



SARDAR CHEMICAL INDUSTRIES LIMITED



Half Yearly Accounts
(Un-Audited)
December
2017

Sardar
Chemical Industries Limited



ISO 9002 CERTIFIED



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SARDAR CHEMICAL INDUSTRIES LIMITED

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Chemical Industries Ltd.

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To:

Head Office:

2-A, 2nd Floor, Canal Bank Road,
Justice Sardar Iqbal Road, Aziz Avenue,
Gulberg-V, Lahore.

Tel: (92-42) 35711154, 35710148, 35753402

Fax: (92-42) 35775706

Email: sarchem@brain.net.pk

Website: sardarchem.net



Factory:

Plot # 29-B, Road No .01,
Gadoon Amazai, Industrial Estate,
Topi Ganduf Road, Swabi,
Khyber Pakhtunkhwa.

Tel: (0938) 270439, 270539, 270792

Fax: 92-938-270791

**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. Moona Mehmood 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 nd 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:042-35839182,35887262 Fax:042-35869037

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Board of Directors of SARDAR CHEMICAL INDUSTRIES LIMITED are pleased to present their report on the statement of accounts of the Company for the half year ended on December 31, 2017 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:

	<u>2017</u>	<u>2016</u>
	(Rupees in thousands)	
Sales-Net	97,223	87,947
Cost & Expenditures	90,577	86,256
Profit/(Loss) before Taxation	6,646	1,381
Profit/(Loss) after Taxation	4,586	946

It is evident from the above that there is increase of about 10.93% in net Sales as compared to the previous half year results ended on 31-12-2016. This increase in sales reflects healthy increase in Profit for the period before and after tax along with healthy increase in earnings per share from 0.16 per share to 0.76 per share as compared to last half year ended on 31-12-2016. Our dyes are mainly used in Leather and Textile export oriented industries. The exports of the country have started showing upwards trend due to announcement of government export incentive scheme 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 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 and also reduced the unit price of electricity.

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. The reduction in per unit cost of electricity will also be helpful in increase of industrial activities in the country. Some financial policies announced by the government were protested by the traders in whole the country. The traders have become familiar to it now and started normal business activities which are good sign for the local manufacturers industries.

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.

For and on behalf of the Board

Sardar Mahmood Sadiq

Chief Executive

Gadoon Amazai

February 27, 2018

**Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information****Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Sardar Chemical Industries Limited** (the Company) as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six-months ended December 31, 2017.

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 information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

(Aslam Malik & Co)
Chartered Accountants

Engagement Partner:
Mohammad Aslam Malik

Date: February 27, 2018
Place: Lahore

**INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)**

	(Un-audited) Dec 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
CAPITAL AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised:		
10,000,000 (2017:10,000,000) Ordinary Shares of Rs. 10/- each.	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and Paid-up:		
6,000,000 (2017: 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>31,434,855</u>	<u>26,849,259</u>
	121,434,855	116,849,259
NON-CURRENT LIABILITIES		
OBLIGATION UNDER FINANCE LEASE	2,624,300	1,334,285
DEFERRED TAXATION	184,837	184,837
CURRENT LIABILITIES		
Current maturity of long term obligation	1,095,414	3,890,112
Short term finance	10,677,428	9,427,033
Creditors, accrued and other liabilities	10,778,579	7,663,275
Markup Accrued	273,334	184,553
	22,824,755	21,164,973
	<u>147,068,747</u>	<u>139,533,354</u>

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

Chief Executive



AS AT DECEMBER 31, 2017

	(Un-audited) Dec 31,2017 Rupees	(Audited) June 30,2017 Rupees
ASSETS		
NON-CURRENT ASSETS		
Property: Plant and Equipment	18,134,675	19,476,137
LONG TERM DEPOSITS	<u>883,600</u>	<u>883,600</u>
	19,018,275	20,359,738
CURRENT ASSETS		
Stores, spares & loose tools	798,744	775,228
Stock in trade	7,674,260	12,458,320
Trade debts	78,617,120	68,158,713
Current maturity of long term deposit	1,740,700	1,740,700
Advances, deposits, prepayments & other receivables	1,520,816	992,873
Taxation-net	20,743,271	21,149,744
Cash & bank balances	16,955,561	13,898,039
	128,050,472	119,173,617
	<u>147,068,747</u>	<u>139,533,354</u>

Director

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE HALF-YEAR ENDED DECEMBER 31, 2017

	(UN-AUDITED) Half Year Ended		Quarter Ended	
	31 Dec. 2017 Rupees	31 Dec. 2016 Rupees	31 Dec. 2017 Rupees	31 Dec. 2016 Rupees
Sales	97,223,271	87,647,320	52,570,002	44,609,772
Cost of Sales	<u>(76,113,366)</u>	<u>(69,198,546)</u>	<u>(41,187,975)</u>	<u>(35,692,314)</u>
Gross Profit	21,109,905	18,448,774	11,382,027	8,917,458
OPERATING EXPENSES				
Administrative	(8,956,622)	(10,244,404)	(4,504,262)	(5,723,231)
Selling and distribution	(5,132,894)	(5,412,359)	(2,609,683)	(2,852,289)
	<u>(14,089,516)</u>	<u>(15,656,763)</u>	<u>(7,113,945)</u>	<u>(8,575,520)</u>
Operating Profit/(Loss) For The period	7,020,389	2,792,011	4,268,082	341,938
Other Operating Income	502,267	--	90,732	--
Other Operating Expenses	(31,504)	(32,713)	--	(32,713)
Finance Cost	<u>(845,360)</u>	<u>(1,367,825)</u>	<u>(708,475)</u>	<u>(642,259)</u>
Profit/ (Loss) before taxation	6,645,792	1,391,473	3,650,339	(333,034)
Taxation	<u>(2,060,196)</u>	<u>(445,271)</u>	<u>(1,131,606)</u>	<u>106,571</u>
Profit/ (loss)for the period	<u>4,585,596</u>	<u>946,202</u>	<u>2,518,733</u>	<u>(226,463)</u>
Earning/(loss) per share	0.76	0.16	0.42	(0.04)

Chief Executive

Director



**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED DECEMBER 31, 2017
(UN-AUDITED)**

	<u>Half Year Ended</u>		<u>.Quarter Ended</u>	
	31 Dec. 2017 Rupees	31 Dec. 2016 Rupees	31 Dec. 2017 Rupees	31 Dec. 2016 Rupees
Profit/(Loss) after Taxation	4,585,596	946,202	2,518,733	(226,463)
Other Comprehensive Profit/(Loss)	--	--	--	--
Total Comprehensive Profit/(Loss) for the Period	4,585,596	946,202	2,518,733	(226,463)

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



**INTERIM CONDENSED STATEMENT OF CASH FLOW (UN-AUDITED)
AS AT DECEMBER 31, 2017**

	DECEMBER 30,2017 Rupees	DECEMBER 30,2016 Rupees
cash flow from operating activities		
Profit/(Loss) before taxation	6,645,792	1,391,473
Adjustment of non-Cash items.		
Depreciation.	1,294,949	1,509,778
Financial Charges	845,360	1,367,825
Profit on sale of fixed assets	(343,486)	--
	<u>1,796,823</u>	<u>2,877,603</u>
Profit before working capital changes	8,442,615	4,269,076
Effect of working capital changes		
(Increase) /Decrease in store, spare and loose tools	(23,516)	208,856
(Increase) /Decrease in stock in trade	4,784,060	(1,012,166)
(Increase) /Decrease in trade debts	(10,458,407)	1,565,789
	(527,943)	(409,061)
(Increase)/Decrease in advances, deposit and Prepayments	(527,943)	(409,061)
Increase/(Decrease) in creditors accrued and other Liabilities	2,830,165	976,413
	(3,395,641)	1,329,831
Financial charges paid	(756,580)	(1,432,429)
Tax paid	(1,368,583)	7,135,559
	<u>(2,125,163)</u>	<u>5,703,130</u>
Net cash used in operating activities A	2,921,811	11,302,037
Cash flow from investing activities:		
Fixed Capital expenditure	--	(489,000)
Long term deposits	--	--
Sale proceeds of assets disposed off	390,000	--
Net Cash genrated from investing activities B	390,000	(489,000)
Cash flow from financing activities		
(Repayment) / proceeds of lease obligation	(1,504,684)	(1,336,454)
(Repayment) / proceeds of short term finances	1,250,395	(6,879,062)
Net cash genrated from financing activities C	(254,289)	(8,215,516)
Net increase/ (Decrease) in cash and cash Equivalents A+B+C	3,057,522	2,597,521
Cash and cash Equivalents at beginning of the period	13,898,039	11,001,739
Cash and cash Equivalents at end of the period	16,955,561	13,599,260

Chief Executive

Director

Chief Executive

Director



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
AS AT 31 DECEMBER 2017**

	Share Capital	Share Premium	Un-appropriated Profit/ (Accumulated Loss)	Rupees Total
Balance at				
30 th June 2016	60,000,000	30,000,000	24,394,035	114,394,035
Profit/(Loss) for the period ended				
31 Dec. 2016	--	--	<u>946,202</u>	<u>946,202</u>
Balance at				
31 Dec. 2016	60,000,000	30,000,000	25,340,237	115,340,237
Profit/(Loss) for the period ended				
30 June 2017	--	--	<u>1,509,022</u>	<u>1,509,022</u>
Balance at				
30 June 2017	60,000,000	30,000,000	26,849,259	116,849,259
Profit/(Loss) for the period ended				
31 Dec. 2017	--	--	<u>4,585,596</u>	<u>4,585,596</u>
Balance at				
31 Dec. 2017	60,000,000	30,000,000	31,434,855	121,434,855

Chief Executive

Director



**SARDAR CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (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 2017 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 2017.

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 2017.

5. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and for issue on 27th February, 2018

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

Director