### **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 Financial Expenses**

Financial expenses are recognised using the effective interest rate method and comprise foreign currency losses and interest

	JUNE 30, 2017	JUNE 30, 2016
	Rupees	
<b>4 OBLIGATION UNDER FINANCE LEASE</b>		
2016-2017	-	3,241,578
2017-2018	4,053,355	4,053,709
2018-2019	1,345,080	1,345,080
	<b>5,398,435</b>	<b>8,640,367</b>
Less: Financial charges pertaining to future period	(174,037)	(654,776)
<b>Present value of minimum lease payments</b>	<b>5,224,397</b>	<b>7,985,591</b>
Less: Current maturity of long term obligation	(3,890,112)	(2,756,730)
	<b>1,334,285</b>	<b>5,228,862</b>

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

	JUNE 30, 2017		JUNE 30, 2016	
	MLP	PV of MLP	MLP	PV of MLP
Due not later than 1 year	4,053,355	3,890,112	3,241,578	2,756,730
Due later than 1 year but not later than 5 years	1,345,080	1,334,285	5,398,789	5,228,862
	<b>5,398,435</b>	<b>5,224,397</b>	<b>8,640,367</b>	<b>7,985,591</b>

#### GENERAL TERMS AND CONDITIONS OF LEASE

The Company has acquired vehicles on finance lease from the Fayal bank Ltd and Orlix Leasing Pakistan Limited. The particulars of these leases are as follows:-

Repayment:	FAYSAL BANK LIMITED	ORIX LEASING PAKISTAN LTD.
Vehicles	60 equal monthly installments.	36 equal monthly installments.
Lease terms:-		
Vehicles	5 Years latest by December, 2017.	3 Years latest by December, 2019.
Implicit interest rate:	Twelve months KIBOR+2.5%	Twelve months KIBOR + 4.9%
Residual value:	Rs. 1,740,700/-	Rs. 883,600/-
Purchase option:	At the end of lease term on residual value.	At the end of lease term on residual value.
Additional charge on	0.1% to 0.2% per day in case of default.	0.1% to 0.2% per day in case of default.

#### 5 DEFERRED LIABILITY

Deferred Tax Liability

##### 5.1 Deferred Taxation comprises the following

Deferred Tax Liabilities on Accelerated Depreciation  
 Deferred Tax Asset on Leased assets  
 Deferred Tax Asset on provisions

	-	-
	788,149	696,460
	296,337	(68,311)
	(899,650)	(929,638)
	<b>184,837</b>	<b>(301,489)</b>
	-	274,219
	184,837	(274,219)
	<b>184,837</b>	<b>-</b>

##### 5.1.1 Deferred Taxation reconciliation

Opening Balance  
 Charge for the year  
 Closing Balance



**6 CURRENT MATURITY**

Current maturity	6.1	3,890,112	2,756,730
		<b>3,890,112</b>	<b>2,756,730</b>

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

JUNE 30, 2017 JUNE 30, 2016

Rupees

**7 SHORT TERM FINANCE**

Allied Bank Limited	7.1	1,525,070	11,090,089
Askari Commercial Bank Limited	7.2	7,901,963	13,819,908
		<b>9,427,033</b>	<b>24,909,997</b>

**7.1 Allied Bank Limited**

Short term finances obtained from Allied Bank of Pakistan Limited forms part of total sanctioned credit facility of Rs. 19.225 million (2016: Rs. 24.225 million) and carried a markup @ Three months Average Ask Side KIBOR+ 4.5% spread

The facility is secured against the following:

- o Hypothecation of stocks and stores other current assets.
- o Lien on import documents/letters of credit.
- o First equitable mortgage on the entire present and future fixed assets of the Company.
- o Personal guarantees of the directors of the Company.

**7.2 Askari Commercial Bank Limited**

- o Short terms finances obtained from Askari Bank Limited forms part of the total sanctioned credit facility of Rs. 20 million (2016: Rs. 20 million) and carried a markup @ Three months KIBOR+ 3.5%.
- o The facility is secured against the following:
  - o 2nd ranking Hypothecation charge on Present & Future Book Debts, outstanding moneys, receivables, claims, bills, contracts, engagements, right & assets for Rs. 70 Million.
  - o 2nd ranking Hypothecation charge on Present & Future stocks of raw materials inclusive of finished & semi finished goods/chemicals, stocks & inventories and work in progress for Rs. 70 Million.
  - o 2nd ranking Hypothecation charge on Present & future fixed assets of the Co. in the shape of land, building plant & machinery, loose tools, spares & accessories for Rs.70 Million.
  - o Pledge of finished goods of dyes colors etc.
  - o First equitable mortgage of property owned by an Ex-Director of the Company.
  - o Personal guarantee of Directors of the Company

**8 CREDITORS, ACCRUED AND OTHER LIABILITIES**

Creditors for goods		1,702,559	1,874,393
Creditors for expenses		331,403	455,668
Accrued expenses		2,101,847	3,965,481
Tax deducted at source		77,565	602,515
Provident Fund Account		385,707	283,807
Workers profit participation fund	8.1	363,561	243,026
Workers welfare fund	8.2	1,100,716	962,562
Unclaimed dividend	8.3	1,584,507	1,321,584
Sales Tax Payable		15,410	33,213
		<b>7,663,275</b>	<b>9,742,249</b>

**8.1 WORKERS PROFIT PARTICIPATION FUND**

Opening balance		243,026	322,604
Paid during the year		(243,026)	(319,200)
Contribution for the year		363,561	239,622
		<b>363,561</b>	<b>243,026</b>



**8.2 WORKERS WELFARE FUND**

Opening balance	962,562	871,506
Paid during the year	-	-
Contribution for the year	138,153	91,056
	<b>1,100,716</b>	<b>962,562</b>

**JUNE 30, 2017**    **JUNE 30, 2016**  
Rupees

**8.3 UNCLAIMED DIVIDEND**

Opening balance	1,321,584	1,325,340
Final Dividend declared	-	-
Interim Dividend declared	1,500,000	
Paid during the year	(1,237,077)	(3,756)
	<b>1,584,507</b>	<b>1,321,584</b>

**9 ACCRUED MARKUP**

Allied Bank of Pakistan	40,379	292,300
Askari Bank Limited	144,174	219,818
	<b>184,553</b>	<b>512,118</b>

**10 CONTINGENCIES & COMMITMENTS****10.1 CONTINGENCIES**

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

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

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

**10.2 COMMITMENTS**

The Company has commitments against letters of credit issued in the normal course of business amounting to Rs. 1,817,119 (2016: Rs. 305,336) in favor of foreign suppliers for raw material.

**JUNE 30, 2017 JUNE 30, 2016**  
Rupees  
**19,476,138 21,659,493**

## 11 PROPERTY PLANT AND EQUIPMENT

### 11.1 Fixed schedule is attached.

PARTICULARS	COST			DEPRECIATION			W.D.V.	
	AS AT 01-07-2016	ADDITION/ (DELETION)	TRANSFER/ ADJUSTMENT	AS AT 30-06-2017	RATE %	AS AT 01-07-2016	AS AT 30-06-2017	AS AT 30-06-2017
Lease hold land	1,222,152	-	-	1,222,152	-	-	-	1,222,152
Factory Building - Leasehold	27,208,559	-	-	27,208,559	10	24,690,825	24,942,598	2,265,961
Plant & machinery	63,919,466	-	-	63,919,466	10	56,350,615	57,107,500	6,811,966
Electric installation	1,388,455	-	-	1,388,455	10	1,236,765	1,251,934	136,521
Furniture & fixture	1,233,875	380,250	-	1,614,125	10	1,102,228	1,128,068	486,057
Tools & equipment	2,682,849	489,000	-	3,171,849	10	2,300,907	2,367,626	804,223
Vehicles	10,420,890	-	-	10,420,890	20	8,576,268	8,945,192	1,475,698
Electric & gas appliances	268,350	-	-	268,350	10	237,301	240,406	27,944
Laboratory equipment	2,368,869	-	-	2,368,869	25	2,324,299	2,335,442	33,428
	<b>110,713,465</b>	<b>869,250</b>	-	<b>111,582,715</b>		<b>96,819,208</b>	<b>98,318,766</b>	<b>13,263,949</b>
Lensed assets								
Vehicles	13,121,500	-	-	13,121,500	20	5,356,264	6,909,311	6,212,189
	<b>13,121,500</b>	-	-	<b>13,121,500</b>	<b>20</b>	<b>5,356,264</b>	<b>6,909,311</b>	<b>6,212,189</b>
<b>June 30, 2016</b>	<b>123,834,965</b>	<b>869,250</b>	-	<b>124,704,215</b>		<b>102,175,472</b>	<b>105,228,077</b>	<b>19,476,138</b>

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

**JUNE 30, 2017 JUNE 30, 2016**  
Rupees  
1,019,801 1,135,588  
2,032,804 2,111,668  
**3,052,605 3,247,257**

Cost of sales  
Administrative expenses

### 11.3 CHARGE ON FIXED ASSETS

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

June 30, 2016

PARTICULARS	COST			DEPRECIATION			W.D.V.	
	AS AT	ADDITION/ (DELETION)	TRANSFER/ ADJUSTMENT	AS AT	RATE	AS AT	FOR THE	AS AT
	01-07-2015			30-06-2016	%	01-07-2015	YEAR	30-06-2016
Lease hold land	1,222,152			1,222,152	-	-	-	1,222,152
Factory Building - Leasehold	27,208,559			27,208,559	10	24,411,077	279,748.20	24,690,825
Plant & machinery	63,919,466			63,919,466	10	55,509,631	840,984	56,350,615
Electric installation	1,388,455			1,388,455	10	1,219,911	16,854	1,236,765
Furniture & fixture	1,233,875			1,233,875	10	1,087,601	14,627	1,102,228
Tools & equipment	2,682,849			2,682,849	10	2,258,469	42,438	2,300,907
Vehicles	12,977,890	(2,557,000)		10,420,890	20	9,955,010	461,156	8,576,268
Electric & gas appliances	268,350			268,350	10	233,851	3,450	237,301
Laboratory equipment	2,368,869			2,368,869	25	2,309,442	14,857	2,324,299
	<b>113,270,465</b>	<b>(2,557,000)</b>	-	<b>110,713,465</b>		<b>96,984,992</b>	<b>1,674,114</b>	<b>96,819,208</b>
Leased assets								<b>13,894,257</b>
Vehicles	8,703,500	4,418,000		13,121,500	20	3,783,121	1,573,143	5,356,264
	<b>8,703,500</b>	<b>4,418,000</b>	-	<b>13,121,500</b>	<b>20</b>	<b>3,783,121</b>	<b>1,573,143</b>	<b>5,356,264</b>
<b>June 30, 2016</b>	<b>121,973,965</b>	<b>4,418,000</b>	-	<b>123,834,965</b>		<b>100,768,113</b>	<b>3,247,257</b>	<b>102,175,472</b>
		<b>(2,557,000)</b>	-			<b>(1,839,898)</b>		<b>21,659,493</b>

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

	JUNE 30, 2016	JUNE 30, 2015
Cost of sales	1,135,588	1,265,066
Administrative expenses	2,111,668	2,071,782
	<b>3,247,257</b>	<b>3,336,848</b>

### 11.3 CHARGE ON FIXED ASSETS

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

### 11.4 Disposal of fixed assets:-

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Profit/ (Loss)	Mode of disposal	Buyer's name and address
	Rs.	Rs.	Rs.	Rs.	Rs.		
Honda Civic PT 504	1,803,000	1,353,986	449,014	1,250,000	800,986	Insurance Claim	M/s. United Insurance Co. Ltd. 2nd Floor, 6-D, Upper Mall, Lahore
Suzuki Alto LE-12-2444	754,000	485,912	268,088	320,000	51,912	Negotiation	Mr. Ghulam Murtaza Village Dhool, Tehsil Sharqpur Sharif Distt. Sheikhpura
<b>Total</b>	<b>2,557,000</b>	<b>1,839,898</b>	<b>717,102</b>	<b>1,570,000</b>	<b>852,898</b>		



	JUNE 30, 2017	JUNE 30, 2016
	Rupees	
<b>12 LONG TERM DEPOSITS</b>		
Faysal bank	-	1,740,700
Orix Leasing Pakistan Limited	883,600	883,600
	<b>883,600</b>	<b>2,624,300</b>
<b>13 STORES, SPARES &amp; LOOSE TOOLS</b>		
Stores	515,484	395,798
Spares	195,871	158,102
Loose tools	63,873	157,121
	<b>775,228</b>	<b>711,021</b>
<b>14 STOCK IN TRADE</b>		
Raw material	6,087,340	10,056,980
Work in process	850,140	840,360
Finished goods	5,520,840	11,079,789
	<b>12,458,320</b>	<b>21,977,129</b>
<b>15 TRADE DEBTORS-UNSECURED</b>		
Debtors	71,157,545	69,538,722
Less: Provision for doubtful debts	15.1 2,998,832	2,998,832
	<b>68,158,713</b>	<b>66,539,890</b>
<b>15.1 Movement of Provision for doubtful debts</b>		
Opening Balance	2,998,832	2,998,832
Provision for the year	-	-
	2,998,832	2,998,832
Less: Written off during the Year	-	-
	<b>2,998,832</b>	<b>2,998,832</b>
<b>16 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advances against material (Considered good)	90	149,371
Advances against expenses (Considered good)	151,706	171,706
Advances to employees (Considered good)	39,627	52,630
Deposits & prepayments	499,230	25,000
Deposits against letters of credit/guarantees	223,166	220,500
Other receivables (Considered good)	79,054	79,054
	<b>992,873</b>	<b>698,261</b>
<b>17 TAXATION-Net</b>		
<b>Income Tax</b>		
Advance Tax	15,678,991	22,327,845
Provision for taxation	(4,057,207)	(1,427,761)
	11,621,784	20,900,084
<b>Sales Tax</b>		
Sales Tax receivable	9,527,960	11,432,073
	<b>21,149,744</b>	<b>32,332,157</b>
<b>18 CASH AND BANK BALANCES</b>		
Cash in hand	46,827	19,381
<b>Cash at banks:</b>		
Current accounts	13,851,212	10,982,358
	<b>13,898,039</b>	<b>11,001,739</b>
<b>19 SALES - Net</b>		
Sales - Local	188,776,323	199,177,741
Sales - Export	2,520,000	2,532,000
	<b>191,296,323</b>	<b>201,709,741</b>

	JUNE 30, 2017	JUNE 30, 2016
	Rupees	
Sales tax	313,718	5,843,470
Expenses on exports	320,496	309,674
	<b>634,214</b>	<b>6,153,144</b>
	<b>190,662,109</b>	<b>195,556,597</b>
<b>20 COST OF SALES</b>		
Raw material consumed	20.1 107,629,414	114,087,857
Packing drums	3,372,018	3,602,341
Salaries and wages	14,967,407	13,992,441
Insurance	175,978	181,790
Carriage inward	2,520,200	3,099,524
Stores, spares and loose tools consumed	20.2 144,079	67,629
Fuel and power	20.3 14,202,129	13,882,169
Repair and maintenance	2,304,055	1,918,821
Other production expenses	57,183	54,838
Depreciation	11.2 1,019,801	1,135,588
	146,392,264	152,022,998
<u>Work in process</u>		
Opening Stock	840,360	2,492,120
Closing Stock	(850,140)	(840,360)
	(9,780)	1,651,760
	146,382,484	153,674,758
<u>Finished goods</u>		
Opening Stock	11,079,789	15,408,131
Closing Stock	(5,520,840)	(11,079,789)
	5,558,949	4,328,342
	<b>151,941,433</b>	<b>158,003,100</b>
<b>20.1 Raw material consumed:</b>		
Opening stock	10,056,980	14,769,747
Purchases during the period	105,440,202	114,051,979
Less: Sales Tax	(1,780,428)	(4,676,889)
	103,659,774	109,375,090
	113,716,754	124,144,837
Closing stock	(6,087,340)	(10,056,980)
	107,629,414	114,087,857
<b>20.2 Stores, spares &amp; loose tools consumed:</b>		
Opening stock	711,021	706,003
Purchases during the period	208,286	72,647
	919,307	778,650
Closing stock	(775,228)	(711,021)
	144,079	67,629
<b>20.3 Fuel &amp; Power consumed:</b>	16,558,504	16,407,516
Less: Sales Tax	(2,356,375)	(2,525,347)
	14,202,129	13,882,169
<b>21 ADMINISTRATIVE EXPENSES</b>		
Salaries, wages & benefits	7,995,417	7,346,458
Directors remuneration	1,713,444	1,672,650
Electricity, gas & water	674,694	819,318
Travelling & conveyance	873,744	1,166,829
Repair & maintenance	1,733,250	1,080,164
Telephone, telex & postage	827,343	791,134
Rent, rates & taxes	1,024,271	2,251,909
Legal & professional charges	152,477	200,177
Auditor's remuneration - Audit fee	250,000	250,000
Printing & stationery	440,530	469,179
Advertisement	78,200	43,400
Entertainment	628,405	503,636
Insurance	371,975	503,165
Subscription	248,340	481,616
News papers & periodicals	72,380	41,730
Donation	-	-
Depreciation	11.2 2,032,804	2,111,668
Miscellaneous	211,540	226,350
	<b>19,328,814</b>	<b>19,959,383</b>

	JUNE 30, 2017	JUNE 30, 2016
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Rupees

**22 SELLING & DISTRIBUTION COSTS**

Staff salaries & benefits	6,341,031	6,188,944
Electricity, gas & water	76,665	141,506
Travelling & conveyance	990,460	1,066,155
Repair & maintenance	514,200	356,756
Rent, rates & taxes	1,021,428	765,610
Entertainment	90,000	2,985
Laboratory/testing expenses	111,611	23,235
Telephone, telex & postage	109,792	88,965
Carriage and cartage	1,465,059	1,473,011
	<b>10,720,246</b>	<b>10,107,167</b>

**23 OTHER OPERATING INCOME**

Profit on Sale of fixed assets	-	852,898
Sale of scrap	46,460	50,914
Rent received	885,605	34,416
	<b>932,065</b>	<b>938,228</b>

**24 OTHER OPERATING EXPENSES**

Provision for doubtful debts	-	-
Workers Profit Participation Fund	363,561	239,622
Workers Welfare Fund	138,153	91,056
Loss on Exchange rate	48,165	70,610
	<b>549,879</b>	<b>401,288</b>

**25 FINANCE COST**

Bank charges	149,361	169,954
Mark-up on loans	1,654,543	2,723,744
Leasing charges	480,390	668,427
	<b>2,284,294</b>	<b>3,562,124</b>

	JUNE 30, 2017	JUNE 30, 2016
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Rupees

**26 TAXATION**

Current year		
For the year	2,098,547	1,427,764
prior year	530,899	(461,255)
	2,629,446	966,509
Deferred		
Deferred Tax (Income) / Expense	184,837	(274,219)
	<b>2,814,283</b>	<b>692,290</b>

**27 STAFF RETIRMENT BENEFITS****27.1 Provident Fund**

	Audited	Audited
(i) Size of fund	32,061,995	32,061,995
(ii) Cost of investments	20,217,338	20,217,338
(iii) Percentage of investments made	63.1%	63.1%
(iv) Fair value of investments	<b>32,221,403</b>	<b>32,221,403</b>

**Break up of investments at fair value**

Special account in schedule bank	10,678,838	10,678,838
Defence Saving Certificates	21,542,565	21,542,565
	<b>32,221,403</b>	<b>32,221,403</b>



**28 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVES**

	2017			2016		
	Chief Executive	Directors	Executives	Chief Executive	Director	Executives
	<b>RUPEES</b>					
Managerial remuneration	625,932	479,508	941,544	611,032	468,097	877,351
Allowances:						
- House rent	281,676	215,784	423,696	274,965	210,644	394,814
- Utilities	62,592	47,952	94,158	61,103	46,810	87,735
	<b>970,200</b>	<b>743,244</b>	<b>1,459,398</b>	<b>947,100</b>	<b>725,550</b>	<b>1,359,900</b>
Number of dire	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

**29 CAPACITY AND PRODUCTION**

Production in manufacturing units:

Rated Capacity (M.Tons) on 360 days basis	660	660
Actual production (M. Tons)	374	363
Percentage of production	57%	55%

**29.1 PRODUCTION**

Our volume of 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.

**30 EARNING PER SHARE**

Net profit/(Loss) for the year	3,955,224	3,769,472
Number of ordinary shares issued	6,000,000	6,000,000
Earnings per share	<b>0.66</b>	<b>0.63</b>

**31 NUMBER OF EMPLOYEES**

Total number of employees	117	115
Average number of employees	116	118

**32 Financial assets and liabilities**

## INTEREST BEARING

## NON INTEREST BEARING

Financial assets:	Interest rate(%)	Maturity up to one year		Maturity after one year		Sub total	Maturity up to one year		Maturity after one year		Sub total	Total	
		2017	2016	2017	2016		2017	2016	2017	2016		2017	2016
Long term deposits	-	-	-	-	-	-	1,740,700	-	883,600	2,624,300	2,624,300	2,624,300	2,624,300
Trade debts	-	-	-	-	-	-	68,158,713	66,539,890	-	2,624,300	68,158,713	66,539,890	66,539,890
Advances, deposits, prepayments & other receivable	-	-	-	-	-	-	617,911	156,684	374,962	541,577	992,873	698,261	698,261
Cash & banks	-	-	-	-	-	-	13,898,039	11,001,739	-	13,898,039	11,001,739	13,898,039	11,001,739
							84,415,363	77,698,313	1,258,562	3,165,877	85,673,925	80,864,190	80,864,190

**Financial liabilities:**

Obligation under finance lease	KIBOR+2.5%	3,890,112	2,756,730	1,334,285	5,228,862	5,224,398	7,985,591					5,224,398	7,985,591
Short term finance	See Note No.7.1 and 7.2	9,427,033	24,909,997		9,427,033	24,909,997						9,427,033	24,909,997
Creditors, accrued & other liabilities		184,553	512,118		184,553	512,118	6,121,433	7,934,146			6,121,433	7,934,146	8,446,264
Commitments		305,336	305,336		305,336	305,336						305,336	305,336
		13,807,035	28,484,181	1,334,285	5,228,862	15,141,321	33,713,043	6,121,433	7,934,146	-	6,121,433	7,934,146	21,262,754
													41,647,189

**Financial instruments and risk management**

Overall, risks arising from the company's financial instruments are limited

**a Interest rate risk Management:-**

Interest rate risk represents the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. Borrowings obtained at variable rates expose the company to cash flow interest rate risk. The company borrow funds usually at fixed interest rates, the risk arising is minimal.

**b Credit risks:-**

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. Company's credit risk is primarily attributable to its trade debts, its short term investments in open ended mutual funds and its balances at banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows :

	(RUPEES)
Trade debts	68,158,713
Advances, deposits, prepayments and other receivables:	992,873
Bank Balances	13,898,039
	<b>83,049,625</b>

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

**c Fair value of financial assets:-**

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

**33 EVENTS AFTER THE REPORTING DATE**


There are no events after the reporting date.

**34 DATE OF AUTHORIZATION**

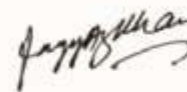
These financial statements were authorized for issue on October 09, 2017 by the board of directors of the company.

**35 GENERAL**

- Figures have been rounded off to the nearest rupee.



Chief Executive



Director



**FORM 34**

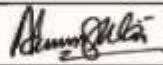
**THE COMPANIES ORDINANCE 1984**  
**(Section 236(1) and 464)**  
**PATTERN OF SHAREHOLDING**

1. Incorporation Number 20311
2. Name of the Company SARDAR CHEMICAL INDUSTRIES LIMITED
3. Pattern of holding of the shares held by the shareholders as at 30-06-2017

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
72	1	100	4,669
1480	101	500	721,881
77	501	1,000	75,200
121	1,001	5,000	348,050
12	5,001	10,000	99,700
3	10,001	15,000	42,000
7	15,001	20,000	125,100
2	20,001	25,000	42,200
2	35,001	40,000	76,600
2	40,001	45,000	83,900
1	45,001	50,000	50,000
1	60,001	65,000	62,000
1	65,001	70,000	67,500
1	95,001	100,000	97,400
1	100,001	105,000	102,300
1	110,001	115,000	114,000
1	120,001	125,000	122,600
2	130,001	135,000	264,000
3	140,001	145,000	424,050
1	185,001	190,000	186,000
1	235,001	240,000	235,900
1	340,001	345,000	344,500
1	400,001	405,000	404,200
1	495,001	500,000	500,000
1	655,001	660,000	656,250
1	745,001	750,000	750,000
<b>1797</b>			<b>6,000,000</b>

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	1,766,200	29.4367%
5.2 Associated Companies, undertakings and related parties.	0	0.0000%
5.3 NIT and ICP	58,900	0.9817%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	2,887	0.0481%
5.5 Insurance Companies	0	0.0000%
5.6 Modarabas and Mutual Funds	163,000	2.7167%
5.7 Share holders holding 10% or more	1,406,250	23.4375%
5.8 General Public		
a. Local	3,864,412	64.4069%
b. Foreign	0	0.0000%
5.9 Others (to be specified)		
<b>Joint Stock Companies</b>	144,601	2.4100%

6. Signature of  
Company Secretary



7. Name of Signatory

NIAZ AHMED CHUGHTAI

8. Designation

Company Secretary

9. NIC Number

37405-0392974-7

10. Date

30 | 06 | 2017

**Sardar Chemical Industries Limited****Categories of Share Holders**

As on 30th June, 2017

**ONLY FOR INFORMATION  
NOT FOR PRINTING**

<b>S. No.</b>	<b>NAME</b>	<b>HOLDING</b>	<b>% AGE</b>
<b><u>DIRECTORS, CEO THEIR SPOUSES &amp; MINOR CHILDREN</u></b>			
1	SARDAR MAHMOOD SADIQ	500,000	8.3333%
2	SARDAR AYAZ SADIQ	750,000	12.5000%
3	MRS. MONA MAHMOOD	50,000	0.8333%
4	MRS. REEMA AYAZ	62,000	1.0333%
5	MR. FAYYAZ AHMED KHAN	404,200	6.7367%
6	MR. AITZAZ AHMED TARAR	0	0.0000%
7	MR. SHAHID AZIZ (NIT NOMINEE)	0	0.0000%
		<b>1,766,200</b>	<b>29.4367%</b>
<b><u>ASSOCIATED COMPANIES</u></b>			
		<b>0</b>	<b>0.0000%</b>
<b><u>NIT &amp; ICP</u></b>			
1	INVESTMENT CORP OF PAKISTAN	41,900	0.6983%
2	NATIONAL BANK OF PAKISTAN TRUSTEE WING	17,000	0.2833%
		<b>58,900</b>	<b>0.9817%</b>
<b><u>FINANCIAL INSTITUTION</u></b>			
1	AL-FAYSAL INVESTMENT BANK LIMITED	2,800	0.0467%
2	NATIONAL BANK OF PAKISTAN (CDC)	87	0.0015%
		<b>2,887</b>	<b>0.0481%</b>
<b><u>INSRUANCE COMPANIES</u></b>			
		<b>0</b>	<b>0.0000%</b>
<b><u>MODARABA</u></b>			
1	LONG TERM VENTURE CAPITAL MODARABA.	20,200	0.3367%
<b><u>MUTUAL FUNDS</u></b>			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	142,800	2.3800%
<b><u>JOINT STOCK COMPANIES</u></b>			
1	SAUDI PAK IND & A PVT LTD.	700	0.0117%
2	SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT CO	102,300	1.7050%
3	DARSON SECURITIES (PVT) LIMITED (CDC)	36,600	0.6100%
4	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000%
5	MUHAMMAD AMER RIAZ SECURITIES (PVT) LTD. (CDC)	5,000	0.0833%
		<b>144,601</b>	<b>2.4100%</b>
<b><u>EXECUTIVES</u></b>			
1	MR. HAMEED UD DIN MIRZA (14282-16024)	5,000	0.0833%
2	MR. NIAZ AHMED CHUGHTAI (4799)	5,000	0.0833%
		<b>10,000</b>	<b>0.1667%</b>
<b><u>SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)</u></b>			
		<b>0</b>	<b>0.0000%</b>
<b><u>SHARES HELD BY THE GENERAL PUBLIC (LOCAL)</u></b>			
		<b>3,854,412</b>	<b>64.2402%</b>
<b>TOTAL:</b>		<b>6,000,000</b>	<b>100.0000%</b>



**SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL**

S. No.	NAME	HOLDING	%AGE
1	SARDAR AYAZ SADIQ	750,000	12.5000%
2	MR. AITZAZ MUNAWAR	656,250	10.9375%
		<b>1,406,250</b>	<b>23.4375%</b>

**SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL**

S. No.	NAME	HOLDING	%AGE
1	SARDAR AYAZ SADIQ	750,000	12.5000%
2	MR. AITZAZ MUNAWAR	656,250	10.9375%
3	SARDAR MAHMOOD SADIQ	500,000	8.3333%
4	MR. FAYYAZ AHMED KHAN	404,200	6.7367%
5	MR. MUHAMMAD SALEEM (CDC)	344,500	5.7417%
		<b>2,654,950</b>	<b>44.2492%</b>

During the financial year the trading in shares of the company by the directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

Sr. No.	Name	Sale	Purchase
		NIL	

**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**Categories of Shareholding required under Code of Corporate Governance (CCG)**  
**As on June 30, 2017**

Sr. No.	Name	No. of Shares Held	Percentage
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**Associated Companies, Undertakings and Related Parties (Name Wise Detail):**

- -

**Mutual Funds (Name Wise Detail)**

1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	142,800	2.3800%
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**Directors and their Spouse and Minor Children (Name Wise Detail):**

1	SARDAR MAHMOOD SADIQ	500,000	8.3333%
2	SARDAR AYAZ SADIQ	750,000	12.5000%
3	MRS. MONA MAHMOOD	50,000	0.8333%
4	MRS. REEMA AYAZ	62,000	1.0333%
5	MR. FAYYAZ AHMED KHAN	404,200	6.7367%
6	MR. SHAHID AZIZ (NIT NOMINEE)	-	0.0000%

**Executives:**

10,000 0.1667%

**Public Sector Companies & Corporations:**

- -

**Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

23,087 0.3848%

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

S. No.	NAME	HOLDING	%AGE
1	SARDAR AYAZ SADIQ	750,000	12.5000%
2	MR. AITZAZ MUNAWAR	656,250	10.9375%
3	SARDAR MAHMOOD SADIQ	500,000	8.3333%
4	MR. FAYYAZ AHMED KHAN	404,200	6.7367%
5	MR. MUHAMMAD SALEEM (CDC)	344,500	5.7417%

**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
NIL			

(۲) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نامزد فرد (جو کارپوریٹ ادارے کی جانب سے شرکت اور ووٹ دینے کا مجاز ہو) کے دستخط کا نمونہ پراسی فارم کے ہمراہ دفتر کو جمع کروانا ضروری ہے۔

-B پراسی کے تقرر کے لئے:

(۱) افراد کی صورت میں، اکاؤنٹ ہولڈر اور ایف ڈی جی کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور جن کی رجسٹریشن کی تفصیلات قواعد کے مطابق مندرج ہیں وہ مندرجہ بالا ضابطے کے مطابق پراسی فارم جمع کرائیں گے۔

(۲) پراسی 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) بیٹیفشل مالکان اور پراسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول پراسی فارم کے ساتھ منسلک کی جائیں گی۔

(۴) پراسی اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ اجلاس کے وقت پیش کریں گے۔

(۵) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی، بمعہ نامزد فرد (جو کارپوریٹ ادارے کی جانب سے اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو) کے دستخط کا نمونہ، پراسی فارم کے ہمراہ کمپنی کو جمع کروانا لازمی ہے۔

-C SECP کے سرکولر 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۔



## اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ سردار کیمیکل انڈسٹریز لمیٹڈ کا 28 واں سالانہ اجلاس عام اس کی فیکٹری اور رجسٹرڈ آفس پلاٹ نمبر B-149، گلدون اماڑی انڈسٹریل اسٹیٹ، ٹوپی ضلع صوابی، خیبر پختونخواہ میں 31 اکتوبر 2017 بروز منگل 3:30 بجے مندرجہ ذیل کاروبار کی انجام دہی کے لئے منعقد ہوگا۔

۱۔ پچھلے اجلاس عام منعقدہ 29 اکتوبر 2016 کی کاروائی کی توثیق۔

۲۔ 30 جون 2017 کو ختم شدہ سال کے لئے آڈٹ شدہ حسابات اور اس کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی اور ان پر غور کی منظوری۔

۳۔ 7 عدد ڈائریکٹرز کا کمپنی آرڈیننس 1984 کے دفعہ 178 کے تحت ان کی اگلی مدت کے لئے انتخاب، چونکہ موجودہ ڈائریکٹرز الیکشن لڑنے کے اہل ہیں اور کمپنی نے ان کی تعداد سات (7) رکھی ہے اور انہوں نے الیکشن لڑنے کے لئے اپنی دلچسپی کا اظہار خط دے کر کیا ہے۔

ان کے نام یہ ہیں:

1۔ جناب سردار محمود صادق 2۔ محترمہ مسز مونا محمود 3۔ جناب سردار ایاز صادق 4۔ محترمہ مسز میا ایاز

5۔ جناب شاہد عزیز 6۔ جناب فیاض احمد خان 7۔ جناب اعتر از احمد تارڑ

۴۔ کمپنی آرڈیننس 1984 کی دفعہ (3) 173 کے مطابق اگر کوئی موجودہ یا دوسرا شخص الیکشن لڑنا چاہتا ہو تو میننگ کے 14 دن پہلے کمپنی کو الیکشن لڑنے کی خواہش کا اظہار لکھ کر جمع کروادے۔

۵۔ اگلے سال 30 جون 2018 کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین کرنا۔

۶۔ صاحب صدر کی اجازت سے کسی بھی دیگر امور پر کاروائی۔

### بورڈ کی اجازت سے

#### کمپنی سیکرٹری

مورخہ 19 اکتوبر 2017

لاہور

- 1۔ کمپنی کی شیئر ٹرانسفر بکس 25 اکتوبر تا 31 اکتوبر 2017 (بشمول دونوں دن) بند رہیں گی۔
- 2۔ انفرادی ممبران سے گزارش ہے کہ اپنے کمپیوٹر انڈسٹری کمیونٹی کارڈ کی نقل شیئر رجسٹرار کے پاس جلد از جلد جمع کروادیں۔
- 3۔ ممبران کے پتے میں ہونے والی کسی بھی تبدیلی سے متعلق فوری طور پر کمپنی کے شیئر رجسٹرار میسرز کارپ لنک لاہور کو مطلع فرمائیں۔
- 4۔ میننگ میں شرکت کا مجاز ممبر کسی دوسرے شخص کو اپنا پر کسی مقرر کر سکتا ہے۔
- 5۔ بذریعہ پر کسی میننگ میں شرکت کے مجاز کاغذات باقاعدہ تصدیق شدہ کمپنی کے دفتر میں کم از کم 45 گھنٹے میننگ ٹائم سے پہلے جمع کرانے ضروری ہیں۔

6۔ جو ممبران CDC کے ممبر ہیں وہ SECP کی ہدایات کے مطابق عمل کریں۔

7۔ SECP کے نوٹیفیکیشن نمبر 2014(1)634 مورخہ 10 جولائی 2014 کمپنی کے حسابات 30 جون 2017 کو ختم شدہ سال کی سالانہ

رپورٹ کمپنی کی ویب سائٹ [www.sardarchem.net](http://www.sardarchem.net) پر ملاحظہ کی جاسکتی ہے۔

A۔ اجلاس میں شرکت کے لئے:

(1) انفرادی CDC شیئر ہولڈر اور ذیلی اکاؤنٹ ہولڈر اپنی شناخت اصل شناختی کارڈ یا پاسپورٹ دکھا کر میننگ میں شرکت کر سکتا ہے۔

## بیلنس شیٹ کے بعد حالات:

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

## پراویڈنٹ فنڈ:

30 جون 2017 کو پراویڈنٹ فنڈ میں مبلغ 18,802,428 روپے تھے۔

## آڈیٹرز:

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

## پروڈکشن:

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

## کوڈ آف کارپوریٹ گورننس سے ہم آہنگی:

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

☆ کمپنی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی گوشواروں میں معاملات کی واضح صورت، اس کے انتظامی نتائج، کیش 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۔

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

## تشکر:

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



سردار محمود صدیق

چیف ایگزیکٹو

مورخہ 19 اکتوبر 2017

لاہور

## ڈائریکٹرز رپورٹ برائے سال ختم شدہ 30 جون 2017

ڈائریکٹرز اپنی رپورٹ برائے سال ختم شدہ 30 جون 2017 بشمول کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔  
مالیاتی نتائج کا مختصر جائزہ:

2016	2017	
	(ہزاروں میں)	
195,557	190,662	بکری صافی
37,721	38,721	ناخالص منافع
4,462	6,769	خالص منافع ٹیکس کے بغیر
3,755	3,955	خالص منافع ٹیکس کے بعد
0.63	0.66	فی حصہ کمائی

اس سال ہماری بکری پچھلے سال کی نسبت %2.50 کم رہی۔ ہمارے رنگ ایکسپورٹ کرنے والی انڈسٹریز استعمال کرتی ہیں۔ چونکہ ہمارے ملک کی ایکسپورٹ کم ہو گئی ہے جس کی وجہ سے ہمارے رنگوں کی بکری بھی کم ہو گئی ہے۔ ہم نے اپنی بکری پر ڈسکاؤنٹ بھی بڑھا دیا ہے تاکہ بکری میں اضافہ ہو سکے لیکن پھر بھی پوری طرح کامیابی نہ ہو سکی۔

### مستقبل کا امکان:

مارکیٹ میں ہمیں بہت سے چھوٹے چھوٹے رنگ بنانے والے اور کمرشل امپورٹرز سے واسطہ ہے لیکن ہم مارکیٹ میں اپنے نام اور معیار اور وقت پر سپلائی کی وجہ سے انشاء اللہ کامیاب ہیں اور رہیں گے۔

### ڈیویڈنڈ:

کمپنی کے ڈائریکٹروں نے فیصلہ کیا ہے کہ موجودہ حالات کی وجہ سے ڈیویڈنڈ نہ دیا جائے تاکہ مارکیٹ کے حالات اچھے ہوتے ہی کاروبار کو وسعت دی جاسکے۔

### آڈٹ کمیٹی:

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

### :HR & R

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

### ڈائریکٹرز ٹریننگ پروگرام:

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

### ٹرانسفر پرائسنگ:

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



**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 Department / 2-A, 2nd Floor, Canal Bank Road, Justice Sardar Iqbal Road, Aziz Avenue, Gulberg-V, Lahore not later than 48 hours before the time of holding.

I/We ..... of

.....

Member(s) of SARDAR CHEMICAL INDUSTRIES LIMITED. Hereby appoint  
 ..... of ..... as a proxy to vote on  
 my/our behalf at the 28th Annual General Meeting of the Company to be held on 31th October, 2017  
 ..... and at any adjournment thereof.

Date .....

Signatures .....

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