



Annual Report **2020**



ISO 9002 CERTIFIED

Sardar

Chemical Industries Limited



Annual Report 2020

ANNUAL REPORT 2020

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COMPANY INFORMATION**CHIEF EXECUTIVE**

Sardar Mahmood Sadiq

DIRECTORS

Mr. Shahid Aziz (NIT Nominee)
Sardar Ayaz Sadiq
Mr. Fayaz Ahmed Khan
Mr. Aitzaz Ahmad Tarar
Mrs. Tayybah Mahmood sadiq
Mrs. Reema Ayaz

AUDIT COMMITTEE

Mr. Aitzaz Ahmad Tarar
Mrs. Tayybah Mahmood Sadiq
Mr. Fayyaz Ahmed Khan

COMPANY SECRETARY

Mr. Niaz Ahmed Chughtai

AUDITORS

Aslam Malik & Co.
Chartered Accountants

HR & REMUNERATION

Mrs. Tayybah Mahmood Sadiq
Mr. Aitzaz Ahmad Tarar
Mr. Fayyaz Ahmed Khan

BANKERS

Allied Bank of Pakistan Ltd.
Askari Bank Ltd.

LEGAL ADVISORS

Mr. Javaid Iqbal Malik, Advocate

HEAD OFFICE/SHARE DEPARTMENT

2-A, 2nd Floor, Canal Bank Road,
Justice Sardar Iqbal Road, Aziz
Avenue, Gulberg-V, Lahore, Pakistan.
Ph: (042) 35711154, 35710148

Fax: (042) 35775706

E-Mail: sarchem@brain.net.pk

Web: www.sardarchem.net

REGISTERED OFFICE/ FACTORY

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

Gadoon Amazai, industrial Estate,

Topi, Ganduf Road, Swabi (NWFP)

Ph: (0938) 270792, 270439, 270539

Fax: (0938) 270791

REGISTRAR/TRANSFER AGENT

CorpLink (PVT) Ltd, Wings Arcade,

1-K, Commercial, Model Town, Lahore

Ph: 042-35916714, 35916719

Fax: 042-35839182

SARDAR CHEMICAL INDUSTRIES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

The 31st 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 Tuesday 27th October 2020, at 03:30 P.M. to transact the following business:•

ORDINARY BUSINESS

1. To confirm the minutes of 30th Annual General Meeting held on 28th October 2019.
2. To receive, consider and adopt the Audited Statement of Accounts for the year ended June 30, 2020, together with the Directors' and Auditors' report thereon.
3. To appoint Auditors for the year ended June 30, 2021, and fix their remunerations.

SPECIAL BUSINESS

1. To enhance the remunerations of the Chief Executive to Rs.225,000 P.M.

A statement of material facts under section 134(3) of the Companies Act, 2017 relating to the aforesaid Special business to be transacted at the said Annual General Meeting is being sent to the shareholders along with the notice.

ANY OTHER BUSINESS

1. To transact any other ordinary business with the permission of the Chair.

Lahore. October 1 , 2020

By Order of the Board Company

Secretary

Notes:

1. The Shares Transfer Books of the Company will remain closed from 21-10-2020 to 27-10-2020 (both days inclusive).
2. The members are requested to notify immediately the change in their address if any.
3. The members are requested to intimate Title of Bank Account, Bank Account IBAN-24 digits Bank Name, Bank's Branch Name, Branch's Complete Address Bank/Branch Code etc.
4. 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.
5. 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.
6. Members who have deposited their shares into CDC will further have to follow the guidelines as laid down by the Securities and Exchange Commission of Pakistan.
7. 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.
8. In compliance with the SECP Notification No. 634(1)2014 Dated 10-07-2014, the financial statements and reports of the Company for the year ended June 30, 2020 have been placed on the Company's web site www.sardarchem.net
9. Shareholders who wish to receive the company's Financial Report via e-mail should submit their consent form, that is available on our website, fill it and send it to company's share registrar, M/s Corplink (PVT) Limited.

A. For Attending the Meeting

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

B. For Appointing Proxies

- a. In case of individuals, the account holder and for sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

- d. The proxy shall produce his original CNIC or original passport at the time of Meeting.
- e. In case of corporate entity the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

C. Consent for Video Conference Facility

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

STATEMENT OF MATERIAL FACT UNDER SECTION 134(2) OF THE COMPANIES ACT, 2017.

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on 27th October, 2020.

- 1. To enhance the remuneration payable to the Chief Executive to Rs. 225,000 P.M.

"Resolved that the remuneration payable to the Chief Executive of the Company be and is hereby increased to Rs. 225,000 (Two Lacs twenty five thousands Only) P.M."

None of the Directors are interested except to the extent stated above in the special business.

MISSION STATEMENT
OF
SARDAR CHEMICAL INDUSTRIES LIMITED

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

VISION

Dynamic, quality conscious and ever progressive.

CORPORATE STRATEGY

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

STATEMENT OF ETHICS
AND
BUSINESS PRACTICES

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of SARDAR CHEMICAL INDUSTRIES LIMITED feels pleasure to present the annual report along with audited financial statements for the year ended June 30, 2020.

RESULTS FOR THE YEAR ARE SUMMERIZED AS FOLLOWS:

	<u>2020</u>	<u>2019</u>
	(Rupees in thousands)	
Sales-Net	257,958	268,426
Gross Profit	77,315	63,612
Profit/(Loss) before Taxation	26,206	23,419
Profit/(Loss) after Taxation	21,019	18,653
Earning per share (Rs.)	3.50	3.11

It is evident from the above that there is a decrease of about 4% in net sales of the Company. As all of you are aware that how the covid-19 has effected the whole world and our country.

Due to increase in the rates of USD our imported chemicals have becomes much more expensive along with our material supplier being effected by non operational industries has created a lot of hardship.

The Government has increased rates of energy i.e. electricity and sui gas many times which also caused increase in production cost. The market which is already depressed by covid-19 unable to absorb the increase in the price of products, however, we are confident that after settlement of circumstances the market shall adjust with this price hike with hope that our next year will be better than this year.

FUTURE PROSPECTS

The Company is operating in most competitive environments competing with the unorganized sector. Having a strong knowledge and experience of dyes business, the management is now focusing on increase in volume, improving buying of imported raw materials and increasing efficiencies. Dumping of Imported products in the Pakistani market has been a constant irritant and we are successfully facing it. Credit in the market is also a factor that needs constant vigilance and supply is stopped when customers do not make timely payments.

DIVIDEND

The Board of Directors of the Company has decided not to declare dividend to keep in mind liquidity of the Company as the price of Rs has depreciated tremendously.

The Government of Pakistan has withdrawn the facilities of Zero rated for the five export oriented industries and increase in rate Sales Tax at import stage this will increase prices of our imported raw materials while we have to import the quality raw materials to maintain the same production and sales tonnage for the future.

Our Sales are mainly on credit while we have to deposit the Sales Tax within 15 days of closing of the last month also we get recovery of Sales amount after an average of 5 to 6 months therefore, the Company have to obtain additional funds. Our raw material requirements have put a financial crunch on our working capital.

Our factory was established in 1992. It requires major expenses of repair and maintenance of machinery, building and floor of production area.

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.

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

AUDIT COMMITTEE:

The Audit committee of the Company was comprised of the following Directors:

- | | |
|-------------------------------|----------|
| 1. Mr. Aitzaz Ahmed Tarar | Chairman |
| 2. Mrs. Tayybah Mahmood Sadiq | Member |
| 3. Mr. Fayyaz Ahmed Khan | Member |

During the year under review four Board meetings were held, to discuss, adopt and approve the accounts, appointment of Auditors of the Company and other matters of the Company. All board members attended the board meetings.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

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

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

- | | |
|-------------------------------|---------------|
| a. Mrs. Tayybah Mahmood Sadiq | (Chairperson) |
| b. Mr. Aitzaz Ahmed Tarar | (Member) |
| c. Mr. Fayyaz Ahmed Khan | (Member) |

One meeting was conducted during the period under review.

DIRECTORS' TRAINING PROGRAMMES

The existing Board of Directors fully complied with the exemption from training program criteria except Mr. Aitzaz Ahmed Tarar and Mrs. Tayyabah Mahmood Sadiq who are qualified.

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.

POST BALANCE SHEET EVENTS

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

KEY OPERATING AND FINANCIAL DATA

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

VALUE OF INVESTMENTS OF PROVIDENT FUND

The balance of investment in provident fund account was Rs. 31,885,837 as on 30th June, 2020.

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, 2021.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as on 30-06-2020 is annexed. The directors, Company Secretary and their spouse and minor children have made no transactions in the 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 Financial Reporting Standards (IFRS), 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.

The management of the Company is committed towards good corporate governance, and taking all appropriate measures to comply with the best practices and also continuously reviewing the system of internal control in the light of Companies Act-2017.

ACKNOWLEDGEMENT

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

On behalf of the Board

Dated: October 1 , 2020.
Place: Gadoon Amazai



SARDAR MAHMOOD SADIQ
Chief Executive



FAYYAZ AHMED KHAN
Director

KEY OPERATING & FINANCE DATA FOR LAST SIX YEARS

PARTICULARS	2020	2019	2018	2017	2016	2015
Net Sales	257,958,424	268,425,730	204,826,170	190,662,109	195,556,597	202,178,685
Gross Profit	77,315,109	63,611,939	52,861,202	38,720,676	37,553,497	38,471,252
Operating Profit/(Loss)	32,131,938	26,386,074	17,408,134	8,671,615	7,486,947	10,972,754
Profit/(Loss) before tax	26,206,294	23,418,804	15,189,464	6,769,507	4,461,762	5,984,867
Profit/(Loss) after tax	21,019,099	18,653,457	10,562,283	3,955,224	3,769,472	3,643,443
Paid - up Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Net Worth	141,529,606	141,529,606	128,268,642	116,849,259	114,394,036	110,624,563
FINANCIAL POSITION						
Fixed assets net	27,850,172	27,412,168	20,282,803	19,476,138	21,659,493	21,205,852
Total assets	205,333,913	175,909,550	151,936,723	139,533,354	157,543,991	158,907,410
Long term liabilities	6,109,157	5,849,722	2,425,960	1,334,285	5,228,862	4,279,036
RATIOS						
Gross Profit	29.97%	23.70%	25.81%	20.31%	19.20%	19.03%
Profit/(Loss) before tax	10.16%	8.72%	7.42%	3.55%	2.28%	2.96%
Profit/(Loss) after tax	8.15%	6.95%	5.16%	2.07%	1.93%	1.80%
RETURN TO SHAREHOLDER						
ROCE before Tax	6.20%	16.54%	11.92%	5.79%	3.90%	5.41%
ROCE after Tax	12.93%	13.18%	8.29%	3.38%	3.30%	3.29%
Earning per share	3.50	3.11	1.76	0.66	0.63	0.61
LIQUIDITY/LEVERAGE						
Current Ratio	4.77	5.13	6.03	5.63	3.51	3.11
Break up Value Per Share	22.10	18.59	16.24	14.47	14.07	13.44
Total Liabilities to Equity (times)	0.55	0.24	0.19	0.19	0.38	0.44
ACTIVITY						
Sales to total assets	1.26	1.53	1.35	1.37	1.24	1.27
Sales to fixed assets	9.26	9.79	10.10	9.79	9.03	9.53

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company: Sardar Chemical Industries Limited

Year ending: June 30, 2020

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors areas per the following:

Gender	Number
Male	5
Female	2

2. The composition of board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. 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.
5. 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In terms of Regulation 19 of the 2019 Code, companies are encouraged that all directors on their board have acquired the prescribed certification under Directors' Training Program (DTP) by June 30, 2022. Presently, Three (3) directors of the Company meet the exemption requirement of the DTP, two (2) directors appointed during the year and remaining Two (2) director shall obtain certification under the DTP in due course of time
9. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
10. CFO and CEO duly endorsed the financial statements before approval of the board.
11. The board has formed committees comprising of members given below:

Committees	Composition/Names
Audit Committee	<p>Chairman: Mr. Aitzaz Ahmed Tarar (Independent Director)</p> <p>Members: Mrs. Tayybah Mahmood Sadiq Mr. Fayyaz Ahmed Khan</p>
HR & Remuneration Committee	<p>Chairman: Mrs. Tayybah Mahmood Sadiq</p> <p>Members: Mr. Aitzaz Ahmad Tarar Mr. Fayyaz Ahemd Khan</p>

The Company was in compliance with the Code of Corporate Governance, 2012 for the year ended June 30, 2020. Further, during the year, the committees of the Board of Directors have been reconstituted to comply with the requirements of the 2019 Code.

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

13. The frequency of meetings of the committee were as per following:

14.

Committees	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2020
HR & Remuneration Committee	One meeting was held during the financial year ended June 30, 2020

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below.

Dated: October 1, 2020.
Place: Gadoon Amazai



SARDAR MAHMOOD SADIQ
Chief Executive



FAYYAZ AHMED KHAN
Director

building
better
together.



Aslam Malik & Co.
Chartered Accountants

Phone : +92-42-35858693-35858694
: +92-42-35856819
Fax : +92-42-35856019
e-mail : info@aslammalik.com
aslammalik@brain.net.pk
web : www.aslammalik.com

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

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sardar Chemical Industries Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Sardar Chemical Industries Limited** for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensued compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

Aslam Malik & Co.

(Aslam Malik & Co.)
Chartered Accountants

Lahore

Date:

01 OCT 2020



Engagement Partner: Hafiz Muhammad Ahmad

Other Offices at:

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

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

Quetta 1st Floor, Haji Fateh Khan Center, Adalat Road, Quetta
Ph: +92-81-2823837



Aslam Malik & Co.
Chartered Accountants

Phone : +92-42-35858693-35858694
 : +92-42-35856819
Fax : +92-42-35856019
e-mail : info@aslammalik.com
 : aslammalik@brain.net.pk
web : www.aslammalik.com
Suite # 18-19 First Floor,
Central Plaza, Civic Centre,
New Garden Town, Lahore-Pakistan.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SARDAR CHEMICAL INDUSTRIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Sardar Chemical Industries Limited** (the Company), which comprise the statement of financial position as at **June 30, 2020**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Offices at:

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

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

Quetta 1st Floor, Haji Fateh Khan Center, Adalat Road, Quetta
Ph: +92-81-2823837

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Trade Debtors</p> <p>Refer note 17 to the financial statements regarding the trade debts.</p> <p>The Company has significant balance of trade debts. Trade debts constitute 46% of total assets of the company. Loss allowance against trade debts is based on management's judgement to determine the appropriate level of provision against balances which may ultimately not recovered.</p> <p>In view of the significance of trade debtors in relation to the total assets of the company and recoverability, we identified trade debtors as key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.</p>	<p>Our audit procedures to assess the valuation of trade debts, amongst others, includes the following:</p> <ul style="list-style-type: none"> ➤ Obtained an understanding of and assessing the design and implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit reviews) , debt collections process and making provision for Loss Allowance calculation; ➤ We considered the appropriateness of loss allowance of trade receivables as per the company policies and assessing compliance with applicable accounting standards. ➤ We obtained an understanding of the management's basis for determining of the loss allowance required at the year end and the recoverability of trade debts; ➤ For a sample of trade debtors, tested the adequacy of the loss allowance against trade debts by taking into account the aging of receivables at the year end and cash received after the year end, as well as assessing the judgements made by the management in relation to credit worthiness of the debtors. ➤ Assessed the historical accuracy of provisions for doubtful debts made by the company.

Information Other Than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2020.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, on other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) Refer to note 9.1 to the financial statements, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), Zakat was deducted and but same was not deposited by the Company in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is **Hafiz Muhammad Ahmad**.

Place: Lahore
Date: October 01, 2020

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



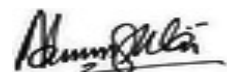
SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	JUNE 30, 2020	JUNE 30, 2019		Note	JUNE 30, 2020	JUNE 30, 2019
		Rupees				Rupees	
<u>CAPITAL AND LIABILITIES</u>				<u>ASSETS</u>			
<u>SHARE CAPITAL AND RESERVES</u>				<u>NON-CURRENT ASSETS</u>			
<u>Authorised Capital:</u>				Property, Plant and Equipment			
10,000,000 (2019: 10,000,000)					12	27,850,172	27,412,168
ordinary shares of Rs. 10/- each		<u>100,000,000</u>	<u>100,000,000</u>				
<u>Issued, subscribed and Paid up:</u>							
6,000,000 (2019: 6,000,000) ordinary shares				Defferred Tax	13	1,355,576	767,080
of Rs. 10/- each fully paid in cash		60,000,000	60,000,000	Long term deposits	14	1,477,200	1,290,200
Share premium		30,000,000	30,000,000			<u>30,682,948</u>	<u>29,469,448</u>
Unappropriated profit		<u>72,584,098</u>	<u>51,564,999</u>				
		162,584,098	141,564,999				
<u>NON CURRENT LIABILITIES</u>				<u>CURRENT ASSETS</u>			
Lease Liabilities	5	6,109,157	5,849,722	Stores, spares and loose tools	15	771,367	534,651
<u>CURRENT LIABILITIES</u>				Stock in trade	16	40,363,334	12,870,591
Current maturity	6	1,453,422	999,338	Trade debts	17	95,429,672	93,014,490
Short term finance	7	17,058,518	14,357,932	Advances, deposits, prepayments and other receivables	18	1,458,831	3,785,279
Creditors, accrued & other liabilities	8	15,727,482	9,904,097	Taxation- Net	19	23,914,301	24,966,422
Unclaimed Dividend	9	2,401,236	2,818,365	Cash and bank balances	20	12,713,460	11,268,669
Mark up Accrued	10	-	415,098			<u>174,650,965</u>	<u>146,440,102</u>
		36,640,659	28,494,830				
CONTINGENCIES & COMMITMENTS							
	11	-	-				
		<u>205,333,913</u>	<u>175,909,550</u>			<u>205,333,913</u>	<u>175,909,550</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30,2020

		JUNE 30, 2020	JUNE 30, 2019
		Rupees	
Sales - Net	21	257,958,424	268,425,730
Cost of sales	22	(180,643,315)	(204,813,791)
Gross profit		77,315,109	63,611,939
Administrative Expenses	23	(34,320,418)	(25,979,391)
Selling & distribution Costs	24	(10,862,753)	(11,246,473)
		(45,183,171)	(37,225,864)
Operating profit for the year		32,131,938	26,386,074
Other Operating Income	25	563,343	830,659
Other Operating Expenses	26	(2,013,110)	(1,735,658)
Finance Cost	27	(4,475,877)	(2,062,272)
Profit for the year before tax		26,206,294	23,418,804
Taxation	28	(5,187,195)	(4,765,347)
Profit / (Loss) for the year after tax		21,019,099	18,653,457
Earning per Share- Basic and Diluted	33	3.50	3.11

The annexed notes from 1 to 41 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30,2020

	JUNE 30, 2020	JUNE 30, 2019
	Rupees	
Profit for the year after tax	21,019,099	18,653,457
Other Comprehensive Income	-	-
Total Comprehensive Income	21,019,099	18,653,457

The annexed notes from 1 to 41 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30,2020

		RESERVES			
PARTICULARS	Share Capital	CAPITAL	REVENUE	TOTAL	Total Shareholders Equity
		Share Premium	Accumulated Profit		
		Rupees			
Balance as at June 30, 2018	60,000,000	30,000,000	37,411,542	67,411,542	127,411,542
Balance as at June 30, 2018	60,000,000	30,000,000	37,411,542	67,411,542	127,411,542
Final Dividend for the year 2018 - 2019			(4,500,000)	(4,500,000)	(4,500,000)
Total Comprehensive income for the year ended June 30, 2019	-	-	18,653,457	18,653,457	18,653,457
Balance as at June 30, 2019	60,000,000	30,000,000	51,564,999	81,564,999	141,564,999
Balance as at June 30, 2019	60,000,000	30,000,000	51,564,999	81,564,999	141,564,999
Final Dividend for the year 2019 - 2020				-	-
Total Comprehensive income for the year ended June 30, 2020	-	-	21,019,099	21,019,099	21,019,099
Balance as at June 30, 2020	60,000,000	30,000,000	72,584,098	102,584,098	162,584,098

The annexed notes from 1 to 41 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



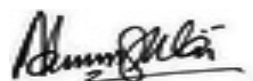
Director

SARDAR CHEMICAL INDUSTRIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,2020

	JUNE 30, 2020	JUNE 30, 2019
	Rupees	
Cash flow from operating activities		
Profit/(loss) before Taxation.	26,206,294	23,418,804
<u>Adjustments for non- cash items:</u>		
Depreciation	4,247,390	3,218,793
Financial Changes	4,475,877	2,062,272
Profit on sale of fixed assets	(499,356)	(760,162)
Provision for doubtful debts	1,828,509	-
Workers profit participation fund	1,410,970	1,257,723
Workers welfare fund	565,924	477,935
	12,029,314	6,256,561
Profit before Working Capital Changes	38,235,609	29,675,365
<u>Effect of working capital changes:</u>		
(Increase)/Decrease in store, spares & loose tools	(236,716)	70,720
(Increase)/Decrease in stock in trade	(27,492,743)	(3,946,361)
(Increase)/Decrease in trade debts	(4,243,691)	(13,098,602)
(Increase)/Decrease in advances, deposits & prepayment	2,326,448	(2,533,206)
Increase/(Decrease) in creditors accrued & other liabilities	5,104,213	285,747
	(24,542,489)	(19,221,702)
Financial charges paid	(4,890,975)	(1,685,219)
Workers profit participation fund and workers welfare fund paid	(1,257,723)	(904,996)
Tax paid	(4,723,570)	(12,918,892)
	(10,872,268)	(15,509,107)
Net cash used in operating activities	A 2,820,852	(5,055,444)
Cash flow from investing activities		
Long term deposits	(187,000)	167,400
Addition in fixed assets Net	(3,266,038)	(5,434,000)
Sale proceeds of fixed assets	950,000	950,000
Net cash generated from investing activities	B (2,503,038)	(4,316,600)
Cash flow from financing activities		
Repayment of lease obligation	(1,156,481)	(2,380,789)
Proceeds from short term finances	2,700,586	4,744,637
Dividend paid	(417,129)	(3,266,142)
Net cash generated from financing activities	C 1,126,975	(902,295)
Net increase/(decrease) in cash & cash equivalents	A+B+C 1,444,791	(10,274,339)
Cash & cash equivalents at beginning of the year	11,268,669	21,543,007
Cash & cash equivalents at end of year	12,713,460	11,268,668



Chief Executive Officer



Chief Financial Officer



Director

SARDAR CHEMICAL INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

1 The Company and its operation

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

2 Basis Of Preparation

2.1 Statement Of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New standards, amendments to accounting and reporting standards and new interpretations

2.2.1 Amendments to accounting and reporting standards and interpretations which are effective during the year ended June 30, 2020

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 16 'Leases' replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. It results in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under IFRS 16, a new concept of right to use leased item is introduced requiring recognition of right of use asset and a financial liability to pay rentals. The only exceptions are short-term and low-value leases.

The Company has adopted IFRS 16 from July 1, 2019, and has not restated comparatives for the 2019 reporting period, using modified retrospective approach

The Company did not have any property leases arrangement therefore, adoption of IFRS 16 at 1 July 2019 did not have an effect on the financial statements of the Company (refer note 3.21).

The accounting policies relating to the Company's right-of-use assets and lease liabilities are disclosed in note 3.21

2.2.2 Standards, interpretations and amendments to published accounting and reporting standards

There are certain new standards, interpretations and amendments to approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

Further, IFRS 17 'Insurance contracts' is yet to be adopted by the Securities & Exchange Commission of Pakistan (The SECP).

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Financial instruments

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

Useful lives, patterns of economic benefits and impairments

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

Inventories

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

Taxation

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

Provision for doubtful debts

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

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

3 Summary of significant accounting policies.**3.1 Accounting Convention:**

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

3.2 Tangible Fixed Assets and Depreciation:**(a) Owned Assets**

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

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

Depreciation is charged on operating fixed assets applying reducing balance method to write off the cost over remaining useful life of assets. Rates of depreciation are stated in Note No. 12.

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.

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 value.
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 of 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 cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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 Contract liabilities

Under IFRS 15 “Revenue from Contracts with Customers”, obligation to transfer goods or services to a customer for which the Company has received consideration or an amount of consideration is due from the customer is presented as contract liability.

3.10 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.

3.11 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.

3.12 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.

3.13 Related Party Transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

3.14 Revenue Recognition:

The Company recognizes revenue when it transfers control over goods to its customers, being when the products are delivered to the customer and there is no unfulfilled obligation that could effect the customer's acceptance of the product. Revenue is recognized at an amount that reflects the consideration, to which the Company expects to be entitled in exchange for transferring of goods to its customers net of discount and sales related indirect taxes. The sales related indirect taxes are regarded as collected on behalf of statutory authorities. The Company generates revenue by supplying products to the customers, including export product.

i) Revenue from sales is recognised on delivery of products to the customers with the exception that export sales are recognised on the basis of products shipped to customers.

ii) Dividend income is recognised when the right to receive dividend is established.

iii) Income on bank deposits and short term investments are recognised using the effective yield method.

3.15 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

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

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

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

3.17.1 Financial Assets

The Company classifies its financial assets in the following measurement categories:

- a) Amortized cost where the effective interest rate method will apply;
- b) fair value through profit or loss;
- c) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments

in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal

Debt Instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a) Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income/charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/charges and impairment expenses are presented as separate line item in the statement of profit or loss.

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented net within other operating gains/(losses) in the period in which it

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- i The rights to receive cash flows from the asset have expired
- ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its debt instruments, trade debts, short term investment and deposits and other receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Loans, advances, deposits, prepayments and other receivables
- Short term investments
- Cash and bank balances

Simplified approach for trade debts

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 150 days past due in making a contractual payment.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

3.17.2 Financial Liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Amortised cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

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 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Chief Financial Officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the

3.19 Finance Cost

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

3.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.21 IFRS 16 - Leases

a) Right of Use Assets

The right-of-use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the

b) Lease Liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

c) Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the

	JUNE 30, 2020	JUNE 30, 2019
	Rupees	
5 LEASE LIABILITIES		
Future Minimum Lease Payments	9,260,465	8,966,185
Less: Financial charges pertaining to future period	(1,697,886)	(2,117,125)
Present value of minimum lease payments	7,562,579	6,849,060
Less: Current maturity of long term obligation	(1,453,422)	(999,338)
	6,109,157	5,849,722

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

	2020		2019	
	Not later than one year	Later than one year and not later than five years	Not later than one year	Later than one year and not later than five year
Future minimum lease payments	2,214,180	5,348,399	1,764,420	7,201,765
Less: Un-amortized finance	(760,758)	(937,128)	(729,689)	(1,387,436)
Present value of minimum lease payments	1,453,422	4,411,271	1,034,731	5,814,329

GENERAL TERMS AND CONDITIONS OF LEASE

This represents finance lease arrangements entered into with banks to acquire vehicles . Financing rates ranging from 11.27 to 13.24 % (2019: 11.27%) per annum, approximately, have been used as discounting factor. Taxes, repairs, replacement and insurance costs are borne by the Company.

6 CURRENT MATURITY

Current maturity of finance lease	1,453,422	999,338
	1,453,422	999,338

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

7 SHORT TERM FINANCE

Askari Commercial Bank Limited	58,518	14,357,932
Director's Loan	17,000,000	-
	17,058,518	14,357,932

7.1 Askari Commercial Bank Limited

Short terms finances obtained from Askari Bank Limited forms part of the total sanctioned credit facility of Rs. 20 million (2019: Rs. 20 million) and carried a markup @ Three months KIBOR+ 3.5%.The facility is secured against 2nd ranking Hypothecation charge on Present & Future Book Debts, outstanding moneys, receivables, claims, bills, contracts, engagements, right & asset, present & future stocks of raw materials inclusive of finished & semi finished goods/chemicals, stocks & inventories and work in progress, present & future fixed assets of the company in the shape of land, building plant & machinery, loose tools, spares & accessories and mortgage of property owned by an Ex- Director of the Company and personel guarantee of directors of the company.

7.2 LOAN FROM DIRECTORS

Sardar Ayaz Sadiq	8,500,000	-
Sardar Mahmood Sadiq	8,500,000	-
	17,000,000	-

7.3

These loans were obtained to cope with the adverse economic conditions faced during COVID pandemic. These are payable on demand and markup will be 1 % less than Prevailing KIBOR of the market. Markup is payable quarterly basis.

JUNE 30, 2020 **JUNE 30, 2019**

Rupees

7.3 RECONCILIATION OF DIRECTOR'S LOAN

Opening Balance	-	-
Obtained During the year	21,000,000	-
Repayment	4,000,000	-
Closing Balance	17,000,000	-

8 CREDITORS , ACCRUED AND OTHER LIABILITIES

Creditors for goods	6,692,575	1,309,317
Creditors for expenses	191,682	272,712
Accrued expenses	4,430,202	4,890,220
Tax deducted at source	58,266	46,248
Provident Fund Payable	8.1 275,069	328,473
Workers profit participation fund	8.2 1,410,970	1,257,723
Workers welfare fund	8.3 2,365,329	1,799,404
Sales Tax Payable	303,389	-
	15,727,482	9,904,097

8.1 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

8.2 WORKERS PROFIT PARTICIPATION FUND

Opening balance	1,257,723	815,761
Paid during the year	(1,257,723)	(815,761)
Contribution for the year	1,410,970	1,257,723
	1,410,970	1,257,723

8.3 WORKERS WELFARE FUND

Opening balance	1,799,404	1,410,705
Paid during the year	-	(89,235)
Contribution for the year	565,924	477,935
	2,365,329	1,799,404

9 UNCLAIMED DIVIDEND

Opening balance	2,818,365	1,584,507
Final Dividend declared	-	4,500,000
Interim Dividend declared	-	-
Paid during the year	(417,129)	(3,266,142)
	2,401,236	2,818,365

10 ACCRUED MARKUP

Askari Bank Limited	-	415,098
	0	415,098

11 CONTINGENCIES & COMMITMENTS

11.1 CONTINGENCIES

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

<u>Name of Party</u>	<u>Claimed Amount</u>	<u>Since</u>
1 Malik Arij Dyes, Sialkot	Rs. 2,596,293	June 19, 2001

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

11.2 COMMITMENTS

The Company has commitments against letters of credit issued in the normal course of business amounting to Rs. Nil (2019: Rs. 0) in favor of foreign suppliers for raw material.

12.1	PARTICULARS	COST				DEPRECIATION					W.D.V. AS AT 30/06/2020
		AS AT	ADDITION/	TRANSFER/	AS AT	RATE	AS AT		FOR THE	AS AT	
		01-07-2019	(DELETION)	ADJUSTMENT	30/06/2020	%	01-07-2019	ADJUSTMENT	YEAR	30/06/2020	
	Land	1,222,152	-	-	1,222,152	-	-	-	-	-	1,222,152
	Factory Building on Leasehold Land	27,208,559	-	-	27,208,559	10	25,373,131		183,543	25,556,673	1,651,886
	Plant & machinery	69,962,966	3,266,038	-	73,229,004	10	58,750,449		1,361,955	60,112,403	13,116,601
	Electric installation	1,388,455	-	-	1,388,455	10	1,277,873		11,058	1,288,931	99,524
	Furniture & fixture	1,614,125	-	-	1,614,125	10	1,220,419		39,371	1,259,790	354,335
	Tools & equipment	3,171,849	-	-	3,171,849	10	2,520,428		65,142	2,585,570	586,279
	Vehicles	21,249,890	(2,383,000)		18,866,890	20	16,458,299	(1,932,356)	868,191	15,394,134	3,472,756
			-								
	Electric & gas appliances	268,350	-	-	268,350	10	245,715		2,263	247,979	20,371
	Laboratory equipment	2,368,869	-	-	2,368,869	25	2,350,066	-	4,701	2,354,767	14,102
		128,455,215	883,038	-	129,338,253		108,196,379	(1,932,356)	2,536,223	108,800,246	20,538,007
	Right Of Use Assets										
	Vehicles	7,974,000	1,870,000		9,844,000	20	820,668	-	1,711,167	2,531,834	7,312,166
		7,974,000	1,870,000	-	9,844,000	20	820,668	-	1,711,167	2,531,834	7,312,166
	June 30, 2020	136,429,215	2,753,038	-	140,065,291		109,017,047	-	4,247,390	111,332,081	27,850,172
			883,038	-				(1,932,356)			

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

	JUNE 30, 2020	JUNE 30, 2019
	Rupees	
Cost of sales	1,550,198	1,166,331
Administrative expenses	2,697,192	2,052,462
	4,247,390	3,218,793

12.3 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.

12.4 No asset was sold to Chief Executive, Directors, Executives and Shareholders during the year.

12.5 Particular of Immovable property (i-e land and buildings) in the name of Company are as follows:

Location	Usage of Immoveable Property	Total Area	Covered Area
Plot No. 29-B, Road No. 01 Gadoon Amazai, Industrial Estate, Topi, Ganduf Road, Swabi (KPK)	Plant	4 Acres	99,911.05 Sq.Fts

12.5	PARTICULARS	COST				DEPRECIATION				W.D.V.	
		AS AT	ADDITION/	TRANSFER/	AS AT	RATE	AS AT		FOR THE	AS AT	
		01-07-2018	(DELETION)	ADJUSTMENT	30-06-2019	%	01-07-2018	ADJUSTMENT	YEAR	30-06-2019	30-06-2019
	Lease hold land	1,222,152	-	-	1,222,152	-	-	-	-	-	1,222,152
	Factory Building on Leasehold Land	27,208,559	-	-	27,208,559	10	25,169,194	-	203,937	25,373,131	1,835,429
	Plant & machinery	64,594,466	5,368,500	-	69,962,966	10	57,794,322	-	956,127	58,750,449	11,212,517
	Electric installation	1,388,455	-	-	1,388,455	10	1,265,586	-	12,287	1,277,873	110,582
	Furniture & fixture	1,614,125	-	-	1,614,125	10	1,176,674	-	43,745	1,220,419	393,706
	Tools & equipment	3,171,849	-	-	3,171,849	10	2,448,047	-	72,380	2,520,428	651,421
	Vehicles	18,534,390	65,500	4,418,000	21,249,890	20	14,872,440	1,967,487	1,196,534	16,458,299	4,791,591
			(1,768,000)					(1,578,162)			
	Electric & gas appliances	268,350	-	-	268,350	10	243,200	-	2,515	245,715	22,635
	Laboratory equipment	2,368,869	-	-	2,368,869	25	2,343,799	-	6,268	2,350,066	18,803
		120,371,215	3,666,000	4,418,000	128,455,215		105,313,262	389,325	2,493,792	108,196,379	20,258,836
	Leased assets										
	Vehicles	7,288,000	5,104,000	(4,418,000)	7,974,000	20	2,063,150	(1,967,483)	725,001	820,668	7,153,332
		7,288,000	5,104,000	(4,418,000)	7,974,000	20	2,063,150	(1,967,483)	725,001	820,668	7,153,332
	June 30, 2019	127,659,215	8,770,000	-	135,677,215		107,376,412	-	3,218,793	109,017,047	27,412,168
			3,666,000	(4,418,000)				389,325			

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

	JUNE 30, 2019	JUNE 30, 2018
	Rupees	
Cost of sales	1,166,331	921,774
Administrative expenses	2,052,462	1,770,047
	3,218,793	2,691,821

12.7 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.

12.7 No asset was sold to Chief Executive, Directors, Executives and Shareholders during the year.

12.8 Particular of Immovable property (i-e land and buildings) in the name of Company are as follows:

Location	Usage of Immoveable Property	Total Area	Covered Area
Plot No. 29-B, Road No. 01 Gadoon Amazai, Industrial Estate, Topi, Ganduf Road, Swabi (KPK)	Plant	4 Acres	99,911.05 Sq.Fts

		JUNE 30, 2020	JUNE 30, 2019
		Rupees	Rupees
13	<u>DEFERRED TAX</u>		
	Deferred Tax	(1,355,576)	(767,080)
13.1	<u>Deferred Taxation comprises the following</u>		
	Deferred Tax Liabilities on Accelerated Depreciation	1,259,501	933,939
	Deferred Tax Liability on Leased assets	(72,620)	375,703
	Deferred Tax Asset on provisions	(2,542,456)	(1,999,713)
	Effect on Change In Tax Rate	-	(77,009)
		(1,355,576)	(767,080)
13.1.1	<u>Deferred Taxation reconciliation</u>		
	Opening Balance	(767,080)	(481,305)
	Charge for the year in profit or loss account	(588,495)	(285,775)
	Charge for the year in other comprehensive income	-	-
	Closing Balance	(1,355,576)	(767,080)
14	<u>LONG TERM DEPOSITS</u>		
	Orix Leasing Pakistan Limited	1,477,200	1,290,200
		1,477,200	1,290,200
15	<u>STORES, SPARES & LOOSE TOOLS</u>		
	Stores	445,311	245,116
	Spares	173,796	204,953
	Loose tools	152,260	84,581
		771,367	534,651
16	<u>STOCK IN TRADE</u>		
	Raw material	20,788,931	6,256,349
	Work in process	3,626,091	1,245,000
	Finished goods	15,948,312	5,369,242
		40,363,334	12,870,591
17	<u>TRADE DEBTORS-UNSECURED</u>		
	Debtors	104,196,763	99,953,072
	Less: Loss Allowance	8,767,091	6,938,582
		95,429,672	93,014,490
17.1	<u>Loss Allowance</u>		
	Opening Balance	6,938,582	6,938,582
	Loss allowance for the year	1,828,509	-
		8,767,091	6,938,582
	Less: Written off during the Year	-	-
		8,767,091	6,938,582
17.2	As at June 30, 2020 no amount was due from associates (2019: Nil).		
18	<u>ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</u>		
	Advances against material (Considered good)	-	2,183,000
	Advances against expenses (Considered good)	362,069	305,558
	Advances to employees (Considered good)	1,493	16,493
	Deposits & prepayments	609,230	609,230
	Deposits against letters of credit/guarantees	406,985	504,925
	Other receivables (Considered good)	79,054	166,073
		1,458,831	3,785,279
19	<u>TAXATION-Net</u>		
	<u>Income Tax</u>		
	Advance Tax	20,927,755	19,858,543
	Provision for taxation	(5,775,690)	(5,051,122)
		15,152,065	14,807,421

		JUNE 30, 2020	JUNE 30, 2019
		Rupees	Rupees
<u>Sales Tax</u>			
Sales Tax receivable		8,762,236	7,885,341
Advance Sales Tax Paid	19.1	-	2,273,659
		23,914,301	24,966,422
19.1 This will adjust against the future liability of the Company.			
20 <u>CASH AND BANK BALANCES</u>			
Cash in hand		81,069	22,164
<u>Cash at banks:</u>			
On Current accounts			
Local Currency		12,572,933	11,189,278
Foreign Currency		59,458	57,227
		12,713,460	11,268,668
21 <u>SALES - Net</u>			
Sales - Local		302,852,399	269,163,588
Sales - Export	21.1	-	1,668,000
		302,852,399	270,831,588
Sales tax		44,881,975	2,318,881
Expenses on exports		-	86,977
Discount Allowed		12,000	-
		44,893,975	2,405,858
		257,958,424	268,425,730
22 <u>COST OF SALES</u>			
Raw material consumed	22.1	148,620,452	161,512,482
Packing drums		2,582,626	3,870,835
Salaries and wages		17,068,028	15,251,656
Carriage inward		1,491,640	2,660,930
Stores, spares and loose tools consumed	22.2	1,745,788	2,555,127
Fuel and power	22.3	16,435,261	16,984,879
Repair and maintenance		3,981,339	1,392,575
Other production expenses		128,144	103,898
Depreciation	11.2	1,550,198	1,166,331
		193,603,476	205,498,713
<u>Work in process</u>			
Opening Stock		1,245,000	1,057,000
Closing Stock		(3,626,091)	(1,245,000)
		(2,381,091)	(188,000)
		191,222,385	205,310,713
<u>Finished goods</u>			
Opening Stock		5,369,242	4,872,320
Closing Stock		(15,948,312)	(5,369,242)
		(10,579,070)	(496,922)
		180,643,315	204,813,791
22.1 <u>Raw material consumed:</u>			
Opening stock		6,256,349	2,994,910
Purchases during the period		193,305,031	167,161,903
Less: Sales Tax		(30,151,997)	(2,387,982)
		163,153,034	164,773,921
		169,409,383	167,768,831
Closing stock		(20,788,931)	(6,256,349)
		148,620,452	161,512,482

		JUNE 30, 2020	JUNE 30, 2019
		Rupees	Rupees
22.2	Stores, spares & loose tools consumed:		
	Opening stock	534,650	605,371
	Purchases during the period	1,982,505	2,484,406
		2,517,155	3,089,777
	Closing stock	(771,367)	(534,650)
		1,745,788	2,555,127
22.3	Fuel & Power consumed:	18,838,414	19,812,306
	Less: Sales Tax	(2,403,153)	(2,827,427)
		16,435,261	16,984,879
23	<u>ADMINISTRATIVE EXPENSES</u>		
	Salaries, wages & benefits	12,783,019	10,050,158
	Directors remuneration	4,800,000	3,771,148
	Electricity, gas & water	332,877	160,380
	Travelling & conveyance	2,790,267	2,894,142
	Repair & maintenance	1,612,012	616,806
	Telephone, telex & postage	940,121	811,836
	Rent, rates & taxes	3,083,848	1,404,344
	Legal & professional charges	127,780	339,179
	Auditor's remuneration - Audit fee	250,000	250,000
	Printing & stationery	607,098	539,381
	Advertisement	85,695	74,400
	Entertainment	830,123	770,636
	Insurance	616,324	616,101
	Medical	1,230	1,695
	Loss Allowance for the year	1,828,509	-
	Subscription	600,399	920,063
	News papers & periodicals	72,120	35,120
	Depreciation	2,697,192	2,052,462
	Miscellaneous	261,804	671,540
		34,320,418	25,979,391
23.1	Auditors' remuneration		
	Audit fee	250,000	250,000
	Certification and reviews	-	-
	Total Auditors' remuneration	250,000	250,000
24	<u>SELLING & DISTRIBUTION COSTS</u>		
	Staff salaries & benefits	6,819,564	6,680,415
	Electricity, gas & water	103,056	144,397
	Travelling & conveyance	985,021	1,173,963
	Repair & maintenance	287,933	358,436
	Rent, rates & taxes	1,102,690	993,984
	Laboratory/testing expenses	137,597	7,347
	Telephone, telex & postage	106,068	106,247
	Carriage and cartage	1,320,824	1,781,684
		10,862,753	11,246,473
25	<u>OTHER OPERATING INCOME</u>		
	Profit on Sale of fixed assets	499,356	760,162
	Exchange Gain	2,231	9,441
	Sale of scrap	61,756	61,056
		563,343	830,659
26	<u>OTHER OPERATING EXPENSES</u>		
	Workers Profit Participation Fund	1,410,970	1,257,723
	Workers Welfare Fund	602,140	477,935
		2,013,110	1,735,658

	JUNE 30, 2020	JUNE 30, 2019
27 <u>FINANCE COST</u>		Rupees
Bank charges	200,163	131,948
Mark-up on loans	1,822,838	1,415,415
Mark-up on loans from Directors	1,315,207	-
Leasing charges	1,137,669	514,909
	4,475,877	2,062,272
28 <u>TAXATION</u>		
Current year		
For the year	7,739,350	6,887,372
prior year	(1,963,660)	(1,836,250)
	5,775,690	5,051,122
Deferred		
Deferred Tax (Income) / Expense	(588,495)	(285,775)
	5,187,195	4,765,347

28.1 Corporate tax rate applicable for the year is 29% (2019: 29%).

28.2 Management assessment of sufficiency of current tax provision

28.2.1 It is management's assessment that the provision for taxation made in the financial statements is sufficient.

	2019	2018	2017
28.2.2 Comparison of Tax Provision with Tax Assessment			
		Rupees	
Tax Provision as per Accounts	6,887,372	5,869,558	2,098,547
Tax Assessment	4,923,712	4,033,308	1,522,312
(Under)/ over Provision	1,963,660	1,836,250	576,235

28.3 Relationship between tax expense and accounting profit

Profit before tax	26,206,294	23,418,804
Tax at the applicable rate of 29% (29%)	7,599,825	6,791,453
Effect of Final Tax Regime	-	(467,040)
Prior Year Tax Provision	(1,963,660)	(1,836,250)
Others	139,525	277,183
	5,775,690	4,765,346

29 STAFF RETIREMENT BENEFITS

29.1 Provident Fund

	Audited	Audited
(i) Size of fund	31,885,837	37,206,195
(ii) Cost of investments	31,555,436	21,357,300
(iii) Percentage of investments made	99%	57.4%
(iv) Fair value of investments	31,555,436	21,357,300
Break up of investments at fair value		
Defence Saving Certificates	-	21,357,300
Balance At Saving Account	31,555,436	-
	31,555,436	21,357,300

30 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

	2020			2019	
	Chief Executive	Directors	Executives	Chief Executive	Directors
Managerial remuneration	967,740	2,129,028	955,108	853,804	1,579,188
Allowances:					
- House rent	435,480	958,068	429,792	384,212	710,640
- Utilities	96,780	212,904	95,513	85,384	157,920
Provident Fund					
Employer Contribution to PF	96,780	212,904	95,513	85,384	157,920
	1,596,780	3,512,904	1,575,926	1,408,784	2,605,668
Number of Persons	1	2	1	1	2

30.1 The Chief Executive, director and executives are provided with free use of Company maintained Cars in accordance with their entitlements.

30.1 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

31 TRANSACTION WITH RELATED PARTIES

Related parties and associated undertaking comprise related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

Short Term Loan From Directors	17,000,000	-
Payment of Short Term Lease to Director	(1,519,632)	-
Payment of Short Term Lease to Sardar Chemical Industries (Pvt.) Ltd.	(796,020)	-
Payment of Interest to Directors	(1,315,207)	-

Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Sr. No.	Party Name	Relationship	Aggregate % of Shareholding
1	Sardar Industries (Pvt.) Ltd	Common Management	-

32 CAPACITY AND PRODUCTION

Production in manufacturing units:

	2020	2019
Rated Capacity (M.Tons) on 360 days basis	660	660
Actual production (M. Tons)	230	347
Percentage of production	35%	53%

32.1 PRODUCTION

Under 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.

33 EARNING PER SHARE

Net profit/(Loss) for the year	21,019,099	18,653,457
Number of ordinary shares issued	6,000,000	6,000,000
Earnings per share- Basic and diluted	3.50	3.11

34 NUMBER OF EMPLOYEES**34.1 Number of Employees at June 30**

	2020	2019
Permanent	99	101
Temporary	9	9
	108	110

This included 75 (2019: 84) number of factory employees.

Average Number of Employees during the year

Permanent	105	104
Temporary	8	8
	113	112

35 Financial assets and liabilities

	Effective interest rates(%)	INTEREST BEARING						NON INTEREST BEARING						Total	
		Maturity up to one year		Maturity after one year		Sub total		Maturity up to one year		Maturity after one year		Sub total			
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019		
Financial assets:															
At Amortised Cost															
Long term deposits		-	-	-	-	-	-	-	-	1,477,200	1,290,200	1,290,200	1,457,600	1,290,200	1,457,600
Trade debts		-	-	-	-	-	-	95,429,672	93,014,490			93,014,490	79,915,888	93,014,490	79,915,888
Advances, deposits, prepayments & other receivable		-	-	-	-	-	-	689,777	791,796	769,054	2,993,483	3,785,279	1,252,073	3,785,279	1,252,073
Cash & banks		-	-	-	-	-	-	12,713,460	11,268,668			11,268,668	21,543,007	11,268,668	21,543,007
		-	-	-	-	-	-	#####	#####	2,246,254	4,283,683	#####	#####	109,358,638	#####
Financial liabilities:															
At Amortised Cost															
Lease Liabilities	See Note No 5	1,453,422	999,338	6,109,157	5,849,722	7,562,579	6,849,060							7,562,579	6,849,060
Short term finance	See Note No.8.1 and 8.2	17,058,518	14,357,932	-	-	17,058,518	14,357,932							17,058,518	14,357,932
Creditors, accrued & other liabilities		-	415,098	-	-	-	415,098	11,314,459	6,800,722			11,314,459	6,800,722	11,314,459	7,215,820
Commitments		-	-	-	-	-	-							-	-
		18,511,940	15,772,368	6,109,157	5,849,722	24,621,097	21,622,090	11,314,459	6,800,722	-		11,314,459	6,800,722	35,935,556	28,422,812

34.1 Financial risk management

34.1.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

a) 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.

Credit risk of the Company arises from deposits with banks, trade debts, loans and advances and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. 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 based on customer credit history.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to the statement of profit or loss.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit as mentioned in note 9 to the financial statements.

The table below analysis the contractual maturities of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

Carrying Amount/Contractual Cash Flows	Les than 1 year	Above 1 year
Rs.	Rs.	Rs.

At June 30, 2020

Lease Liabilities	7,562,579	7,562,579	1,453,422	6,109,157
Short term finance	17,058,518	17,058,518	17,058,518	-
Creditors, accrued & other liabilities	11,589,528	11,589,528	11,589,528	-

At June 30, 2019

Lease Liabilities	6,849,060	6,849,060	999,338	5,849,722
Short term finance	14,357,932	14,357,932	14,357,932	-
Creditors, accrued & other liabilities	6,800,722	6,800,722	6,800,722	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

c) Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price risk.

i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial assets include Rs .059 million (2019: Rs .057 million) which were subject to currency risk.

Rupees per USD	2020	2019
Average Rate	157.11	136.39
Reporting date rate	166.55	160.30

Sensitivity Analysis

At June 30, 2020, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 0.059 million (2019: Rs 0.058 million) lower/higher.

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no long term interest bearing financial assets whose fair value or future cash flows will fluctuate because of changes in market interest rates. Financial liabilities include balances of Rs 24.62 million (2019: Rs 21.21 million) , which are subject to interest rate risk. Applicable interest rates for liabilities have been indicated in respective notes.

Sensitivity analysis

At June 30, 2020, if interest rates had been 1% higher/lower with all other variables held constant, profit after tax for the year would have been Rs .25 million (2019: Rs .21 million) higher/lower, mainly as a result of higher/lower interest income/expense from these financial assets and liabilities.

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

34.2 Capital risk management

The Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders. There was no change to the Company's approach to the capital management during the year and the company is not subject to externally imposed capital requirement.

c Fair value of financial assets:-

The carrying values of financial assets and liabilities approximate their fair value.

36 EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date which may require adjustments and/or disclosure in these financial

37 CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However no significant reclassification have been made.

38 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The business units of the Company includes the following:

Business unit	Location
Plant	Plot.No.29-B, Road No.01 Gadoon Amazai,Industrial Estate,Topi,Ganduf Road,Sawabi(K.P.K)
Marketing and Sales Office Lahore	2-A,2nd Floor, Canal Bank Road, Justice Sardar Iqbal Road, Aziz Avenue, Gulberg-V, Lahore, Pakistan
Marketing and Sales Office Faisalabad	2nd Floor Ismail Manzil Satyana Road Faisalabad, Pakistan
Marketing and Sales Office Sialkot	Main Defence Road, Fateh Garh, Sialkot City, Pakistan
Marketing and Sales Office Karachi	Shop No. 11, Chemical Market, Sector 7-A, Korangi Industrial Area, Karachi, Pakistan

39 IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. The company's operations were affected as company remained close during one month period. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the company started its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

40 DATE OF AUTHORIZATION

These financial statements were authorize for issue on October ,02,2020 by the board of directors of the company.

41 GENERAL

- Figures have been rounded off to the nearest rupee.


Chief Executive Officer


Chief Financial Officer


Director

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company

SARDAR CHEMICAL INDUSTRIES LIMITED

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

30-06-2020

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
78	1	100	5,027
1,438	101	500	702,381
74	501	1,000	72,300
124	1,001	5,000	362,292
13	5,001	10,000	107,200
5	10,001	15,000	72,400
6	15,001	20,000	109,000
1	20,001	25,000	20,200
2	25,001	30,000	55,000
3	35,001	40,000	113,100
1	40,001	45,000	41,000
1	45,001	50,000	50,000
1	60,001	65,000	62,000
1	90,001	95,000	92,000
2	95,001	100,000	195,400
1	100,001	105,000	102,000
1	105,001	110,000	109,000
1	110,001	115,000	114,000
3	140,001	145,000	424,050
1	205,001	210,000	208,000
1	245,001	250,000	249,000
1	290,001	295,000	291,500
1	495,001	500,000	500,000
1	535,001	540,000	536,900
1	655,001	660,000	656,250
1	745,001	750,000	750,000
1,763			6,000,000

2.3 Categories of Shareholders**Shares Held****Percentage**2.3.1 Directors, Chief Executive Officer,
and their spouse and minor children

1,562,600

26.0433%

2.3.2 Associated Companies,
undertakings and related
parties. (Parent Company)

0

0.0000%

2.3.3 NIT and ICP

200,800

3.3467%

2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	2,887	0.0481%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	20,200	0.3367%
2.3.7 Shareholders holding 10% or more	1,406,250	23.4375%
2.3.8 General Public		
a. Local	4,038,812	67.3135%
b. Foreign	15,000	0.2500%
2.3.9 Others (to be specified) Joint Stock Companies	159,701	2.6617%

SARDAR CHEMICAL INDUSTRIES LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2020

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

Mutual Funds (Name Wise Detail) - -

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

1	SARDAR MAHMOOD SADIQ	500,000	8.3333%
2	SARDAR AYAZ SADIQ (CDC)	750,000	12.5000%
3	MRS. TAYYABAH MAHMOOD SADIQ	249,000	4.1500%
4	MRS. REEMA AYAZ (CDC)	62,000	1.0333%
5	MR. FAYYAZ AHMED KHAN.	1,000	0.0167%
6	MR. AITZAZ AHMED TARAR	600	0.0100%
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: 23,087 0.3848%

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

S. No.	NAME	HOLDING	%AGE
1	SARDAR AYAZ SADIQ (CDC)	750,000	12.5000%
2	MR. AITZAZ MUNAWAR	656,250	10.9375%
3	SARDAR AHMAD AYAZ SADIQ (CDC)	536,900	8.9483%
4	SARDAR MAHMOOD SADIQ	500,000	8.3333%

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:

اطلاع برائے سالانہ اجلاس عام

تمام متعلقہ افراد کو بذریعہ ہذا مطلع کیا جاتا ہے کہ سردار کیمیکل انڈسٹریز لمیٹڈ کا 31 واں سالانہ اجلاس عام اس کی فیکٹری اور رجسٹرڈ آفس پلاٹ نمبر B-29، گدون امازئی انڈسٹریل اسٹیٹ، ٹوپی ضلع صوابی، خیبر پختونخواہ میں 27 اکتوبر 2020 بروز منگل 3:30 بجے مندرجہ ذیل کاروبار کی انجام دہی کے لئے منعقد ہوگا۔

- ۱۔ پچھلے اجلاس عام منعقدہ 28 اکتوبر 2019 کی کاروائی کی توثیق۔
 - ۲۔ 30 جون 2020 کو ختم شدہ سال کے لئے آڈٹ شدہ حسابات اور اس کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی اور ان پر غور کی منظوری۔
 - ۳۔ اگلے سال 30 جون 2021 کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین کرنا۔
- مخصوص کاروبار:

- ۱۔ چیف ایگزیکٹو کی ماہانہ تنخواہ 2,25,000 روپے کرنے کی تجویز ہے۔
- ۲۔ کمپنی ایکٹ 2017 کے سیکشن (3) 134 کے مطابق مخصوص کاروبار کی تفصیل سالانہ میٹنگ کے نوٹس کے ساتھ جملہ حصہ داران کو بھجوا رہے ہیں۔

دیگرامور:

صاحب صدر کی اجازت سے کسی بھی دیگر امور کی انجام دہی۔

نوٹس:

بورڈ کی اجازت سے

مورخہ یکم اکتوبر 2020

کمپنی سیکرٹری

لاہور

- 1۔ کمپنی کی شیئر ٹرانسفر بکس 21 اکتوبر تا 27 اکتوبر 2020 (بشمول دونوں دن) بند رہیں گی۔
- 2۔ ممبران کے پتے میں ہونے والی کسی بھی تبدیلی سے متعلق فوری طور پر کمپنی کے شیئر رجسٹرار میسرز کارپ لنک لاہور کو مطلع فرمائیں۔
- 3۔ انفرادی ممبران سے گزارش ہے کہ اپنے کمپیوٹر انٹرنیٹ کی شناختی کارڈ کی نقل شیئر رجسٹرار کے پاس جلد از جلد جمع کروادیں۔
- 4۔ جن جن حصہ داران نے اپنا IBAN کمپنی کو مہیا نہیں کیا، ان کو چاہیے کہ جلد از جلد اپنے IBAN اور بینک کا نام، بینک کی برانچ اور بینک کا ایڈریس کمپنی کو ارسال کر دیں۔
- 5۔ میٹنگ میں شرکت کا مجاز ممبر کسی دوسرے شخص کو اپنا پراسی مقرر کر سکتا ہے۔
- 6۔ بذریعہ پراسی میٹنگ میں شرکت کے مجاز کاغذات باقاعدہ تصدیق شدہ کمپنی کے دفتر میں کم از کم 45 گھنٹے میٹنگ ٹائم سے پہلے جمع کرانے ضروری ہیں۔
- 7۔ جو ممبران CDC کے ممبر ہیں وہ SECP کی ہدایات کے مطابق عمل کریں۔
- 8۔ SECP کے نوٹیفیکیشن نمبر 2014(1)634 مورخہ 10 جولائی 2014 کمپنی کے حسابات 30 جون 2020 کو ختم شدہ سال کی سالانہ

رپورٹ کمپنی کی ویب سائٹ www.sardarchem.net پر بھی ملاحظہ کی جاسکتی ہے۔

9۔ وہ حصہ داران جو کمپنی کے مالیاتی رپورٹس ای میل کے ذریعے وصول کرنے کے خواہش مند ہوں اپنی رضامندی فارم جو کہ ہماری ویب سائٹ پر موجود ہے، پُر کر کے کمپنی کے شیئر رجسٹرار میسرز کارپ لنک کو ارسال کریں۔

A۔ اجلاس میں شرکت کے لئے:

- (۱) انفرادی CDC شیئر ہولڈر اور ذیلی اکاؤنٹ ہولڈر اپنی شناخت اصل شناختی کارڈ یا پاسپورٹ دکھا کر میٹنگ میں شرکت کر سکتا ہے۔
- (۲) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نامزد فرد (جو کارپوریٹ ادارے کی جانب سے شرکت اور ووٹ دینے کا مجاز ہو) کے دستخط کا نمونہ پراسی فارم کے ہمراہ دفتر کو جمع کراوانا ضروری ہے۔

B۔ پراسیز کے تقرر کے لئے:

- (۱) افراد کی صورت میں، اکاؤنٹ ہولڈر اور / یا فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور جن کی رجسٹریشن کی تفصیلات قواعد کے مطابق مندرج ہیں وہ مندرجہ بالا ضابطے کے مطابق پراسی فارم جمع کرائیں گے۔
- (۲) پراسی فارم پر دو افراد کی گواہی لازمی ہے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج کیے جائیں گے۔
- (۳) بینفیشل مالکان اور پراسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول پراسی فارم کے ساتھ منسلک کی جائیں گی۔
- (۴) پراسی اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ اجلاس کے وقت پیش کریں گے۔
- (۵) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی، بمعہ نامزد فرد (جو کارپوریٹ ادارے کی جانب سے اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو) کے دستخط کا نمونہ، پراسی فارم کے ہمراہ کمپنی کو جمع کروانا لازمی ہے۔

C۔ SECP کے سرکلر نمبر 10 کا 2014 مورخہ 21 مئی 2014 کے بموجب ممبران ویڈیو کانفرنس کی سہولت کے ذریعے اجلاس عام میں شرکت کرنے کے خواہشمند کے پاس کمپنی کے حصص کا 10 فیصد ہونے کی صورت میں کمپنی کے اجلاس سے 10 دن پہلے (اگر اُس شہر میں ویڈیو کانفرنس کی سہولت موجود ہو تو) مطلع کریں۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے مطابق مخصوص کاروبار کی تفصیل:

مخصوص کاروبار کی تفصیل جس کی اجازت کمپنی کے حصہ داران سے کمپنی کے سالانہ اجلاس مورخہ 27 اکتوبر 2020 کو لینا مقصود ہے۔

- ۱۔ چیف ایگزیکٹو کی تنخواہ -/2,25,000 روپے ماہانہ کرنے کی تجویز ہے۔
- "ہم کمپنی کے چیف ایگزیکٹو کو مبلغ -/2,25,000 روپے ماہانہ تنخواہ دینے کی اجازت دیتے ہیں"
- اوپر بیان شدہ مخصوص کاروبار میں کسی بھی ڈائریکٹر کا مفاد نہیں ہے۔

ٹرانسفر پرائسنگ:

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

بیلنس شیٹ کے بعد حالات:

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

پروایڈنٹ فنڈ:

30 جون 2020 کو پروایڈنٹ فنڈ میں مبلغ 31,885,837 روپے تھے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز اسلم ملک اینڈ کمپنی کو اہلیت کی بنیاد پر آڈٹ کمیٹی نے ان کو دوبارہ برائے سال 30 جون 2021 کمپنی کا آڈیٹر مقرر کرنے کی سفارش کی ہے۔

کمپنی کے حصہ داران کی تفصیل:

کمپنی کے حصہ داران کی تفصیل مورخہ 30-6-2020 منسلک ہے۔ کمپنی کے ڈائریکٹرز، کمپنی سیکرٹری اور ان کے افراد خانہ میں سے کسی نے بھی کمپنی کے حصص کا کاروبار نہیں کیا۔

پروڈکشن:

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

کوڈ آف کارپوریٹ گورننس سے ہم آہنگی:

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

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

کی تبدیلیوں کو واضح انداز میں پیش کیا گیا ہے۔

☆ کمپنی کے اکاؤنٹ بکس درست انداز میں برقرار رکھے گئے ہیں۔

☆ مالیاتی گوشواروں اور اکاؤنٹنگ بیانات کی تیاری مناسب اور محتاط انداز کی بنیاد پر متعلقہ اکاؤنٹنگ پالیسیز کے تحت کی گئی ہے۔

☆ فنانشل اسٹیٹمنٹس کی تیاری پاکستان میں لاگو انٹرنیشنل اکاؤنٹنگ کے معیاروں کے مطابق کی گئی ہے اور اس سے کسی طرح کے

انحراف کو باقاعدہ واضح کیا گیا ہے۔

☆ انٹرل کنٹرول کا سسٹم بہترین ہے اور اس پر بہترین انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔

☆ کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک و شبہ کی کوئی گنجائش نہیں ہے۔

☆ PSX کے رول بک میں مفصل کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔

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

تشکر:

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

فیاض احمد خان

ڈائریکٹر

سردار محمود صادق

چیف ایگزیکٹو

مورخہ یکم اکتوبر 2020

لاہور

ڈائریکٹرز رپورٹ برائے سال ختم شدہ 30 جون 2020

بورڈ آف ڈائریکٹرز آف سردار کیمیکل انڈسٹریز لمیٹڈ اپنی رپورٹ برائے سال ختم شدہ 30 جون 2020 بشمول کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

مالیاتی نتائج کا مختصر جائزہ:

2019	2020	
	(ہزاروں میں)	
268,426	257,968	بکری صافی
63,612	77,315	ناخالص منافع
23,419	26,206	خالص منافع ٹیکس کے بغیر
18,653	21,019	خالص منافع ٹیکس کے بعد
3.11	3.50	فیصد کمائی

امسال ہماری بکری پچھلے سال کی نسبت روپوں میں 4% کم رہی۔ جیسا کہ آپ سب کے علم میں ہے کہ کس طرح سے ساری دنیا اور ہمارا ملک کرونا وائرس سے متاثر ہوا ہے۔ بکری میں کمی اسی وجہ سے ہے۔

ڈالر ریٹ کے بے شمار اضافے کی وجہ سے ہمارا درآمد شدہ خام مال کی قیمتیں بے شمار بڑھ گئیں۔ جس کی وجہ سے ہماری انڈسٹری کو بہت زیادہ مشکلات کا سامنا رہا۔

گورنمنٹ نے بجلی اور سوئی گیس کے نرخوں میں بھی بے شمار اضافہ کر دیا جس نے ہماری مصنوعات کی پیداواری لاگت کو بہت زیادہ بڑھا دیا جبکہ مارکیٹ کرونا وائرس کی وجہ سے بے حال تھی اور اس اضافے کو برداشت نہیں کر سکی۔ اس کے باوجود ہم امید رکھتے ہیں کہ حالات بہتر ہو جائیں گے اور مارکیٹ ہماری مصنوعات کی قیمت میں اضافہ کو برداشت کرنے کے قابل ہو جائے گی۔

مستقبل کا امکان:

مارکیٹ میں ہمیں چھوٹے چھوٹے رنگ بنانے والوں اور کمرشل امپورٹرز سے مقابلہ کرنا ہوتا ہے لیکن ہم اپنے نام تجربہ، معیار اور وقت پر سپلائی کرنے کی وجہ سے کامیاب رہتے ہیں۔

ڈیویڈنڈ:

مارکیٹ میں ڈالر کا ریٹ بہت زیادہ بڑھ جانے کی وجہ سے اور گورنمنٹ کی طرف سے زیورینڈ سہولت ختم ہونے کی وجہ سے کمپنی کو اپنے پاس وافر مقدار میں کیش رکھنا پڑے گا، جس کی وجہ سے ڈائریکٹرز نے امسال ڈیویڈنڈ نہ دینے کا فیصلہ کیا ہے۔

آڈٹ کمیٹی:

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

HR & R

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

ڈائریکٹرز ٹریننگ پروگرام:

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

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 Registrar , CorpLink (PVT) Ltd, Wings Arcade, 1-K, Commercial, 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 31th Annual General Meeting of the Company to be held on 27th October, 2020

..... and at any adjournment thereof.

Date

Signatures