



SARDAR CHEMICAL INDUSTRIES LIMITED

*Half Yearly Accounts*  
(Un-Audited)

*December*  
**2018**



**Sardar**

**Chemical Industries Limited**



ISO 9002 CERTIFIED



Rheinland



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**COMPANY INFORMATION**

CHIEF EXECUTIVE	Sardar Mahmood Sadiq
DIRECTORS	Mr. Shahid Aziz (NIT Nominee) Sardar Ayaz Sadiq Mr. Fayaz Ahmed Khan Mr. Aitzaz Ahmad Tarar Mrs. Tayyabah Mahmood Sadiq Mrs. Reema Ayaz
Audit Committee	Mr. Aitzaz Ahmad Tarar Mrs. Tayyabah Mahmood Sadiq Mrs. Reema Ayaz
COMPANY SECRETARY	Mr. Niaz Ahmed Chughtai
AUDITORS	Aslam Malik & Co., Chartered Accountants
HR & REMUNERATION	Mrs. Tayyabah Mahmood Sadiq Mr. Aitzaz Ahmad Tarar Mrs. Reema Ayaz
BANKERS	Allied Bank of Pakistan Ltd. Askari Commercial 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, Lahore. Ph: (92-42) 35711154, 35710148, 35753402 Fax: (92-42) 35775706 E-Mail : sarchem@brain.net.pk Web Site: www.sardarchem.net
REGISTERED OFFICE/ FACTORY	Plot. NO. 29-B, Road No. O1 Gadoon Amazai, industrial Estate, Topi, Ganduf Road, Swabi (NWFP) Ph: (0938) 270792, 270439, 270539 Fax: (0938) 270791
REGISTRAR/TRANSFERAGENT	CorpLink (PVT)Ltd, WingsArcade, 1-K, Commercial, Model Town, Lahore. Ph:042-35916714, 35916719 Fax:042-35839182

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Board of Directors of SARDAR CHEMICAL INDUSTRIES LIMITED are pleased in presenting their report on the statement of accounts of the Company for the half year ended on December 31, 2018 along with un-audited financial statements, subject to limited review of the Auditors of the Company.

**RESULTS FOR THE HALF YEAR ARE SUMMERIZED AS UNDER:**

	2018	2017
	(Rupees in thousands)	
Sales-Net	117,924	97,223
Cost & Expenditures	108,247	90,577
Profit/(Loss) before Taxation	9,677	6,646
Profit/(Loss) after Taxation	7,110	4,586

It is evident from the above that there is an increase of about 21% in net Sales as compared to the previous half year results ended on 31-12-2017. This increase in sales reflects healthy growth of business sign of the Company. Our dyes are mainly used in Leather and Textile export oriented industries. The export of the country have started showing upwards trend due to announcement of government export incentives. The people of the country have also mainly converted into use of branded fabrics. The prices of branded fabrics are high as compared to simple fabrics which were in use previously. This element also increased the consumption of our dyes in the local industries also which were previously been used in by the export oriented industries. The government has started providing load shedding free environment for local industries but increased the rates of energy too much.

**FUTURE PROSPECTS**

The recent trend of using of branded fabrics by the people is healthy sign for the local industries which also reflect the increase in purchasing power of the people of the country. Some financial policies announced by the government were protested by the traders in whole the country. When the traders have become familiar to it they will start normal business activities which will be good sign for the local manufacturing industries.

The government has taken some financial measures which are suitable to the traders of the country which created shortage of dyes in the country but this is suitable to the local manufacturers, however the free float of US Dollar price in the market may be very injurious for the local manufacturers.

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.

**ACKNOWLEDGMENT**

The Board is pleased to acknowledge the loyalty and efforts of the management, staff and workers of the Company for their continuing efforts for the well being of the Country and Company.

For and on behalf of the Board

**Sardar Mahmood Sadiq**

Chief Executive

**Gadoon Amazai**

February 23, 2019



**Aslam Malik & Co.**  
Chartered Accountants

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Central Plaza, Civic Centre,  
New Garden Town, Lahore-Pakistan.

#### INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sardar Chemical Industries Limited

#### Report on Review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Sardar Chemical Industries Limited** as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months period ended 31 December 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2018.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Other Offices at:

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

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



Aslam Malik & Co.

Continuation Sheet

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is **Mohammad Aslam Malik**.

Date : February 23, 2019  
Place: Lahore

1.

Aslam Malik & Co.  
Chartered Accountants  
Mohammad Aslam Malik



## INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)

	(Un-audited) Dec 31,2018 Rupees	(Audited) June 30,2018 Rupees
<b>CAPITAL AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorised:</b>		
10,000,000 (2018:10,000,000) Ordinary Shares of Rs. 10/- each.	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, Subscribed and Paid-up:</b>		
6,000,000 (2018: 6,000,000) Ordinary shares of Rs.10/-each fully paid in cash	60,000,000	60,000,000
Share premium	30,000,000	30,000,000
Un-appropriated Profit / (loss)	<u>40,021,629</u>	<u>37,411,543</u>
	<b>130,021,629</b>	<b>127,411,543</b>
<b>NON-CURRENT LIABILITIES</b>		
OBLIGATION UNDER FINANCE LEASE	<b>2,226,936</b>	2,425,960
<b>CURRENT LIABILITIES</b>		
Current maturity of long term obligation	<b>386,873</b>	1,699,891
Short term finance	<b>15,265,179</b>	9,613,295
Creditors, accrued and other liabilities	<b>8,405,217</b>	8,787,688
Markup Accrued	<b>4,118,061</b>	1,584,507
	<b>219,290</b>	
	<b>28,394,620</b>	21,723,426
	<u><b>160,643,185</b></u>	<u>151,560,928</u>

The annexed notes form an integral part of these financial statements.

Chief Executive



## AS AT DECEMBER 31, 2018

	(Un-audited) Dec 31,2018 Rupees	(Audited) June 30,2018 Rupees
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property: Plant and Equipment	<b>19,687,551</b>	20,282,803
DEFERRED TAXATION	<b>720,973</b>	481,305
<b>LONG TERM DEPOSITS</b>	<u><b>574,000</b></u>	<u>574,000</u>
	<b>20,982,524</b>	21,338,108
<b>CURRENT ASSETS</b>		
Stores, spares & loose tools	<b>913,555</b>	605,371
Stock in trade	<b>18,024,230</b>	8,924,230
Trade debts	<b>83,834,922</b>	79,915,888
Current maturity of long term deposit	--	883,600
Advances, deposits, prepayments & other receivables	<b>1,905,582</b>	1,252,073
Taxation-net	<b>19,814,936</b>	17,098,651
Cash & bank balances	<b>15,167,436</b>	21,543,007
	<b>139,660,661</b>	130,222,820
	<u><b>160,643,185</b></u>	<u>151,560,928</u>

Chief Financial Officer

Director



**SARDAR CHEMICAL INDUSTRIES LIMITED**

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT  
FOR THE HALF-YEAR ENDED DECEMBER 31, 2018**

(UN-AUDITED)

Half Year Ended

Quarter Ended

	31 Dec. 2018 Rupees	31 Dec. 2017 Rupees	31 Dec. 2018 Rupees	31 Dec. 2017 Rupees
<b>Sales</b>	117,923,838	97,223,271	61,817,472	52,570,002
<b>Cost of Sales</b>	<u>(91,198,981)</u>	<u>(76,113,366)</u>	<u>(46,316,800)</u>	<u>(41,187,975)</u>
<b>Gross Profit</b>	26,724,857	21,109,905	155,00,672	11,382,027
<b>OPERATING EXPENSES</b>				
Administrative	(11,581,461)	(8,956,622)	(6,542,806)	(4,504,262)
Selling and distribution	(5,509,251)	(5,132,894)	(2,916,836)	(2,609,683)
	<u>(17,090,712)</u>	<u>(14,089,516)</u>	<u>(9,459,642)</u>	<u>(7,113,945)</u>
<b>Operating Profit/(Loss) For The period</b>	9,634,145	7,020,389	6,041,030	4,268,082
<b>Other Operating Income</b>	760,162	502,267	--	90,732
<b>Other Operating Expenses</b>	--	(31,504)	--	--
<b>Finance Cost</b>	<u>(717,660)</u>	<u>(845,360)</u>	<u>(429,945)</u>	<u>(708,475)</u>
<b>Profit/ (Loss) before taxation</b>	9,676,647	6,645,792	5,611,085	3,650,339
<b>Taxation</b>	<u>(2,566,560)</u>	<u>(2,060,196)</u>	<u>(1,346,891)</u>	<u>(1,131,606)</u>
<b>Profit/ (loss)for the period</b>	<u>7,110,087</u>	<u>4,585,596</u>	<u>4,264,194</u>	<u>2,518,733</u>
<b>Earning/(loss) per share</b>	1.19	0.76	0.72	0.42

Chief Executive

Chief Financial Officer

Director



**SARDAR CHEMICAL INDUSTRIES LIMITED**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED DECEMBER 31, 2018**

(UN-AUDITED)

Half Year Ended

Quarter Ended

	31 Dec. 2018 Rupees	31 Dec. 2017 Rupees	31 Dec. 2018 Rupees	31 Dec. 2017 Rupees
<b>Profit/(Loss) after Taxation</b>	7,110,087	4,585,596	4,264,194	2,518,733
<b>Other Comprehensive Profit/(Loss)</b>	--	--	--	--
<b>Total Comprehensive Profit/(Loss) for the Period</b>	<u>7,110,087</u>	<u>4,585,596</u>	<u>4,264,194</u>	<u>2,518,733</u>

The annexed notes form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director


**INTERIM CONDENSED STATEMENT OF CASH FLOW (UN-AUDITED)  
AS AT DECEMBER 31, 2018**

	DECEMBER 30,2018 Rupees	DECEMBER 30,2017 Rupees
<b>cash flow from operating activities</b>		
Profit/(Loss) before taxation	9,676,647	6,645,792
<b>Adjustment of non-Cash items.</b>		
Depreciation.	1,393,414	1,294,949
Financial Charges	717,660	845,360
Profit on sale of fixed assets	(760,162)	(343,486)
	<u>1,350,912</u>	<u>1,796,823</u>
Profit before working capital changes	11,027,559	8,442,615
<b>Effect of working capital changes</b>		
(Increase) /Decrease in store, spare and loose tools	(308,184)	(23,516)
(Increase) /Decrease in stock in trade	(9,100,000)	4,784,060
(Increase) /Decrease in trade debts	(3,919,034)	(10,458,407)
	(653,509)	(527,943)
(Increase)/Decrease in advances, deposit and Prepayments	(382,471)	2,830,165
Increase/(Decrease) in creditors accrued and other Liabilities	2,533,554	--
	<u>(11,829,644)</u>	<u>(3,395,641)</u>
Financial charges paid	(536,415)	(756,580)
Tax paid	(5,522,513)	(1,368,583)
	<u>(6,058,928)</u>	<u>(2,125,163)</u>
<b>Net cash used in operating activities</b> A	<b>(6,861,013)</b>	2,921,811
<b>Cash flow from investing activities:</b>		
Fixed Capital expenditure	(988,000)	--
Long term deposits	883,600	--
Sale proceeds of assets disposed off	950,000	390,000
<b>Net Cash generated from investing activities</b> B	<b>845,600</b>	390,000
<b>Cash flow from financing activities</b>		
(Repayment) / proceeds of lease obligation	(1,512,042)	(1,504,684)
(Repayment)/ proceeds of short term finances	5,651,884	1,250,395
	<u>(4,500,000)</u>	
<b>Net cash generated from financing activities</b> C	<b>(360,158)</b>	(254,289)
<b>Net increase/ (Decrease) in cash and cash Equivalents</b> A+B+C	<b>(6,375,571)</b>	3,057,522
<b>Cash and cash Equivalents at beginning of the period</b>	<b>21,543,007</b>	13,898,039
<b>Cash and cash Equivalents at end of the period</b>	<b><u>15,167,436</u></b>	<u>16,955,561</u>


**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
AS AT 31 DECEMBER 2018**

	Share Capital	Share Premium	Un-appropriated Profit/ (Accumulated Loss)	Rupees Total
Balance at				
30 <sup>th</sup> June 2017	60,000,000	30,000,000	26,849,259	116,849,259
Profit/(Loss) for the period ended				
31 Dec. 2017	--	--	4,585,596	4,585,596
Balance at				
31 Dec. 2017	60,000,000	30,000,000	31,434,855	121,434,855
Profit/(Loss) for the period ended				
30 June 2018	--	--	5,976,687	5,976,687
Balance at				
30 June 2018	60,000,000	30,000,000	37,411,542	127,411,542
Dividend for the year				
2017-2018	--	--	(4,500,000)	(4,500,000)
Profit/(Loss) for the period ended				
31 Dec. 2018	--	--	7,110,087	7,110,087
Balance at				
<b>31 Dec. 2018</b>	<b>60,000,000</b>	<b>30,000,000</b>	<b>40,021,629</b>	<b>130,021,629</b>

Chief Executive

Chief Financial Officer

Director

Chief Executive

Chief Financial Officer

Director



**SARDAR CHEMICAL INDUSTRIES LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (Unaudited)**

**1. THE COMPANY AND ITS OPERATIONS**

Sardar Chemical Industries Limited (the Company) was incorporated in Pakistan on October 3, 1989 as a Private Limited Company under the Companies 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 manufacture and sale of dyestuffs, chemicals for the leather, textile and paper industries. The Company is listed on Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited).

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

This condensed interim financial report of the Company for the half year ended 31 December 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 – 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial report is unaudited but subject to the limited scope review by the statutory auditors and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

**2.2 Basis of measurement**

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 December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984, accordingly, this condensed interim financial information have been prepared under the historical cost convention except for staff retirement benefits that is determined under actuarial valuation annually and lease hold improvements and plant and machinery that are stated at revalued amount in accordance with the criteria laid down under International Accounting Standard (IAS) 16 'Property, Plant and Equipment'. This condensed interim financial information, except for cash flow information, has been prepared under the accrual basis of accounting.

**2.3 Functional and presentation currency**

This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

**3. ACCOUNTING POLICIES**

The accounting policies and method of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements of the Company for the year ended 30 June 2018.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Judgments and estimates made by the management in preparation of this condensed interim financial information are the same as those applied to the annual financial statements for the year ended 30 June 2018.

**5. DATE OF AUTHORIZATION**

This condensed interim financial information was approved by the Board of Directors and for issue on 23<sup>rd</sup> February, 2019

**6. GENERAL**

Certain prior figures have been reclassified for the purpose of comparison. There were no major reclassification to report.

Figures have been rounded off to the nearest Rupee.

Chief Executive

Chief Financial Officer

Director

**BOOK POST**



**Sardar**  
Chemical Industries Ltd.

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To:

**Head Office:**

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**Factory:**

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