

ANNUAL REPORT 2014

CONTENTS	PAGE NO.
Company Information	2
Notice of Annual General Meeting.....	4
Mission Statement and Statement of Ethics and Business Practices	5
Directors' Report to the Shareholders	6
Statement of Compliance with the code of Corporate Governance.....	8
Key operating and finance.....	11
Review Report to the Members on the Statement of Compliance with the Best Practices of Code of Corporate Governance... ..	12
Auditors' report to the Members	13
Balance Sheet.....	14
Profit and Loss Account.....	16
Statement of Comprehensive Income.....	17
Cash Flow Statement.....	18
Statement of Changes in Equity.....	19
Notes to the Financial Statements.....	20
Pattern of Share Holdings	41
Categories of Share Holders.....	42
Form of Proxy.....	44

COMPANY INFORMATION

CHIEF EXECUTIVE

Sardar Mahmood Sadiq

DIRECTORS

Mr. Shahid Aziz(NIT Nomeeni)

Sardar Ayaz Sadiq

Mr. Fayaz Ahmed Khan

Mr. Iftikhar Ahmed Khan

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. Hameed ud din Mirza

Mrs. Reema Ayaz

BANKERS

Allied Bank of Pakistan Ltd.

Askari Bank Ltd.

LEGAL ADVISORS

Mr. Javaid Iqbal Malik, Advocate

HEAD OFFICE/SHARE DEPARTMENT

H # 127/II, Block C, Model Town
Lahore.

Ph: (042) 35851865-67

Fax: (042) 35856489

E-Mail: sarchem@brain.net.pk

Web: www.sardarchem.com

REGISTERED OFFICE/ FACTORY

Plot. NO. 29-B, Road No. 01

Gadoon Amazai, industrial Estate,

Topi, Ganduf Road, Swabi (NWFP)

Ph: (0938) 270792, 270439, 270539

Fax: (0938) 270791

REGISTRAR/TRANSFER AGENT

CorpLink (PVT) Ltd., Wings Arcade,

1-K, Commercial, Model Town, Lahore

Ph: 042-35839182, 35887262

Fax: 042-35869037

NOTICE OF ANNUAL GENERAL MEETING

The 25th 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 Saturday 25th October 2014, at 01:00 P.M. to transact the following business:-

1. To confirm the minutes of 24th Annual General Meeting held on 30th October 2013.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2014, together with the Directors' and Auditors', report thereon.
3. To elect 7 directors for the next tenure in accordance with the provisions of 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. IFTIKHAR AHMED KHAN	

In terms of 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.

4. To appoint Auditors for the year ended June 30, 2015, and fix their remunerations.
5. To transact any other ordinary business with the permission of the Chair.

Lahore. 2nd October 2014.

By Order of the Board

Company Secretary

Notes:

1. The Shares Transfer Books of the Company will remain closed from 19-10-2014 to 25-10-2014 (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.
- 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.

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

Dear Shareholders(s),

The Directors of the Company feel pleasure in presenting the financial results for the year ended June30, 2014 and Auditors' report thereon.

AN OVERVIEW OF THE CURRENT YEAR:

There is an increase of Rs. 32.330 (M) in the net Sales as compared to last year. This is achievement due to the continuing efforts of management and staff of the Company in such a tough atmosphere, having severe energy crises, increasing transportation costs and heavy increase in prices of raw materials. Our dyes are used mainly by the export oriented industries. The heavy increase in price of raw materials increased heavily our production costs out of which some cost has been absorbed by us and some portion of it was shifted to our customers.

OPERATIONAL AND OF FINANCIAL HIGHLIGHTS:

Financial results of the Company as at June 30, 2014 and result of the operations for the year are summarized as under:

	<u>2014</u>	<u>2013</u>
	(Rs. 000's)	(Rs. 000's)
Turnover	206,708	174,378
	=====	=====
Profit/(Loss) before taxation	6,164	4,991
Provision for taxation and WPPF	<u>(1,989)</u>	<u>(1,409)</u>
Profit/(Loss) after taxation	<u>4,175</u>	<u>3,582</u>

The above financial results reflect increase in the profit than the last year. However, the management constantly keeps emphasis on quality products to increase further profit.

EARNING PER SHARE

The earnings per share as compared to last year has increased by 0.11 per share due to adjustment in sales prices of the products of the Company while the profit after taxation has also increased by 0.593 (M) as compared to last year.

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 under review four Board meetings were held, to discuss, adopt and approve the accounts and other matters of the Company. There was 68% attendance of the directors was witnessed in the Board Meetings.

AUDIT COMMITTEE

There is no change in the Audit Committee since last year.

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before their submission to the Board and their publication. The CFO, Head of Internal Audit and a representative of external auditors attended the meetings where issue relating to accounts and audit were discussed. The Audit Committee also reviewed internal audit findings and held separate meeting with internal and external auditors as required under the Code of Corporate Governance.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

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 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. Iftikhar Ahmed Khan | (Member) |
| c. Mr. Reema Ayaz | (Member) |

DIRECTORS' TRAINING PROGRAMMES

One of our director has started training programme.

TRANSFER PRICING

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

FUTURE OUTLOOK

The management of the Company keeps trying to increase the sales to increase the profitability of the Company by strict control over costs.

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 eight years is annexed with this annual report.

VALUE OF INVESTMENTS OF PROVIDENT FUND

The balance of investment in provident fund account was Rs. 14,032,007 on 30th June, 2014.

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, 2015.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as on 30-06-2014 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 express 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

September 28, 2014
Place: Lahore.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company	SARDARCHEMICAL INDUSTRIES LIMITED
Year Ended	June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of Karachi and Lahore Stock Exchange, 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 CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on the Board of Directors. At present the Board includes :

Category	Name
Independent Directors	*
Executive Directors	Sardar Mahmood Sadiq (Chief Executive)
	Mrs. Mona Mahmood
	Mr. Iftikhar Ahmed Khan
Non Executive Directors	Mr. Fayaz Ahmed Khan
	Sardar Ayaz Sadiq
	Mrs. Reema Ayaz

Currently the board does not have any independent Director. The company will Adhere with this clause at the time of next election of directors due on October 25, 2014 Moreover, there is no representation of minority shareholders on the Board.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayer and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the year under review.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a Vision/Mission Statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of

significant policies along with the dates on which they were approved 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 conditions of employment of the CEO, other executive and non executive directors, have been taken by board in accordance with the Articles of Association of the Company.
 8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and 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.
 9. The majority of the directors 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.
 10. The Board approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
 11. The Director's Report for this year 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 three members, of whom all three are non- Executive directors including the chairman of the Committee.
 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 reference 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, of whom two are non- Executive directors and the chairman of Committee is a non executive director.
-
-

18. The Board has set-up an effective internal audit function which is considered suitably experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have given a satisfactory rating under the quality control review program of the 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 service except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidance 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 the company’s securities was determined and intimated to directors, employees and stock exchanges.
22. Material /price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.



Dated: September 28, 2014.
Place: Lahore.

SARDAR MAHMOOD SADIQ
Chief Executive

KEY OPERATING & FINANCE DATA FOR LAST EIGHT YEARS

PARTICULARS	2014	2013	2012	2011	2010	2009	2008	2007
Net Sales	206,708,018	174,378,050	158,707,975	146,759,521	139,730,095	127,708,255	124,676,651	116,995,165
Gross Profit	39,117,422	37,955,188	33,893,740	28,800,522	32,023,717	32,849,009	30,090,465	33,581,440
Operating Profit / (Loss)	11,160,890	10,861,964	9,719,089	4,302,660	2,861,496	2,504,210	2,382,500	4,998,372
Profit / (Loss) before tax	6,163,921	4,991,925	6,379,342	4,001,474	2,854,132	2,567,727	2,316,160	4,957,337
Profit / (Loss) after tax	4,174,927	3,582,524	5,303,790	1,125,078	1,754,886	1,921,483	1,389,396	3,499,656
Paid-up Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Net Worth	106,981,120	102,806,193	99,223,669	94,919,879	93,794,801	92,039,918	90,753,432	90,187,582
FINANCIAL POSITION								
Fixed assets net	24,765,664	28,881,068	25,041,033	24,995,722	28,414,752	31,446,784	33,006,804	37,617,686
Total assets	159,802,477	154,931,985	161,691,123	158,636,610	163,017,947	161,993,345	164,751,244	163,163,074
Long term liabilities	6,465,487	7,957,757	3,247,023	2,565,933	3,118,598	4,189,894	2,380,962	4,333,138
RATIOS								
Gross Profit	18.92%	21.77%	21.36%	19.62%	22.92%	25.72%	24.13%	28.70%
Profit / (loss) before Tax	2.98%	2.86%	4.02%	2.73%	2.04%	2.01%	1.86%	4.24%
Profit / (loss) after Tax	2.02%	2.05%	3.34%	0.77%	1.26%	1.50%	1.11%	2.99%
RETURN TO SHAREHOLDER								
ROE before Tax	6%	4.86%	6.43%	4.22%	3.04%	2.79%	2.55%	5.50%
ROE after Tax	3.91%	3.48%	5.35%	1.19%	1.87%	2.09%	1.53%	3.88%
Earning per share	0.70	0.59	0.88	0.19	0.29	0.32	0.23	0.58
LIQUIDITY/LEVERAGE								
Current Ratio	2.90	2.82	2.28	2.19	2.00	1.93	1.82	1.80
Break up Value Per Share	12.83	12.13	11.54	10.82	10.63	10.34	10.13	10.03
Total Liabilities to Equity (times)	0.49	0.51	0.63	0.67	0.74	0.76	0.82	0.81
ACTIVITY								
Sales to total assets	1.30	1.12	0.98	0.93	0.86	0.79	0.76	0.72
Sales to fixed assets	8.35	6.04	6.34	5.87	4.93	4.06	3.78	3.11

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

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (Code) for the year ended June 30, 2014 prepared by the Board of Directors of **Sardar Chemical Industries Limited** (the Company) to comply with the Listing Regulations No.35 of the Karachi and Lahore Stock Exchanges respectively where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company 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's 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.

Further, Listing Regulation of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited requires the company to place before the Board of Directors for their consideration and approval 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the Audit Committee. We have not carried out any procedure 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 does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code for the year ended June 30, 2014.

Dated: September 28, 2014
Place: Lahore

ASLAM MALIK & CO
CHARTERED ACCOUNTANTS
Mohammad Aslam Malik

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Sardar Chemical Industries Limited** (the Company) as at **June 30, 2014** 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 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 amounts 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 account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion;
 - i) the balance sheet and profit and loss account together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the 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;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and 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 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, 2014 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat & Ushr Ordinance, 1980 (XVIII of 1980).

Dated: September 28, 2014

Place: Lahore.

ASLAM MALIK & CO

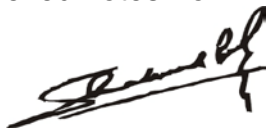
CHARTERED ACCOUNTANTS

Mohammad Aslam Malik

BALANCE SHEET

	NOTE	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized:			
10,000,000 (2014:10,000,000) Ordinary Shares of Rs. 10/- each.		<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and Paid-up:			
6,000,000 (2014:6,000,000) 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)		16,981,120	12,806,193
		<u>106,981,120</u>	<u>102,806,193</u>
NON- CURRENT LIABILITIES			
Obligation under Finance Lease	4	6,465,487	7,957,757
Deferred Taxation	5	415,834	314,721
CURRENT LIABILITIES			
Current maturity of long term obligation	6	1,492,373	2,267,214
Short term finance	7	23,963,186	30,537,749
Creditors, accrued and other liabilities	8	16,542,490	8,759,295
Provision for taxation	9	3,237,622	1,349,741
Markup Accrued	10	704,365	939,314
		<u>45,940,036</u>	<u>43,853,313</u>
CONTINGENCIES & COMMITMENTS	11	-	-
		<u>159,802,477</u>	<u>154,931,984</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.



SARDAR MAHMOOD SADIQ
Chief Executive

AS AT JUNE 30, 2014

	NOTE	2014 Rupees	2013 Rupees
ASSETS			
NON- CURRENT ASSETS			
Property, Plant and Equipment	12	24,765,664	28,881,068
Long Term Deposits	13	<u>2,482,300</u> 27,247,964	<u>2,482,300</u> 31,363,368
CURRENT ASSETS			
Stores, spares & loose tools	14	514,203	467,382
Stock in trade	15	23,999,689	28,513,411
Trade debts	16	77,910,748	71,086,397
Advances, deposits, prepayments & other receivables	17	771,369	2,468,599
Advance Tax	18	23,594,993	15,943,025
Cash & bank balances	19	5,763,511	5,089,803
		132,554,513	123,568,617
		<u>159,802,477</u>	<u>154,931,984</u>



FAYYAZ AHMED KHAN
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014**

	NOTE	2014 Rupees	2013 Rupees
SALES- NET	20	206,708,018	174,378,050
COST OF SALES	21	<u>167,590,596</u>	<u>136,422,862</u>
GROSS PROFIT		39,117,422	37,955,188
Administrative	22	<u>17,689,600</u>	<u>17,325,672</u>
Selling and distribution	23	<u>9,332,430</u>	<u>9,713,530</u>
Other Operating Expenses	24	<u>1,528,995</u>	<u>1,311,144</u>
Other Operating Income	25	<u>(594,493)</u>	<u>1,257,122</u>
		<u>27,956,532</u>	<u>27,093,224</u>
Operating Profit/ (Loss) For the Year		11,160,890	10,861,964
Finance Costs	26	<u>4,996,969</u>	<u>5,870,039</u>
Profit/ (Loss) before Taxation		6,163,921	4,991,925
Taxation	27		
Current		<u>(1,887,881)</u>	<u>(1,349,741)</u>
Deferred		<u>(101,113)</u>	<u>(59,660)</u>
		<u>(1,988,994)</u>	<u>(1,409,401)</u>
Profit / (loss) for the year		<u><u>4,174,927</u></u>	<u><u>3,582,524</u></u>
Basic Earning / (loss) per share	31	0.70	0.59

The annexed notes from 1 to 36 form an integral part of these financial statements.



SARDAR MAHMOOD SADIQ
Chief Executive



FAYYAZ AHMED KHAN
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014**

	2014 Rupees	2013 Rupees
Profit for the year after tax	4,174,927	3,582,524
Other comprehensive income – net of taxation		
Total comprehensive income for the year – net of tax	<u>4,174,927</u>	<u>3,582,524</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.



SARDAR MAHMOOD SADIQ
Chief Executive



FAYYAZ AHMED KHAN
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

		2014 Rupees	2013 Rupees
Cash flow from operating activities:			
Cash generated from operation	28	21,935,431	19,526,475
Financial charges paid		(5,231,918)	(5,938,976)
Workers profit participation fund paid		(264,475)	(342,550)
Tax paid		(7,423,656)	(5,048,690)
		<u>(12,920,049)</u>	<u>(11,330,216)</u>
Net cash inflow/ (outflow) from operating activities		9,015,382	8,196,259
Cash flow from investing activities:			
Fixed Capital Expenditure		--	(67,000)
Long term deposits		--	(658,900)
Sale proceeds of assets disposed off		500,000	2,187,047
Net Cash inflow/ (outflow) from investing activities		<u>500,000</u>	<u>1,461,147</u>
		9,515,382	9,657,406
Cash flow from financing activities			
(Repayment)/proceeds of lease obligation		(2,267,111)	(2,713,669)
(Repayment)/proceeds of short term finances		(6,574,563)	(6,788,385)
Net cash (out flow)/inflow from financing activities		<u>(8,841,674)</u>	<u>(9,502,054)</u>
Net increase/ (Decrease) In cash and cash equivalents		673,708	155,352
Cash and cash equivalents at beginning of the year		5,089,803	4,934,451
Cash and cash equivalents at end of the year		<u>5,763,511</u>	<u>5,089,803</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.



SARDAR MAHMOOD SADIQ
Chief Executive



FAYYAZ AHMED KHAN
Director

SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital	Share Premium	Un-appropriated Profit/ (Accumulated Loss)	Rupees
Balance at 30 th June, 2011.	60,000,000	30,000,000	4,919,879	94,919,879
Profit/ (Loss) for the year.	--	--	<u>4,303,790</u>	<u>4,303,790</u>
Balance at 30 th June, 2012.	60,000,000	30,000,000	9,223,669	99,223,669
Profit/ (Loss) for the year.	--	--	<u>3,582,524</u>	<u>3,582,524</u>
Balance at 30 th June, 2013.	<u>60,000,000</u>	<u>30,000,000</u>	<u>12,806,193</u>	<u>102,806,193</u>
Profit/ (Loss) for the year.	--	--	<u>4,174,927</u>	<u>4,174,927</u>
Balance at 30 th June, 2014.	<u>60,000,000</u>	<u>30,000,000</u>	<u>16,981,120</u>	<u>106,981,120</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.



SARDAR MAHMOOD SADIQ
Chief Executive



FAYYAZ AHMED KHAN
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

1. STATUS AND 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 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. STATEMENT OF COMPLIANCE

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 (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.1 Adoption Of New And Revised Standards And Interpretations

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

	<u>Effective date (annual reporting periods beginning on or after)</u>
IFRS 2 Share-based Payments (Amendments)	July 1, 2014
IFRS 3 Business Combinations (Amendments)	July 1, 2014
IFRS 8 Operating Segments (Amendments)	July 1, 2014
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2017
IAS 16 Property, Plant and Equipment (Amendments)	July 1, 2014 & January 1, 2016
IAS 19 Employee benefits (Amendments)	July 1, 2014
IAS 24 Related party disclosures (Amendments)	July 1, 2014
IAS 32 Financial instruments: Presentation (Amendments)	January 1, 2014
IAS 36 Impairment of assets (Amendments)	January 1, 2014

IAS 38 Intangible Assets (Amendments)	July 1, 2014 & January 1, 2016
IAS 39 Financial instruments: Recognition and measurement (Amendments)	January 1, 2014
IAS 40 Investment Property (Amendments)	July 1, 2014
IAS 41 Agriculture (Amendments)	January 1, 2016
IFRIC 21 Levies	January 1, 2014

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been notified up to June 30, 2014 by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time adoption of International Financial Reporting standards
IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair value measurement

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

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

2.3

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.

Provision for Taxation

Assumptions and estimates used in the recognition of taxation.

Contingencies and Commitments

Assumption and estimates used in the recognition of contingencies.

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.

3.2 Property, Plant & Equipment:

i) Owned Assets

A operating fixed assets are stated at cost less accumulated depreciation 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 lease. Depreciation is provided on the reducing balance method. Depreciation on addition is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off. Rates of depreciation are stated in note 12.

Gains / (Losses) on disposal of operating fixed assets, if any, are included in profit & loss account. Normal maintenance and repairs are charged to profit & loss account as and when incurred. Major renewals and replacements are capitalized.

ii) Assets Subject to Finance Lease

Assets acquired under finance leases are capitalized and are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as current and non-current liabilities. Leasing payments are sub-recognized as interest and repayment of liability.

Assets acquired under finance lease are amortized over the useful life of the assets using reducing balance method at the rates given in note 11. Amortization on additions is charged for the month in which an asset is acquired under the finance lease while no amortization is charged for the month in which the asset is disposed off.

3.3 Stocks

Basis of valuation are as under:-

i) Raw Material

At lower of annual average cost or net realizable value.

ii) Work in process

At lower of annual average cost or net realizable value plus manufacturing overheads with reference to degree of completion.

iii) Finished Goods

At lower of annual average cost or net realizable value of material plus manufacturing overhead or net realizable value.

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 stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts is based on management's assessment taking into consideration the sales of the company. Bad debts are written off when identified.

3.6 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and banks 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 reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.11 Taxation**i) 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.

ii) Deferred

Deferred tax is provided in full using the balance sheet liability 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 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.

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 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.

3.13 Foreign Currency Translation

Translations in Foreign currencies are accounted for Pak rupees at the exchange rate prevailing at the date of translation. Monetary assets and liabilities denominated in Foreign Currencies are translated into Pak rupees at the exchange rates prevailing on the balance sheet date except for those covered by forward contracts if any.

Gain and losses arising on retranslation are included in net profit and loss account.

3.14 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.

3.15 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.

3.16 Financial Assets and Liabilities

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently re-measured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

Financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the company loses control of the contractual rights that comprise the financial assets. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the government are not the financial instruments of the company.

3.17 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet when there is a legal enforceable right to set-off the transactions is available and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.18 Dividend and Appropriation to Reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

3.19 Functional and Presentation Currency

These financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

3.20 Financial Assets and Financial Instruments

Long term deposits these are stated at cost which represents the fair value of consideration given.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. OBLIGATION UNDER FINANCE LEASE	2014	2013
Total commitments outstanding:-	Rupees	Rupees
2013 – 2014	--	3,076,110
2014 – 2015	2,801,900	2,801,900
2015 – 2016	1,857,138	1,857,138
2016 – 2017	1,857,138	1,857,138
2017 – 2018	2,669,269	2,669,269
	<u>9,185,445</u>	<u>12,261,555</u>
Less: Financial charges pertaining to the future periods	<u>(1,227,585)</u>	<u>(2,036,584)</u>
Present Value of minimum lease payments	7,957,860	10,224,971
Less: Current maturity of long term obligation	(1,492,373)	(2,267,214)
	<u>6,465,487</u>	<u>7,957,757</u>

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

	2014		2013	
	MLP	PV of MLP	MLP	PV of MLP
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Due not later than 1 year	2,801,900	1,492,373	3,076,110	2,267,214
Due later than 1 year but Not later then 3 years	<u>6,383,545</u>	<u>6,465,487</u>	<u>9,185,445</u>	<u>7,957,757</u>
	<u>9,185,445</u>	<u>7,957,860</u>	<u>12,261,555</u>	<u>10,224,971</u>

GENERAL TERMS AND CONDITIONS OF LEASE

The Company has acquired vehicles on finance lease from the Faysal bank Ltd. The particulars of these leases are as follows:-

Repayment:

Vehicles 60 equal monthly installments.

Lease terms:-

Vehicles 3 Years latest by December, 2017.

Implicit interest rate: Twelve months KIBOR+2.5%

Residual value: Rs. 2,482,300/-

Purchase option: At the end of lease term on residual value.

Additional charge on overdue installments: 0.1% to 0.2% per day in case of default.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2014 Rupees	2013 Rupees
5. DEFERRED TAXATION			
Opening deferred tax assets		314,721	255,061
Deferred tax for the year		101,113	59,660
	5.1	<u>415,834</u>	<u>314,721</u>
5.1 Deferred Taxation Comprises the following			
Deferred tax on Lease		(74,253)	(694,053)
Accelerated tax depreciation		490,087	668,472
Deferred tax on provision for doubtful debts		--	340,303
		<u>415,834</u>	<u>314,721</u>
6. CURRENT MATURITY OF LONG TERM OBLIGATION			
This amount represents the principal portion of the obligation under finance lease, which is repayable in the next twelve months.			
Current maturity		<u>1,492,373</u>	<u>2,267,214</u>
7. SHORT TERM FINANCE			
Allied Bank of Pakistan Limited	7.1	14,710,089	15,804,749
Askari Bank Limited	7.2	9,253,097	14,733,000
		<u>23,963,186</u>	<u>30,537,749</u>

7.1 Allied Bank of Pakistan Limited

Short term finances obtained from Allied Bank of Pakistan Limited forms part of total sanctioned credit facility of Rs. 39.225 million (2013: Rs. 39.225 million) and carried a markup @ Three months Average Ask Side KIBOR+ 450 Basis Points p.a.

The facility is secured against the following:

- Hypothecation of stocks and stores.
- Lien on import documents/letters of credit.
- First registered/ equitable mortgage of residential property owned by Director of the Company.
- First equitable mortgage on the entire present and future fixed assets of the Company.
- Floating charge on current assets of the Company.
- Personal guarantees of the directors of the Company.

7.2 Askari Bank Limited

Short terms finances obtained from Askari Bank Limited forms part of the total sanctioned credit facility of Rs. 32.5 million (2013: Rs. 30 million) and carried a markup @ Three months KIBOR+ 3.5%.

The facility is secured against the following;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- 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

		2014	2013
		Rupees	Rupees
Creditors for goods		2,984,451	2,792,920
Creditors for expenses		520,574	529,548
Accrued expenses		3,342,848	2,922,634
Advances from Customers		--	11,900
Other payable		--	101,608
Tax deducted at source		363,902	135,590
Provident Fund Trust		6,946,136	71,667
Workers profit participation fund	8.1	308,196	264,475
Workers Welfare Fund	8.2	726,891	603,613
Unclaimed dividend	8.3	1,325,340	1,325,340
Sales Tax Payable		24,153	--
		<u>16,542,490</u>	<u>8,759,295</u>

8.1 WORKER'S PROFIT PARTICIPATION FUND

Opening balance	264,475	338,642
Paid during the year	(264,475)	(342,550)
	0	(3,908)
Contribution for the year	308,196	268,383
	<u>308,196</u>	<u>264,475</u>

8.2 WORKER'S WELFARE FUND

Opening balance	603,613	496,260
Paid during the year	--	--
	603,613	496,260
Contribution for the year	123,278	107,353
	<u>726,891</u>	<u>603,613</u>

8.3 DIVIDEND

Opening balance	1,325,340	2,302,954
Final dividend declared	--	--
	1,325,340	2,302,954
Paid during the year	--	(977,614)
	<u>1,325,340</u>	<u>1,325,340</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2014 Rupees	2013 Rupees
9. PROVISION FOR TAXATION		
Opening balance	1,349,741	--
Provision made for the current year	1,887,881	1,349,741
	3,237,622	1,349,741
Less: Paid/ adjusted during the year	--	--
	3,237,622	1,349,741

10. ACCRUED MARKUP

	704,365	939,314
--	---------	---------

This represents markup accrued on leases and short term finances.

11. CONTINGENCIES & COMMITMENTS

11.1 CONTINGENCIES

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

Name of Party	Claimed Amount	Since
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 matters.

11.2 COMMITMENTS

The Company has commitments against letters of credit issued in the normal course of business amounting to Rs. 1.35 million (2013: Rs. 3.64 million) in favor of foreign suppliers for raw material.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. OPERATING FIXED ASSETS JUNE 2014

Owned Assets	C O S T				D E P R E C I A T I O N					Written down values as at 30 th June 2014 Rs.
	As at Ist. July 2013 Rs.	Addition/ (Deletion) Rs.	Transfer/ Adjustment Rs.	As at 30 th June 2014 Rs.	Rate %	As at 1 st July 2013 Rs.	Transfer/ Adjust-ment Rs.	For the Year Rs.	As at 30 th June 2014 Rs.	
Lease hold land	1,222,152	--	--	1,222,152	--	--	--	--	--	1,222,152
Factory building										
(Lease hold land)	27,208,559	--	--	27,208,559	10	23,754,878	--	345,368	24,100,246	3,108,313
Plant & machinery	63,919,466	--	--	63,919,466	10	53,536,954	--	1,038,251	54,575,205	9,344,261
Electric installation	1,388,455	--	--	1,388,455	10	1,180,376	--	20,808	1,201,184	187,271
Furniture & fixture	1,233,875	--	--	1,233,875	10	1,053,289	--	18,059	1,071,348	162,527
Tools & equipment	2,682,849	--	--	2,682,849	10	2,158,923	--	52,393	2,211,316	471,533
Vehicles	11,760,890	--	--	10,660,390	20	9,235,088	--	490,791	8,697,225	1,963,165
		(1,100,500)						(1,028,654)		
Electric & gas appliances	268,350	--	--	268,350	10	225,759	--	4,259	230,018	38,332
Laboratory equipment	2,368,869	--	--	2,368,869	25	2,263,221	--	26,412	2,289,633	79,236
	112,053,465	--	--	110,952,965		93,408,488	--	1,996,341	94,376,175	16,576,790
		(1,100,500)						(1,028,654)		
Leased assets										
Vehicles	12,525,500	--	--	12,525,500	20	2,289,408	--	2,047,218	4,336,626	8,188,874
June 30, 2014	124,578,965	--	--	123,478,465		95,697,896		4,043,559	98,712,801	24,765,664
		(1,100,500)						(1,028,654)		

12.1	The charge of depreciation has been allocated as under:	2014	2013
		Rupees	Rupees
	Cost of Sales	1,410,031	1,572,571
	Administrative expenses	2,633,528	2,381,615
		<u>4,043,559</u>	<u>3,954,186</u>

12.2 CHARGE ON FIXED ASSETS

There is a charge of Rs. 17 (M) over land building and machinery of the company provided against running finance facility of Allied Bank and a charge of 70 (M) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Disposal of fixed assets:-

Particulars	Cost Rs.	Accumulated Depreciation Rs.	Book value Rs.	Sale proceeds Rs.	Profit/ (Loss) Rs.	Mode of disposal	Buyer's name and address
-------------	----------	------------------------------	----------------	-------------------	--------------------	------------------	--------------------------

Related Party :

Honda Civic LRC 50	1100,500	1,028,654	71,846	500,000	428,154	Employee	Mr. Mukhtar Ahmed Tahli Wala, Tehsil Wazirabad District Gujranwala
--------------------	----------	-----------	--------	---------	---------	----------	--

Total	1,100,500	1,028,654	71,846	500,000	428,154		
-------	-----------	-----------	--------	---------	---------	--	--

OPERATING FIXED ASSETS JUNE 2013

Owned Assets	COST				DEPRECIATION					Written down values as at 30 th June 2013 Rs.
	As at Ist. July 2012 Rs.	Addition/ (Deletion) Rs.	Transfer/ Adjustment Rs.	As at 30 th June 2013 Rs.	Rate %	As at 1 st July 2012 Rs.	Transfer/ Adjust- ment Rs.	For the Year Rs.	As at 30 th June 2013 Rs.	
Lease hold land	1,222,152	--	--	1,222,152	--	--	--	--	--	1,222,152
Factory building										
(Lease hold land)	27,208,559	--	--	27,208,559	10	23,371,136	--	383,742	23,754,878	3,453,681
Plant & machinery	63,919,466	--	--	63,919,466	10	52,383,342	--	1,153,612	53,536,954	10,382,512
Electric installation	1,388,455	--	--	1,388,455	10	1,157,256	--	23,120	1,180,376	208,079
Furniture & fixture	1,233,875	--	--	1,233,875	10	1,033,224	--	20,065	1,053,289	180,586
Tools & equipment	2,682,849	--	--	2,682,849	10	2,100,709	--	58,214	2,158,923	523,926
Vehicles	13,992,790	67,000	1,803,000	11,760,890	20	10,858,147	879,487	623,076	9,235,088	2,525,802
		(4,101,900)					(3,125,622)			
Electric & gas appliances	268,350	--	--	268,350	10	221,027	--	4,732	225,759	42,591
Laboratory equipment	2,368,869	--	--	2,368,869	25	2,228,005	--	35,216	2,263,221	105,648
	114,285,365	67000	1,803,000	112,053,465		93,352,846	879,487	2,301,778	93,408,489	18,644,976
		(4,101,900)					(3,125,622)			
Leased assets										
Vehicles	5,625,000	8,703,500	(1,803,000)	12,525,500	20	1,516,487	(879,487)	1,652,408	2,289,408	10,236,092
June 30, 2013	119,910,365	8,770,500	1,803,000	124,578,965		94,869,333	879,487	3,954,186	95,697,897	28,881,068
		(4,101,900)	(1,803,000)				(4,005,109)			

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. LONG TERM DEPOSITS	2014 Rupees	2013 Rupees
Faysal Bank Limited	2,482,300	2,482,300
	<u>2,482,300</u>	<u>2,482,300</u>
14. STORES, SPARES & LOOSE TOOLS		
Stores	202,619	271,144
Spares	243,118	158,534
Loose tools	68,466	37,704
	<u>514,203</u>	<u>467,382</u>
15. STOCK IN TRADE		
Raw material	11,559,910	15,716,352
Work in process	2,013,454	1,787,871
Finished goods	10,426,325	11,009,188
	<u>23,999,689</u>	<u>28,513,411</u>
16. TRADE DEBTORS-UNSECURED		
Debtors	79,882,245	72,058,690
Less: Provision for doubtful debts (NOTE:16.1)	1,971,497	972,293
	<u>77,910,748</u>	<u>71,086,397</u>
16.1 MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS		
Opening Balance	972,293	102,273
Provision for the year	1,049,965	870,020
	<u>2,022,258</u>	<u>972,293</u>
Written off during the year	50,761	--
	<u>1,971,497</u>	<u>972,293</u>
17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances against material – Considered good	--	1,505
Advances against expenses - Considered good	299,706	976,504
Advances to employees	1,502	49,902
Deposits & prepayments (NOTE: 17.1)	25,000	285,084
Deposits against letters of credit/guarantees	366,107	613,799
Other receivables-considered good	79,054	541,805
	<u>771,369</u>	<u>2,468,599</u>
17.1 These are classified as:		
Security deposits	--	23,260
Deposits with statutory authorities	25,000	261,824
	<u>25,000</u>	<u>285,084</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2014	2013
	Rupees	Rupees
18. ADVANCE TAXATION		
Tax deducted at source	15,771,710	9,845,475
Sales tax receivables	7,823,283	6,097,550
	<u>23,594,993</u>	<u>15,943,025</u>
19. CASH AND BANK BALANCES		
Cash in hand	18,836	46,661
Cash at bank:		
Current accounts	5,744,675	5,043,142
	<u>5,763,511</u>	<u>5,089,803</u>
20. SALES		
Local Sales	209,992,981	174,003,995
Export Sales	2,821,200	1,980,300
GROSS SALES	212,814,181	175,984,295
Sales Tax	5,766,181	1,244,992
Expenses on exports	339,982	361,253
	6,106,163	1,606,245
	<u>206,708,018</u>	<u>174,378,050</u>
21. COST OF SALES		
Raw material consumed (21.1)	135,020,906	104,577,581
Packing material	3,776,504	3,634,862
Salaries and wages	9,936,694	8,648,539
Insurance	155,000	191,890
Carriage inward	3,678,345	3,565,410
Stores and spares consumed (21.2)	18,509	661,870
Fuel and power consumed (21.3)	11,097,600	11,950,287
Repair and maintenance	2,090,795	2,387,259
Other production expenses	48,932	69,172
Depreciation (12.1)	1,410,031	1,572,571
	<u>167,233,316</u>	<u>137,259,441</u>
Work in process		
Opening	1,787,871	766,613
Closing	(2,013,454)	(1,787,871)
	<u>(225,583)</u>	<u>(1,021,258)</u>
	167,007,733	136,098,183
Finished goods		
Opening	11,009,188	11,193,867
Closing	(10,426,325)	(11,009,188)
	582,863	184,679
	<u>167,590,596</u>	<u>136,422,862</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2014	2013
	Rupees	Rupees
21.1 Raw Material Consumed		
Opening stock	15,716,352	20,168,402
Purchases during the year	136,186,390	106,878,481
Sales tax	(5,321,926)	(6,752,950)
	<u>130,864,464</u>	<u>100,125,531</u>
	146,580,816	120,293,933
Closing stock	(11,559,910)	(15,716,352)
	<u>135,020,906</u>	<u>104,577,581</u>
21.2 Stores, Spares & Loose Tools Consumed		
Opening stock	467,382	711,212
Purchases during the year	65,330	418,040
	<u>532,712</u>	<u>1,129,252</u>
Closing stock	(514,203)	(467,382)
	<u>18,509</u>	<u>661,870</u>
21.3 Fuel and Power Consumed		
Fuel and power	12,808,318	12,010,125
Less: Sales Tax	(1,710,718)	(59,838)
	<u>11,097,600</u>	<u>11,950,287</u>
22. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits	5,777,585	5,652,912
Director's remuneration (29)	1,483,500	1,496,750
Electricity, Gas & Water	489,129	477,750
Traveling & Conveyance	1,390,151	1,423,089
Repair and maintenance	710,974	507,855
Telephone, telex & postage	993,073	941,020
Rent, rates and taxes	1,886,951	1,696,002
Legal and professional charges	170,109	109,189
Auditor's remuneration	250,000	250,000
Printing & stationery	421,931	423,790
Advertisement	31,000	32,840
Entertainment	473,752	483,563
Insurance	435,902	740,825
Medical	9,048	6,743
Fee & Subscription	243,267	275,395
Donation (22.1)	11,150	56,273
News papers & periodicals	24,726	29,852
Flood Surcharge		
Depreciation (12.1)	2,633,528	2,381,615
Miscellaneous	253,824	340,894
	<u>17,689,600</u>	<u>17,325,672</u>

22.1 The directors or spouse had not any interest in the donee's fund.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2014 Rupees	2013 Rupees
23. SELLING & DISTRIBUTION		
Staff salaries and benefits	5,432,912	5,370,077
Electricity, gas, water	142,084	49,055
Traveling & conveyance	1,015,632	1,018,813
Repair & maintenance	286,080	333,698
Rent, rates & taxes	748,000	734,000
Entertainment	5,040	3,730
Laboratory testing expenses	4,500	5,959
Telephone, telex & postage	98,861	104,644
Carriage & cartage	1,599,321	2,093,554
	<u>9,332,430</u>	<u>9,713,530</u>
24. OTHER OPERATING EXPENSES		
Provision for doubtful debts	1,049,965	870,020
Workers profit participation fund	308,196	268,383
Workers welfare fund	123,278	107,353
Loss on Exchange rate	47,556	65,388
	<u>1,528,995</u>	<u>1,311,144</u>
25. OTHER OPERATING INCOME		
Sale of Scrap	46,339	44,080
Profit sale of fixed assets	428,154	1,210,769
Gain on exchange rate	--	2,273
Rent from Allied Bank Ltd	120,000	--
	<u>594,493</u>	<u>1,257,122</u>
26. FINANCE COST		
Bank charges	243,045	280,553
Markup on loans	4,003,568	4,901,485
Leasing charges	750,356	688,001
	<u>4,996,969</u>	<u>5,870,039</u>
27. TAXATION		
Current for the Year	(1,887,881)	(1,349,741)
Deferred for the Year	(101,113)	(59,660)
	<u>(1,988,994)</u>	<u>(1,409,401)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2014 Rupees	2013 Rupees
28. CASH GENERATED FROM OPERATION		
Profit/(Loss) before taxation	6,163,921	4,991,925
Add/(Less) adjustment of non-Cash items.		
Depreciation	4,043,559	3,954,186
Financial Charges	4,996,969	5,870,039
(Profit)/ Loss on sale of fixed assets	(428,154)	(1,210,769)
Provision for doubtful debts	1,049,965	870,020
Workers profit participation fund	308,196	268,383
Workers welfare fund	123,278	107,353
	10,093,813	9,859,212
Profit before working capital changes	16,257,734	14,851,137
Effect of cash flow due to working capital changes		
(Increase) /Decrease in store, spare and loose tools	(46,821)	243,830
(Increase) /Decrease in stock in trade	4,513,722	3,615,471
(Increase) /Decrease in trade debts	(7,874,316)	1,661,068
(Increase)/ Decrease in advances, deposit and prepayments	1,697,230	(309,258)
Increase/(Decrease) in creditors accrued and other liabilities	7,387,884	(535,773)
	5,677,697	4,675,338
	21,935,431	19,526,475

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

	2014 (Rupees)		2013 (Rupees)	
	Directors	Chief Executive	Directors	Chief Executive
Managerial remuneration	415,164	541,932	432,657	532,982
Allowances:				
House Rent	186,822	243,876	194,700	239,840
Utilities	41,514	54,192	43,268	53,303
	<u>643,500</u>	<u>840,000</u>	<u>670,625</u>	<u>826,125</u>
Number of directors	1	1	2	1

	2014 Rupees	2013 Rupees
30. CAPACITY AND PRODUCTION		
Production in manufacturing units:		
- Rated capacity (M. Tons) on 360 days basis	660	660
- Actual production (M. Tons)	399	427
Percentage of production	60%	65%

30.1 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.

31. Basic Earnings per share

Net profit/ (Loss) for the year	4,174,927	3,582,524
Number of ordinary shares issued	6,000,000	6,000,000
Earnings/ (loss) per share	0.70	0.59

There is no dilutive effect on the basic earnings per share of the Company for the year ended June 30, 2014 and June 30, 2013.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. FINANCIAL ASSETS AND LAIBILITIES

Maturity upto one year		Maturity after one year		Sub total		Maturity upto one year		Maturity after one year		Sub total		Total	
---------------------------	--	----------------------------	--	-----------	--	---------------------------	--	----------------------------	--	-----------	--	-------	--

2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
------	------	------	------	------	------	------	------	------	------	------	------	------	------

FINANCIAL ASSETS:

Long term deposit	
Trade debts	
Advance deposit, prepayment	
Cash and banks	

Financial Liabilities

Obligation under finance lease	
Creditors, accrued and other liabilities	
Commitments	

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 risk:-

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. 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	77,910,748/-
Advances, deposits, prepayments and other receivables.	771,369/-
Bank Balances	5,773,511/-
	84,445,628

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. NUMBER OF EMPLOYEES

Total number of employees as on June 30, 2014 was 117 (2013: 121)

34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 28, 2014 by the Board of Directors of the company.

35. SUBSEQUENT EVENT

There are no subsequent events occurring after the balance sheet date.

36. GENERAL

- Figures have been rounded off to the nearest rupee.



SARDAR MAHMOOD SADIQ
Chief Executive



FAYYAZ AHMED KHAN
Director

FORM 34

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

1. Incorporation
Number

0020311

2. Name of the Company

SARDAR CHEMICAL INDUSTRIES
LIMITED

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

30-06-2014

-----Shareholding-----

4. No. of Shareholders	From	To	Total Shares Held
58	1	100	4,990
1662	101	500	812,850
87	501	1000	84,810
160	1001	5000	453,550
24	5001	10000	191,800
6	10001	15000	82,000
10	15001	20000	185,100
1	20001	25000	21,000
3	25001	30000	78,400
4	30001	35000	130,500
1	35001	40000	40,000
1	45001	50000	50,000
1	50001	55000	51,300
1	55001	60000	60,000
1	60001	65000	62,000
1	70001	75000	75,000
1	80001	85000	82,000
1	125001	130000	125,800
2	140001	145000	281,250
1	145001	150000	147,800
1	330001	335000	333,300
1	335001	340000	336,100
1	400001	405000	404,200
1	495001	500000	500,000
1	655001	660000	656,250
1	745001	750000	750,000
2032			6,000,000

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	2,099,500	34.9917%
5.2 Associated Companies, undertakings and related parties.	0	0.0000%
5.3 NIT and ICP	68,300	1.1383%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	3,387	0.0565%
5.5 Insurance Companies	0	0.0000%
5.6 Modarabas and Mutual Funds	173,200	2.8867%
5.7 Share holders holding 10%	1,406,250	23.4375%
5.8 General Public		
a. Local	3,518,813	58.6469%
b. Foreign	0	0.0000%
5.9 Others (to be specified)		
Joint Stock Companies	136,800	2.2800%

6. Signature of Company Secretary



7. Name of Signatory

NIAZ AHMED CHUGHTAI

8. Designation

Company Secretary

9. NIC Number

3740503929747

10 Date

30

06

2014

SARDAR CHEMICAL INDUSTRIES LIMITED

Categories of Shareholding required under Code of Corporate Governance (CCG)

As on June 30, 2014

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
		-	-
Mutual Funds (Name Wise Detail)			
1-	CDC- TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	147,800	2.4633%
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 MR. FAYYAZ AHMED KHAN	62,000	1.0333%
5	MR. IFTIKHAR AHMED KHAN	404,200	6.7367%
6	MR. IFTIKHAR AHMED KHAN	333,300	5.5550%
7	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:			
		28,787	0.4798%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL			
		-	0.0000
1	SARDAR AYAZ SADIQ	750,000	12.5000%
2	MR. AITZAZ MUNAWAR SARDAR MAHMOOD SADIQ	656,250	10.9375%
3	MR. FAYYAZ AHMED KHAN	500,000	8.3333%
4	MR. IFTIKHAR AHMED KHAN	404,200	6.7367%
5	MR. IFTIKHAR AHMED KHAN	333,300	5.5550%
6	MR. ASHRAF (CDC)	336,100	5.6017%

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	

**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/ 127/II, Block-C, Model Town Lahore not later than 48 hours before the time of holding.

I/We of

.....

Member(s) of SARDAR CHEMICAL INDUSTRIES LIMITED. Hereby appoint

..... of as a

proxy to vote on my/our behalf at the 25th Annual General Meeting of the Company to be

held on 25th October, 2014 and at any

adjournment thereof.

Date

Signatures

