

**ANNUAL REPORT 2015**

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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. 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. Iftikhar Ahmed Khan 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,  
I-K, Commercial, Model Town, Lahore

Ph: 042-35839182, 35887262

Fax: 042-35869037

**NOTICE OF ANNUAL GENERAL MEETING**

The 26th 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 30th October 2015, at 03:30 P.M. to transact the following business:-

1. To confirm the minutes of 26<sup>th</sup> Annual General Meeting held on 30th October 2015.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2015, together with the Directors' and Auditors', report thereon.
3. To appoint Auditors M/S ICEnet S.K.S.S.S. & Co., Chartered Accountants for the year ended June 30, 2016, and fix their remunerations.
4. To transact any other ordinary business with the permission of the Chair.

Lahore. 6th October 2015

By Order of the Board  
Company Secretary

**Notes:**

1. The Shares Transfer Books of the Company will remain closed from 24-10-2015 to 30-10-2015 (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 are pleased to submit the 26<sup>th</sup> Annual financial results of the Company for the year ended June 30, 2015 along with Auditors' report thereon.

**AN OVERVIEW OF THE CURRENT YEAR:**

There is a decrease of Rs. 04.529 (M) in the net Sales as compared to last year. This decrease in sales was happened due to decrease in export of Textile and Leather products of the country. Due to this decrease our sales suffers adversely as our dyes are mainly used by the export oriented industries of the country. The other elements were the reduction in prices of raw materials which we have shifted to our valued customers while our used stocks of raw materials were purchased at high rates.

**OPERATIONAL AND OF FINANCIAL HIGHLIGHTS:**

Financial results of the Company as at June 30, 2015 and result of the operations for the year are summarized as under:

	<u>2015</u> (Rs. 000's)	<u>2014</u> (Rs. 000's)
Turnover	202,179	206,708
Profit/(Loss) before taxation	5,985	6,164
Provision for taxation and WPPF	<u>(2,342)</u>	<u>(1,989)</u>
Profit/(Loss) after taxation	<u>3,643</u>	<u>4,175</u>

However, the management constantly keeps emphasis on quality products to increase further profitability.

**EARNING PER SHARE**

Due to reduction in sales the earnings per share as compared to last year has decreased by 0.09 per share.

**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 89% 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 helps the Board in discharging their responsibilities as envisaged by the Code of Corporate Governance which include:-

1. Recommending human resources management policies to the Board.
2. Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning.
3. Recommending to the Board the selection evaluation, condensation (including retirement benefits) of C.F.O., Company Secretary and Head of Internal Audit.
4. Consideration and approval on recommendations of Board of Directors on matters relating to the management position.

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

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

### DIRECTORS' TRAINING PROGRAMMES

#### 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 economy of the country is improving at a slow pace, remains challenging. The energy crises continue to deeply affect the industrial sector, and are causing both production losses and increases in the cost of production.

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. 15,828,765 on 30<sup>th</sup> June, 2015.

#### AUDITORS

Upon recommendations of the audit committee for the appointment of M/S ICEnet S.K.S.S.S. & Co., Chartered Accountants as auditors of the Company have been finalized for the year ending June 30, 2016.

#### PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as on 30-06-2015 is annexed. The directors, Company Secretary and their spouse and minor children have made no transactions in Company's share during the year.

**PRODUCTION**

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

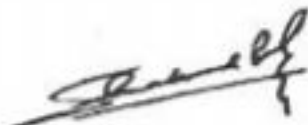
**STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

- The Financial statements, prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.

**ACKNOWLEDGEMENT**

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

**On behalf of the Board**



**SARDAR MAHMOOD SADIQ**  
Chief Executive

**Date: October 06, 2015.**

**Place: Lahore**



## KEY OPERATING &amp; FINANCE DATA FOR LAST EIGHT YEARS

PARTICULARS	2015	2014	2013	2012	2011	2010	2009
Net Sales	202,178,685	206,708,018	174,378,050	158,707,975	146,759,521	139,730,095	127,708,21
Gross Profit	38,471,252	39,117,422	37,955,188	33,893,740	28,800,522	32,023,717	32,849,08
Operating Profit / (Loss)	10,972,754	12,095,392	10,861,964	9,719,089	4,302,660	2,861,496	2,504,21
Profit / (Loss) before tax	5,984,867	6,163,921	4,991,925	6,379,342	4,001,474	2,854,132	2,567,72
Profit / (Loss) after tax	3,643,443	4,174,927	3,582,524	5,303,790	1,125,078	1,754,886	1,921,41
Paid-up Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,00
Net Worth	110,624,563	106,981,120	102,806,193	99,223,669	94,919,879	93,794,801	92,039,91
<b><u>FINANCIAL POSITION</u></b>							
Fixed assets net	21,205,852	24,765,664	28,881,068	25,041,033	24,995,722	28,414,752	31,446,72
Total assets	158,907,410	156,564,855	154,931,985	161,691,123	158,636,610	163,017,947	161,993,34
Long term liabilities	4,279,036	6,465,487	7,957,757	3,247,023	2,565,933	3,118,598	4,189,81
<b><u>RATIOS</u></b>							
Gross Profit	19.03%	18.92%	21.77%	21.36%	19.62%	22.92%	25.72
Profit / (loss) before Tax	2.96%	2.98%	2.86%	4.02%	2.73%	2.04%	2.01
Profit / (loss) after Tax	1.80%	2.02%	2.05%	3.34%	0.77%	1.26%	1.50
<b><u>RETURN TO SHAREHOLDER</u></b>							
ROCE before Tax	5.41%	5.76%	5%	6.43%	4.22%	3.04%	2.79
ROCE after Tax	3.29%	3.90%	3.48%	5.35%	1.19%	1.87%	2.09
Earning per share	0.61	0.70	0.59	0.88	0.19	0.29	0.1
<b><u>LIQUIDITY/LEVERAGE</u></b>							
Current Ratio	3.11	3.03	2.82	2.28	2.19	2.00	1.1
Break up Value Per Share			12.13	11.54	10.82	10.63	10.1
Total Liabilities to Equity (times)	0.44	0.46	0.51	0.63	0.67	0.74	0.7
<b><u>ACTIVITY</u></b>							
Sales to total assets	1.27	1.32	1.12	0.98	0.93	0.86	0.7
Sales to fixed assets	9.53	8.35	6.04	6.34	5.87	4.93	4.1

**STATEMENT OF COMPLIANCE  
WITH THE CODE OF CORPORATE GOVERNANCE**

Name of Company	SARDARCHEMICAL INDUSTRIES LIMITED
Year Ended	June 30, 2015

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
Non Executive Directors	Mr. Fayaz Ahmed Khan
	Mr. Iftikhar 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 director's .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 NBF1 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: October 6, 2015,  
Place: Lahore,

  
SARDAR MAHMOOD SADIQ  
Chief Executive

**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, 2015 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, except for the departure disclosed in note (1), 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, 2015.

Dated: October 6, 2015  
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, 2015** 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, 2015 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 & Usher Ordinance, 1980 (XVIII of 1980).

Dated: October 6, 2015

Place: Lahore

**(ASLAM MALIK & CO)**  
CHARTERED ACCOUNTANTS  
Mohammad Aslam Malik

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**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2015**

	Note	JUNE 30, 2015	JUNE 30, 2014
		Rupees	
<b><u>CAPITAL AND LIABILITIES</u></b>			
<b><u>SHARE CAPITAL AND RESERVES</u></b>			
<b>Authorised Capital:</b>			
10,000,000 (2014:10,000,000) 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 (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
unappropriated profit		<u>20,624,563</u>	<u>16,981,120</u>
		<b>110,624,563</b>	<b>106,981,120</b>
<b><u>NON CURRENT LIABILITIES</u></b>			
Obligation under finance lease	4	4,279,036	6,465,487
Deferred Liability	5	274,219	415,834
<b><u>CURRENT LIABILITIES</u></b>			
Current maturity	6	1,449,405	1,492,373
Short term finance	7	31,126,859	23,963,186
Creditors, accrued & other liabilities	8	10,412,142	16,542,490
Mark up Accrued	9	741,186	704,365
		<u>43,729,592</u>	<u>42,702,414</u>
<b>COMMITMENTS &amp; CONTINGENCIES</b>			
	10	-	-
		<u>158,907,410</u>	<u>156,564,855</u>

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



Chief Executive

<u>ASSETS</u>	Note	JUNE 30, 2015	JUNE 30, 2014
		Rupees	
<u>NON-CURRENT ASSETS</u>			
Property, Plant and Equipment	11	21,205,852	24,765,664
Long term deposits	12	1,740,700	2,482,300
		<u>22,946,552</u>	<u>27,247,964</u>
<u>CURRENT ASSETS</u>			
Stores, spares and loose tools	13	706,003	514,203
Stock in trade	14	32,669,998	23,999,689
Trade debts	15	68,599,930	77,910,748
Advances, deposits, prepayments and other receivables	16	926,732	771,369
Taxation- Net	17	26,512,175	20,357,371
Cash and bank balances	18	6,546,020	5,763,511
		<u>135,960,858</u>	<u>129,316,891</u>
		<u>158,907,410</u>	<u>156,564,855</u>



Director

**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

		JUNE 30, 2015	JUNE 30, 2014
		Rupees	
Sales - Net	19	202,178,685	206,708,018
Cost of sales	20	(163,707,433)	(167,590,596)
<b>Gross profit</b>		<u>38,471,252</u>	<u>39,117,422</u>
Administrative Expenses	21	(18,246,149)	(17,689,600)
Selling & distribution Costs	22	(9,252,349)	(9,332,430)
		(27,498,498)	(27,022,030)
<b>Operating profit for the year</b>		<u>10,972,754</u>	<u>12,095,392</u>
Other Operating Income	23	918,698	594,493
Other Operating Expenses	24	(1,555,118)	(1,528,995)
Finance Cost	25	(4,351,467)	(4,996,969)
<b>Profit for the year before tax</b>		<u>5,984,867</u>	<u>6,163,921</u>
Taxation	26	(2,341,424)	(1,988,994)
<b>Profit / (Loss) for the year after tax</b>		<u>3,643,443</u>	<u>4,174,927</u>
Earning per Share (Rs. / Share)	29	0.61	0.70

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



Chief Executive



Director

**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30,2015**

	JUNE 30, 2015	JUNE 30, 2014
	Rupees	
Profit for the year after tax	3,643,443	4,174,927
Other Comprehensive Income	-	-
<b>Total Comprehensive Income</b>	<u><u>3,643,443</u></u>	<u><u>4,174,927</u></u>

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



Chief Executive



Director



**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2015**

PARTICULARS	Share Capital	RESERVES		TOTAL	Total Shareholders Equity
		CAPITAL	REVENUE		
		Share Premium	Accumulated Profit		
Rupees					
Balance as at June 30, 2013	60,000,000	30,000,000	12,806,193	42,806,193	102,806,193
Total Comprehensive income for the year ended June 30, 2014	-	-	4,174,927	4,174,927	4,174,927
<b>Balance as at June 30, 2014</b>	<b>60,000,000</b>	<b>30,000,000</b>	<b>16,981,120</b>	<b>46,981,120</b>	<b>106,981,120</b>
Balance as at June 30, 2014	60,000,000	30,000,000	16,981,120	46,981,120	106,981,120
Total Comprehensive income for the year ended June 30, 2015	-	-	3,643,443	3,643,443	3,643,443
<b>Balance as at June 30, 2015</b>	<b>60,000,000</b>	<b>30,000,000</b>	<b>20,624,563</b>	<b>50,624,563</b>	<b>110,624,563</b>

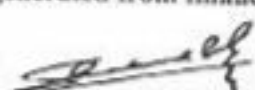
The annexed notes from 1 to 35 form an integral part of these financial Statements.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

20  
**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30,2015**

JUNE 30, 2015    JUNE 30, 2014  
Rupees

<b>Cash flow from operating activities</b>		
Profit/(loss) before Taxation.	5,984,867	6,163,921
<u>Adjustments for non- cash items:</u>		
Depreciation	3,336,848	4,043,559
Financial Changes	4,351,467	4,996,969
Profit on sale of fixed assets	(677,035)	(428,154)
Provision for doubtful debts	1,031,525	1,049,965
Workers profit participation fund	322,604	308,196
Workers welfare fund	144,615	123,278
	8,510,023	10,093,813
Profit before Working Capital Changes	14,494,891	16,257,734
<u>Effect of working capital changes:</u>		
(Increase)/Decrease in store, spares & loose tools	(191,800)	(46,821)
(Increase)/Decrease in stock in trade	(8,670,309)	4,513,722
(Increase)/Decrease in trade debts	8,279,293	(7,874,316)
(Increase)/Decrease in advances, deposits & prepayment	(155,363)	1,697,230
Increase/(Decrease) in creditors accrued & other liabilities	(6,547,030)	7,387,884
	(7,285,209)	5,677,697
Financial charges paid	(4,314,646)	(5,231,918)
Workers profit participation fund paid	(308,196)	(264,475)
Tax paid	(8,380,184)	(7,423,656)
	(13,003,026)	(12,920,049)
<b>Net cash used in operating activities</b>	<b>A (5,793,345)</b>	<b>9,015,382</b>
<b>Cash flow from investing activities</b>		
Long term deposits	741,600	-
Sale proceeds of fixed assets	900,000	500,000
<b>Net cash generated from investing activities</b>	<b>B 1,641,600</b>	<b>500,000</b>
<b>Cash flow from financing activities</b>		
Repayment of lease obligation	(2,229,419)	(2,267,111)
Proceeds from short term finances	7,163,673	(6,574,563)
<b>Net cash generated from financing activities</b>	<b>C 4,934,254</b>	<b>(8,841,674)</b>
Net incre  & cash equivalents	<b>A+B+C</b>	<b>673,708</b>
Cash & cash equivalents at beginning of the year	5,100,000	5,089,803
<b>Cash &amp; cash equivalents at end of year</b>	<b>6,546,020</b>	<b>5,763,511</b>

Chief Executive

Director

**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**1 The Company and its operation**

Sardar Chemical Industries Limited (the Company) was incorporated in Pakistan on October 3, 1989 as a Private Limited Company under the Companies Ordinance, 1984. It was converted into the Public Limited Company on December 30, 1993. The registered office of the Company is located at Plot No. 29-B, Road No. 01 Gadoon Amazai, Industrial Estate, Topi, Ganduf Road, Swabi (KPK). The principal business of the Company is to manufacture and sale of dyestuffs, chemicals for the leather, textile and paper industries. The Company is listed on all the Stock Exchanges in Pakistan.

**2 Basis Of Preparation**

**2.1 Statement of Compliance**

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.

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

The following standards, interpretations and improvements became effective but are either not relevant or do not have any material effect on the financial statements of the Company.

IFRS 2	Share-based Payments (Amendments)
IFRS 3	Business Combinations (Amendments)
IFRS 8	Operating Segments (Amendments)
IAS 19	Employee Benefits (Amendment) - Defined Benefit Plans: Employee Contributions
IAS 24	Related party disclosures (Amendments)
IAS 32	Financial Instruments - Presentation - (Amendment) - Offsetting Financial Assets and Financial Liabilities
IAS 36	Impairment of assets (Amendments) - Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	
	Financial instruments: Recognition and measurement (Amendments) - Novation of Derivatives and Continuation of Hedge Accounting
IAS 40	Investment Property (Amendments)
IFRIC 21	Leases

**2.3 Improvements to Accounting Standards Issued by the IASB**

IFRS 2	Share-based Payment - Definitions of vesting conditions
IFRS 3	Business Combinations - Accounting for contingent consideration in a business combination
IFRS 3	Business Combinations - Scope exceptions for joint ventures
IFRS 8	Operating Segments - Aggregations of operating segments
IFRS 8	Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13	Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS 16	Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated
IAS 24	Related Party Disclosures - Key management personnel
IAS 40	Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

**2.4 Standards, amendments and interpretations issued but not yet effective for the current financial year**

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

	Description	Effective for periods beginning on or after
IAS 1	Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 & 41	Agriculture Bearer Plants (Amendment)	January 01, 2016

The following are the standards, amendments & interpretations which have been issued but are not relevant and not yet effective.

	Description	Effective for periods beginning on or after
IFRS 10	Consolidated Financial Statements	January 01, 2015
IFRS 10, 12 & IAS 27	Investment Entities (Amendment)	January 01, 2015
IFRS 10, 12 & IAS 27	Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 & IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11	Joint Arrangements	January 01, 2015



IFRS 11	Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2015
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13	Fair Value Measurement	January 01, 2015
IAS 27	Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

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, 2015 by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018

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

**2.5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements is in conformity with the approved accounting standards and requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

**Financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at balance sheet date.

**Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

**Inventories**

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

**Taxation**

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

**Provision for doubtful debts**

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**3 Summary of significant accounting policies.**

**3.1 Accounting Convention:**

These financial statements have been prepared under the historical cost convention except for recognition of certain financial instruments that have been accounted for on the basis of their fair values as referred to in note # 3.17.

**3.2 Tangible Fixed Assets and Depreciation:**

**(a) Owned Assets**

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except for leasehold land, which is stated at its full capitalized value held equivalent to the total cost of acquiring the land.

Borrowing costs during the erection period are capitalized as part of historical cost of the related assets.

Depreciation is charged on operating fixed assets applying reducing balance method to write off the cost over remaining useful life of assets. Rates of depreciation are stated in Note No. 11.

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

Gains / (Losses) on disposal of operating assets are included in income currently. Normal maintenance and repairs are charged to income as and when incurred. Major renewals and replacements are capitalized.

**(b) Lease hold Assets**

The company is lessee.

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

**3.3 Stock in Trade:**

Basis of valuation are as follows:

Particulars	Mode of Valuation
Raw Materials	At lower of annual average cost and net realizable value
Work in Process	At lower of annual average cost or net realizable value plus manufacturing overheads with reference to degree of completion.
Finished Goods	At lower of annual average cost or net realizable value of material plus manufacturing overhead or net realizable

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

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

**3.4 Stores & Spares**

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

**3.5 Trade Debts and other receivables**

Trade Debts and other receivables are carried at invoice value, which approximates fair value less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

**3.6 Cash & Cash Equivalents**

Cash & cash equivalents are carried in the Balance Sheet at cost. For the purpose of statement of cash flow, cash and cash equivalents comprise of cheques in hand, cash and bank balances.

**3.7 Short Term Borrowings**

Short term borrowings are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount remaining unpaid.

**3.8 Creditors and Other Liabilities**

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and / or services received, whether or not billed to the Company.

**3.9 Staff Retirement Benefits**

The Company operates an approved funded contributory provident fund scheme for all permanent employees. Equal monthly contributions are made both by the Company and employees @ 10% of the basic pay.

**3.10 Provisions**

Provision are recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a 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****- Current**

Provision for current taxation is based on the taxable income at the current rate of taxation after taking into account applicable tax credit available, rebates and exemption available, if any, or minimum tax on turnover whichever is higher and tax paid on final tax receipt.

**- Deferred**

Deferred tax is provided in full using the balance sheet method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses and unused tax credits can be utilized, as required by IAS 12 Income Taxes.

The tax rates enacted at the balance sheet date are used to determine deferred income tax.

The carrying amount of all deferred tax assets are reviewed at each balance sheet date and adjusted to the appropriate extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

**3.12 Related Party Transactions**

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

**3.13 Revenue Recognition:**

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

**3.14 Foreign Currency Translations.**

Translations in foreign Currencies are accounted for in Pak Rupees at the exchange rate prevailing at the date of translations. Assets & Liabilities denominated in Foreign Currencies are translated into Pak Rupees at the exchange rates prevailing on the Balance Sheet except for those covered by forward contracts if any.

Net gain and loss arising on retranslation is included in profit and loss account.

**3.15 Impairment of Assets**

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

**3.16 Borrowing Cost**

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are recorded to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**3.17 Financial Instruments****3.17.1 Financial Assets**

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

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

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

**3.17.2 Financial Liabilities**

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

All the financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognised in the profit & loss account.

**3.17.3 Off-setting of financial assets and financial liabilities.**

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the company has legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**3.18 Financial Expenses**

Financial expenses are recognised using the effective interest rate method and comprise foreign currency losses and interest expenses on bank borrowings.

JUNE 30, 2015    JUNE 30, 2014  
Rupees

#### 4 OBLIGATION UNDER FINANCE LEASE

2014-2015		-	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>6,383,545</u>	<u>9,185,445</u>
Less: Financial charges pertaining to future period		(655,104)	(1,227,585)
Present value of minimum lease payments		<u>5,728,441</u>	<u>7,957,860</u>
Less: Current maturity of long term obligation		(1,449,405)	(1,492,373)
		<u>4,279,036</u>	<u>6,465,487</u>

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

	June 30, 2015		June 30, 2014	
	MLP	PV of MLP	MLP	PV of MLP
Due not later than 1 year	1,857,138	1,449,405	2,801,900	1,492,373
Due later than 1 year but not later than 5 years	4,526,407	4,279,036	6,383,545	6,465,487
	<u>6,383,545</u>	<u>5,728,441</u>	<u>9,185,445</u>	<u>7,957,860</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. 1,740,700/-
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.

#### 5 DEFERRED LIABILITY

Deferred Tax Liability	<u>274,219</u>	<u>415,834</u>
5.1 <u>Deferred Taxation comprises the following</u>		
Deferred Tax Liabilities on Accelerated Depreciation	1,530,494	490,087
Deferred Tax Asset on Leased assets	(266,660)	(74,253)
Deferred Tax Asset on provisions	(989,615)	-
	<u>274,219</u>	<u>415,834</u>
5.1.1 <u>Deferred Taxation reconciliation</u>		
Opening Balance	415,834	314,721
Charge for the year	(141,615)	101,113
Closing Balance	<u>274,219</u>	<u>415,834</u>

#### 6 CURRENT MATURITY

Current maturity	6.1	1,449,405	1,492,373
		<u>1,449,405</u>	<u>1,492,373</u>

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

JUNE 30, 2015    JUNE 30, 2014  
Rupees

**7 SHORT TERM FINANCE**

Allied Bank Limited

Askari Commercial Bank Limited

7.1	14,510,089	14,710,089
7.2	16,616,770	9,253,097
	<b>31,126,859</b>	<b>23,963,186</b>

**7.1 Allied Bank Limited**

Short term finances obtained from Allied Bank of Pakistan Limited forms part of total sanctioned credit facility of Rs. 24.225 million (2014: Rs. 39.225 million) and carried a markup @ Three months Average Ask Side KIBOR+ 400 Basis Points p.a

The facility is secured against the following:

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

**7.2 Askari Commercial Bank Limited**

Short terms finances obtained from Askari Bank Limited forms part of the total sanctioned credit facility of Rs. 20 million (2014: Rs. 20 million) and carried a markup @ Three months KIBOR+ 3.5%.

o The facility is secured against the following:

- o 2nd ranking Hypothecation charge on Present & Future Book Debts, outstanding moneys, receivables, claims, bills, contracts, engagements, right & assets for Rs. 70 Million.
- o 2nd ranking Hypothecation charge on Present & Future stocks of raw materials inclusive of finished & semi finished goods/chemicals, stocks & inventories and work in progress for Rs. 70 Million.
- o 2nd ranking Hypothecation charge on Present & future fixed assets of the Co. in the shape of land, building plant & machinery, loose tools, spares & accessories for Rs.70 Million.
- o Pledge of finished goods of dyes colors etc.
- o First equitable mortgage of property owned by an Ex-Director of the Company.
- o Personal guarantee of Directors of the Company

**8 CREDITORS, ACCRUED AND OTHER LIABILITIES**

Creditors for goods		2,871,347	2,984,451
Creditors for expenses		415,977	520,574
Accrued expenses		3,763,381	3,342,848
Tax deducted at source		621,561	363,902
Provident Fund Account		182,211	6,946,136
Workers profit participation fund	8.1	322,604	308,196
Workers welfare fund	8.2	871,506	726,891
Unclaimed dividend	8.3	1,325,340	1,325,340
Sales Tax Payable		38,215	24,153
		<b>10,412,142</b>	<b>16,542,490</b>

**8.1 WORKERS PROFIT PARTICIPATION FUND**

Opening balance		308,196	264,475
Paid during the year		(308,196)	(264,475)
Contribution for the year		322,604	308,196
		<b>322,604</b>	<b>308,196</b>

**8.2 WORKERS WELFARE FUND**

Opening balance		726,891	603,613
Paid during the year		-	-
Contribution for the year		144,615	123,278
		<b>871,506</b>	<b>726,891</b>

JUNE 30, 2015    JUNE 30, 2014  
Rupees

**8.3 UNCLAIMED DIVIDEND**

Opening balance  
Final Dividend declared  
Paid during the year

1,325,340      1,325,340

-                      -

1,325,340      1,325,340

**9 ACCRUED MARKUP**

Allied Bank of Pakistan  
Askari Bank Limited

419,060      510,302

322,126      194,063

741,186      704,365

**10 CONTINGENCIES & COMMITMENTS**

**10.1 CONTINGENCIES**

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

<u>Name of Party</u>	<u>Claimed Amount</u>	<u>Since</u>
1 Malik Arij Dyes, Stalkot	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	2001
4 Bashir Tannery, Lahore	Rs. 286,178	2001

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

**10.2 COMMITMENTS**

The Company has commitments against letters of credit issued in the normal course of business amounting to Rs. 305,336 (2014: Rs. 1,350,000) in favor of foreign suppliers for raw material.



JUNE 30, 2015 JUNE 30, 2014

Rupees

21,205,852 24,765,664

## 11 PROPERTY PLANT AND EQUIPMENT

11.1 Fixed schedule is attached.

PARTICULARS	COST				DEPRECIATION			June 30, 2015		
	AS AT 01-07-2014	ADDITION/ (DELETION)	TRANSFER/ ADJUSTMENT	AS AT 30-06-2015	RATE %	AS AT 01-07-2014	ADJUSTMENT	FOR THE YEAR	AS AT 30-06-2015	W.D.V. AS AT 30-06-2015
	1,222,152			1,222,152						
Lease hold land										1,222,152
Factory Building - Leasehold	27,208,559			27,208,559	10	24,100,246		310,851	24,411,077	2,797,482
Plant & machinery	63,919,466			63,919,466	10	54,575,205		934,436	55,509,631	8,409,835
Electric installation	1,388,455			1,388,455	10	1,291,384		18,727	1,219,911	168,544
Furniture & Fixture	1,233,875			1,233,875	10	1,071,348		16,253	1,087,601	146,274
Tools & equipment	2,682,849			2,682,849	10	2,211,316		47,153	2,258,469	424,380
Vehicles	10,660,390		3,822,000	12,977,890	20	8,697,225	1,783,600	755,720	9,455,610	3,022,880
		(1,594,500)					(1,281,535)			
Electric & gas appliances	268,350			268,350	10	230,018		3,833	233,851	34,499
Laboratory equipment	2,368,869			2,368,869	25	2,289,633		19,809	2,309,442	59,427
	110,952,965	-	3,822,000	113,270,465		94,376,175	1,783,600	2,106,753	96,984,593	16,285,472
		(1,504,500)					(1,281,535)			
Leased assets										
Vehicles	12,525,500		(3,822,000)	8,703,500	20	4,336,626		1,230,095	3,793,121	4,920,379
	12,525,500	-	(3,822,000)	8,703,500			1,783,600			
	123,478,465	-	3,822,000	121,973,965		98,712,801	1,783,600	3,336,848	100,768,114	21,205,852
		(1,504,500)	(3,822,000)				(3,665,135)			

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

Cost of sales  
Administrative expenses

JUNE 30, 2015 JUNE 30, 2014

Rupees

1,265,066 1,410,031  
2,071,781 2,633,528  
3,336,848 4,043,559

## 11.3 CHARGE ON FIXED ASSETS

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



#### 11.4 Disposal of fixed assets:-

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Profit (Loss)	Mode of disposal	Buyer's name and address
	Rs.	Rs.	Rs.	Rs.	Rs.		
Honda Civic IEC-07-122	1,504,500	1,281,535	222,965	900,000	677,035	Negotiation	Mr. Arshad Latif H.No.44, Mohalla Nazir Building Railway Road, Lahore
<b>Total</b>	<b>1,504,500</b>	<b>1,281,535</b>	<b>222,965</b>	<b>900,000</b>	<b>677,035</b>		

#### OPERATING FIXED ASSETS

PARTICULARS	COST				DEPRECIATION				June 30, 2014	
	AS AT 01-07-2013	ADDITION/ (DELETION)	TRANSFER/ ADJUSTMENT	AS AT 30-06-2014	RATE %	AS AT 01-07-2013	ADJUSTMENT	FOR THE YEAR	AS AT 30-06-2014	W.D.V. AS AT 30-06-2014
	1,222,152	-	-	1,222,152	-	-	-	-	-	1,222,152
Lease hold land	1,222,152	-	-	1,222,152	-	-	-	-	-	1,222,152
Factory building on lease hold land	27,208,559	-	-	27,208,559	10	23,754,878	-	345,368	24,109,245	3,108,313
Plant & machinery	63,919,466	-	-	63,919,466	19	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	2,682,840	-	-	2,682,840	10	2,358,523	-	52,393	2,211,316	471,523
<b>Vehicles</b>	<b>11,760,890</b>	<b>(1,100,500)</b>	<b>-</b>	<b>10,660,390</b>	<b>20</b>	<b>9,235,088</b>	<b>(1,028,654)</b>	<b>400,791</b>	<b>8,697,225</b>	<b>1,963,165</b>
Electric & gas appliances	268,359	-	-	268,359	10	225,759	-	4,259	230,618	38,332
Laboratory equipment	2,368,869	-	-	2,368,869	25	2,263,221	-	26,412	2,289,653	79,256
	112,653,465	-	-	110,952,965	-	93,408,488	-	1,996,341	94,378,175	16,576,790
		(1,100,500)					(1,028,654)			
<b>Leased assets</b>	<b>12,525,500</b>	<b>-</b>	<b>-</b>	<b>12,525,500</b>	<b>-</b>	<b>2,289,408</b>	<b>-</b>	<b>2,647,218</b>	<b>4,336,626</b>	<b>8,188,874</b>
<b>Vehicles</b>	<b>124,578,965</b>	<b>-</b>	<b>-</b>	<b>123,478,465</b>	<b>-</b>	<b>95,697,896</b>	<b>(1,028,654)</b>	<b>4,043,559</b>	<b>98,712,861</b>	<b>24,765,664</b>
<b>June 30, 2014</b>		(1,100,500)								

The charge of depreciation has been allocated as under:-

	June 30, 2014	June 30, 2013
Cost of sales	1,410,031	1,572,571
Administrative expenses	2,633,528	2,381,615
	<b>4,043,559</b>	<b>3,954,186</b>

Rupees

	JUNE 30, 2015	JUNE 30, 2014
	Rupees	
<b>12 LONG TERM DEPOSITS</b>		
Faysal bank	1,740,700	2,482,300
	<u>1,740,700</u>	<u>2,482,300</u>
<b>13 STORES, SPARES &amp; LOOSE TOOLS</b>		
Stores	167,910	202,619
Spares	255,525	243,118
Loose tools	282,568	68,466
	<u>706,003</u>	<u>514,203</u>
<b>14 STOCK IN TRADE</b>		
Raw material	14,769,747	11,559,910
Work in process	2,492,120	2,013,454
Finished goods	15,408,131	10,426,325
	<u>32,669,998</u>	<u>23,999,689</u>
<b>15 TRADE DEBTORS-UNSECURED</b>		
Debtors	71,598,762	79,882,245
Less: Provision for doubtful debts	2,998,832	1,971,497
	<u>68,599,930</u>	<u>77,910,748</u>
<b>15.1 Movement of Provision for doubtful debts</b>		
Opening Balance	1,971,497	972,293
Provision for the year	1,031,525	1,049,965
	3,003,022	2,022,258
Less: Written off during the Year	4,190	50,761
	<u>2,998,832</u>	<u>1,971,497</u>
<b>16 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advances against material (Considered good)	241,648	-
Advances against expenses (Considered good)	151,706	299,706
Advances to employees (Considered good)	16,499	1,502
Deposits & prepayments	25,000	25,000
Deposits against letters of credit/guarantees	412,825	366,107
Other receivables (Considered good)	79,054	79,054
	<u>926,732</u>	<u>771,369</u>
<b>17 TAXATION-Net</b>		
<b>Income Tax</b>		
Advance Tax	19,342,925	15,771,710
Provision for taxation	(2,483,039)	(3,237,622)
	16,859,886	12,534,088
<b>Sales Tax</b>		
Sales Tax receivable	9,652,289	7,823,283
	<u>26,512,175</u>	<u>20,357,371</u>
<b>18 CASH AND BANK BALANCES</b>		
Cash in hand	18,742	18,836
<b>Cash at banks:</b>		
Current accounts	6,527,278	5,744,675
	<u>6,546,020</u>	<u>5,763,511</u>
<b>19 SALES - Net</b>		
Sales - Local	206,304,949	209,992,981
Sales - Export	2,436,000	2,821,200
	<u>208,740,949</u>	<u>212,814,181</u>

JUNE 30, 2015    JUNE 30, 2014

Rupees

Sales tax		6,259,946	5,766,181
Expenses on exports		302,318	339,982
		<b>6,562,264</b>	<b>6,106,163</b>
		<b>202,178,685</b>	<b>206,708,018</b>
<b>20 COST OF SALES</b>			
Raw material consumed	20.1	134,605,457	135,020,906
Packing drums		3,126,647	3,776,504
Salaries and wages		12,143,973	9,936,694
Insurance		156,790	155,000
Carriage inward		3,684,133	3,678,345
Stores, spares and loose tools consumed	20.2	727,046	18,509
Fuel and power	20.3	11,745,670	11,097,600
Repair and maintenance		1,701,527	2,090,795
Other production expenses		11,596	48,932
Depreciation	11.2	1,265,066	1,410,031
		169,167,905	167,233,316
<u>Work in process</u>			
Opening Stock		2,013,454	1,787,871
Closing Stock		(2,492,120)	(2,013,454)
		(478,666)	(225,583)
		168,689,239	167,007,733
<u>Finished goods</u>			
Opening Stock		10,426,325	11,009,188
Closing Stock		(15,408,131)	(10,426,325)
		(4,981,806)	582,863
		163,707,433	167,590,596
<b>20.1 Raw material consumed:</b>			
Opening stock		11,559,910	15,716,352
Purchases during the period		142,249,678	136,186,390
Less: Sales Tax		(4,434,384)	(5,321,926)
		137,815,294	130,864,464
Closing stock		149,375,204	146,580,816
		(14,769,747)	(11,559,910)
		134,605,457	135,020,906
<b>20.2 Stores, spares &amp; loose tools consumed:</b>			
Opening stock		514,203	467,382
Purchases during the period		918,846	65,330
		1,433,049	532,712
Closing stock		(706,003)	(514,203)
		727,046	18,509
<b>20.3 Fuel &amp; Power consumed:</b>			
Less: Sales Tax		13,810,590	12,808,318
		(2,064,920)	(1,710,718)
		11,745,670	11,097,600
<b>21 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages & benefits		6,679,802	5,777,585
Directors remuneration		1,557,678	1,483,500
Electricity, gas & water		633,643	489,129
Travelling & conveyance		1,169,585	1,390,151

JUNE 30, 2015    JUNE 30, 2014  
Rupees

Repair & maintenance		879,336	710,974
Telephone, telex & postage		905,852	993,073
Rent, rates & taxes		1,915,645	1,886,951
Legal & professional charges		192,268	170,109
Auditor's remuneration - Audit fee		250,000	250,000
Printing & stationery		396,831	421,931
Advertisement		127,930	31,000
Entertainment		469,436	473,752
Insurance		438,031	435,902
Medical		30,000	9,048
Subscription		227,999	243,267
News papers & periodicals		24,815	24,726
Donation		10,430	11,150
Depreciation		2,071,781	2,633,528
Miscellaneous	11.2	265,087	253,824
		<u>18,246,149</u>	<u>17,689,600</u>
<b>22 <u>SELLING &amp; DISTRIBUTION COSTS</u></b>			
Staff salaries & benefits		5,523,058	5,432,912
Electricity, gas & water		186,321	142,084
Travelling & conveyance		1,004,204	1,015,632
Repair & maintenance		325,520	286,080
Rent, rates & taxes		761,100	748,000
Entertainment		3,260	5,040
Laboratory/testing expenses		56,533	4,500
Telephone, telex & postage		96,302	98,861
Carriage and cartage		1,296,051	1,599,321
		<u>9,252,349</u>	<u>9,332,430</u>
<b>23 <u>OTHER OPERATING INCOME</u></b>			
Profit on Sale of fixed assets		677,035	428,154
Sale of scrap		49,584	46,339
Rent received		192,079	120,000
		<u>918,698</u>	<u>594,493</u>
<b>24 <u>OTHER OPERATING EXPENSES</u></b>			
Provision for doubtful debts		1,031,525	1,049,965
Workers Profit Participation Fund		322,604	308,196
Workers Welfare Fund		144,615	123,278
Loss on Exchange rate		56,374	47,556
		<u>1,555,118</u>	<u>1,528,995</u>
<b>25 <u>FINANCE COST</u></b>			
Bank charges		116,195	243,045
Mark-up on loans		3,658,094	4,003,568
Leasing charges		577,178	750,356
		<u>4,351,467</u>	<u>4,996,969</u>



JUNE 30, 2015    JUNE 30, 2014

Rupees

**26 TAXATION**

Current year

For the year  
prior year

2,483,039	1,887,881
-	-

Deferred

Deferred Tax (Income) / Expense

2,483,039	1,887,881
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(141,615)	101,113
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2,341,424	1,988,994
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**27 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVES**

	2015		2014	
	Chief Executive	Director	Chief Executive	Director
	RUPEES			
Managerial remuneration	569,028	435,924	541,932	415,164
Allowances:				
- House rent	256,068	196,164	243,876	186,822
- Utilities	56,904	43,590	54,192	41,514
Number of dire	882,000	675,678	840,000	643,500
	1	1	1	1

**28 CAPACITY AND PRODUCTION**

Production in manufacturing units:

Rated Capacity (M.Tons) on 360 days basis

Actual production (M. Tons)

Percentage of production

660	660
358	399
54%	60%

**28.1 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.

**29 EARNING PER SHARE**

Net profit(Loss) for the year

Number of ordinary shares issued

Earnings per share

3,643,443	4,174,927
6,000,000	6,000,000
0.61	0.70

**30 NUMBER OF EMPLOYEES**

Total number of employees

Average number of employees

121	117
119	114

### 31 Financial assets and liabilities

Effective interest rates(%)	INTEREST BEARING						NON INTEREST BEARING						Total	
	Maturity upto one year		Maturity after one year		Sub total		Maturity upto one year		Maturity after one year		Sub total			
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014		
<b>Financial assets:</b>														
Long term deposits														
Trade debts														
Advances, deposits, prepayments & other receivable														
Cash & banks														
<b>Financial liabilities:</b>														
Obligation under finance les	1,449,495	1,492,373	4,279,036	6,465,487	5,728,441	7,957,868								
Short term finance	31,126,859	23,963,186			31,126,859	23,963,186								
See Note No 7.1 and 7.2														
Creditors, accrued & other liabilities	741,186	704,365			741,186	704,365								
Commitments	305,336	1,350,000			305,336	1,350,000								
	33,822,786	27,509,924	4,279,036	6,465,487	37,901,822	33,978,411	8,596,471	15,143,501						

#### 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 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	68,599,930
Advances, deposits, prepayments and other receivables	926,732
Bank Balances	6,546,020
	<b>76,072,682</b>

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

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

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

32 **CORRESPONDING FIGURES**

Corresponding figures have been reclassified for the purpose of better presentation and comparison. Changes made during the year are as follow:

Reclassification from the captioned component	Note
Provision for Tax	9
Advance Tax	18

Reclassification to the captioned component	Note	Rupees
Taxation-Net	17	3,237,622
Taxation-Net	17	15,771,710

33 **DATE OF AUTHORIZATION**

These financial statements were authorize for issue on October 06, 2015 by the board of directors of the company.

34 **SUBSEQUENT EVENTS**

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

35 **GENERAL**

- Figures have been rounded off to the nearest rupee.

  
Chief Executive

  
Director

## 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

30-06-2015

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
60	1	100	4,792
1631	101	500	796,588
87	501	1000	85,600
156	1001	5000	451,120
23	5001	10000	185,400
7	10001	15000	94,000
10	15001	20000	177,800
2	20001	25000	49,900
3	25001	30000	83,500
4	30001	35000	126,500
2	35001	40000	75,100
2	45001	50000	98,500
1	50001	55000	50,800
2	60001	65000	123,000
1	80001	85000	82,000
1	120001	125000	125,000
3	140001	145000	424,050
1	320001	325000	322,600
1	330001	335000	333,300
1	400001	405000	404,200
1	495001	500000	500,000
1	655001	660000	656,250
1	745001	750000	750,000
2001			6,000,000



**5. Categories of shareholders**

	<u>Share held</u>	<u>Percentage</u>
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.	-	0.0000%
5.3 NIT and ICP	67,800	1.1300%
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	167,700	2.7950%
5.7 Share holders holding 10% or more	1,406,250	23.4375%
5.8 General Public		
a. Local	3,486,820	58.1137%
b. Foreign	292	0.0049%
5.9 Others (to be specified)		
<b>Joint Stock Companies</b>	174,501	2.9084%

6. Signature of  
Company Secretary



7. Name of Signatory

Niaz Ahmed Chughtai

8. Designation

Company Secretary

9. NIC Number

37405-039294-7

10. Date

30	06	2015
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**SARDAR CHEMICAL INDUSTRIES LIMITED**  
 Categories of Shareholding required under Code of Corporate Governance (CCG)  
 As on June 30, 2015

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)	142,800	2.3800%
---	--	---------	---------

Directors and their Spouse and Minor Children (Name Wise Detail):

1	SARDAR MAHMOOD SADIQ	500,000	8.3333%
2	SARDAR AYAZ SADIQ	750,000	12.5000%
3	MRS. MONA MAHMOOD	50,000	0.8333%
4	MRS. REEMA AYAZ	62,000	1.0333%
5	MR. FAYYAZ AHMED KHAN	404,200	6.7367%
6	MR. IFTIKHAR AHMED KHAN	333,300	5.5550%
7	MR. SHAHID AZIZ	NIT NOMINE	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:	28,287	0.4715%
--	--------	---------

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

S. No.	NAME	HOLDING	%AGE
1	SARDAR AYAZ SADIQ	750,000	12.5000%
2	MR. AITZAZ MUNAWAR	656,250	10.9375%
3	SARDAR MAHMOOD SADIQ	500,000	8.3333%
4	MR. FAYYAZ AHMED KHAN	404,200	6.7367%
5	MR. IFTIKHAR AHMED KHAN	333,300	5.5550%
6	MR. ASHRAF (CDC)	322,600	5.3767%

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 FolioNo. \_\_\_\_\_

**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 26th Annual General Meeting of the Company to be held on 30th October, 2015  
..... and at any adjournment thereof.

Date .....

Signatures .....