

# Annual Report **2022**



**Sardar**  
Chemical Industries Limited



ISO 9002 CERTIFIED



**ANNUAL REPORT 2022**

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**COMPANY INFORMATION**

CHIEF EXECUTIVE	Sardar Mahmood Sadiq
DIRECTORS	Mr. Shahid Aziz (NIT Nominee) Mr. Niaz Ahmed Chughtai Mr. Fayyaz 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, 2 <sup>nd</sup> Floor, Canal Bank Road, Justice Sardar Iqbal Road, Aziz Avenue, Gulberg-V, Lahore, Pakistan. Ph: (042) 35711154,35710148

Fax: (042) 35775706

E-Mail:

info@sardarchemicals.com

Web:

[www.sardarchemicals.com](http://www.sardarchemicals.com)

#### REGISTERED OFFICE/ FACTORY

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

Gadoon Amazai, industrial Estate,

Topi, Ganduf Road, Swabi (NWFP)

Ph: (0938) 270792, 270439, 270539

Fax: (0938) 270791

#### REGISTRAR/TRANSFER AGENT

CorpLink (PVT) Ltd, Wings Arcade,

1-K, Commercial, Model Town, Lahore

Ph: 042-35916714, 35916719

Fax: 042-35839182

**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**NOTICE OF ANNUAL GENERAL MEETING**

**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**NOTICE OF ANNUAL GENERAL MEETING**

The 33<sup>rd</sup> 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 Friday 28<sup>th</sup> October 2022, at 03:30 P.M. to transact the following business: -

**ORDINARY BUSINESS**

1. To confirm the minutes of 32<sup>nd</sup> Annual General Meeting held on 26<sup>th</sup> October 2021.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2022, together with the Directors' and Auditors' report thereon.
3. To appoint Auditors for the year ended June 30, 2023, and fix their remuneration.
4. To transact any other ordinary business with the permission of the Chair.

**SPECIAL BUSINESS**

1. To enhance the remuneration of the Director.
  - i. Working Director (Female) to Rs. 200,000/- P.M.

A statement of material fact 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 business with the permission of the chair.

Lahore  
7<sup>th</sup> October, 2022

By Order of the Board  
Company Secretary

**Notes:**

- I. The Share Transfer Books of the Company will remain closed from 22-10-2022 to 28-10-2022 (both days inclusive).
- II. The members are requested to notify immediately the change in their address if any.
- III. Members who have not yet submitted their attested copy of their Computerized National Identity Card to the Company are requested to send the same at their earliest.
- IV. The members are requested to intimate Title of Bank Account, Bank Account IBAN (24 digits), Bank Name, Bank Branch Name, Complete Address of Bank Branch and Code of Bank Branch etc.
- V. 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.
- VI. 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 the Company at least 45 hours before the time of the meeting.
- VII. Members who have deposited their shares into CDC will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
- VIII. In compliance with the SECP Notification No. 634(1) Dated 10-07-2014, the financial statements and reports of the Company for the year ended June 30, 2022 have been placed on the Company's website [www.sardarchemicals.com](http://www.sardarchemicals.com)

- IX. Shareholders who wish to receive Company's Financial Report via email should submit their consent form, that is available on our website, fill it and send it to Company's share Registrar i.e. M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.
- X. According to SECP circular No. 5 of 2020, members can also share their comments/ suggestions on the above agenda on Whatsapp number 0300-8429502 or by email at [nac.blacksmith@gmail.com](mailto:nac.blacksmith@gmail.com)

**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 28<sup>th</sup> October, 2022.

- I. To enhance the remuneration of the Director.  
Working Director (Female) to Rs. 200,000/- P.M.  
Resolved that the remuneration payable to the Working Director (Female) of the Company be and is hereby increased to Rs. 200,000/- (Two Hundred Thousand Only).  
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 employee's 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 Directors of **SARDAR CHEMICAL INDUSTRIES LIMITED** are pleased to present their annual report along with audited financial statements of the Company for the year ended on June 30, 2022.

### **RESULTS FOR THE YEAR ARE SUMMARIZED AS UNDER:**

	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b>(Rupees in thousands)</b>	
Sales-Net	412,690	340,495
Gross Profit	104,106	112,250
Profit/(Loss) before taxation	40,355	53,986
Profit/(Loss) after taxation	29,050	38,870
Earnings per share (Rs.)	4.84	6.48

There is an increase in net sales of 21% as compared to the last year. Our Dyes are for the Textile, dying, printing and leather products. In addition to the dyes, we are also producing optical brighteners for the textile industries in powder and liquid form.

Due to drastic increase of the USD versus the Pakistani Rupee, Utilities, Transportation, Freight of Raw Material and international increase in the rate of Raw Material itself, we have to increase prices of our products very carefully. The increase in the price of our product was not received well and we were unable to increase our sales in Kgs as compared to the previous years, but increase in sales in Rupees was seen.

The imposition of Sales Tax regime for the five export sectors increased our working capital requirement.

### **FUTURE PROSPECTS**

We are hopeful to maintain our profitability although we are facing tough competition from under invoicing and misdeclaration of imported finished products.

### **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 Rupee has depreciated tremendously.

### **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 five 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.

During the year Sardar Ayaz Sadiq resigned from the Board of Directors and Niaz Ahmed Chughtai the Company Secretary filled the casual vacancy.

### **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 five Board meetings were held, to discuss adopt and approve the accounts, appointment of Auditors of the Company and other matters of the Company.

### **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 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, compensation (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 positions.

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

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

Mukhtar Ahmed Tarar General Manager is a non-Director member of the HR & R Committee.  
Few meetings were 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 have sufficient related qualification.

#### **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 declared by the SECP.

#### **POST BALANCE SHEET EVENTS**

There has been no event subsequent to the balance sheet date 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. 12,021,363/- as on 30<sup>th</sup> June, 2022.

#### **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, 2023. As their name exists in the QC list and in Audit Oversight.

#### **PATTERN OF SHAREHOLDING**

The pattern of shareholding of the Company as on 30-06-2022 is annexed. The directors, Company Secretary and their spouse and minor children have made no transactions in the Company's shares during the year.

#### **PRODUCTION**

We have to keep a range of approximately 60 products in our inventory as customers demand a complete range of products and if one or two products are not available, they go to the traders selling imported products.

Demand of products cannot be predicted fully as colors and shades keep on changing so ample Raw Material and Finished Products have to be available at all times.

#### **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.

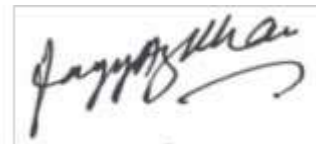
#### **ACKNOWLEDGEMENT**

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

On behalf of the Board



**SARDAR MAHMOOD SADIQ**  
Chief Executive



**FAYYAZ AHMED KHAN**  
Director

Dated: October 7<sup>th</sup>, 2022  
Place: Gadoon Amazai

KEY OPERATING & FINANCE DATA FOR LAST SIX YEARS						
PARTICULARS	2022	2021	2020	2019	2018	2017
Net Sales	412,689,780	340,494,701	257,958,424	268,425,730	204,826,170	190,662,109
Gross Profit	104,106,325	112,250,430	77,315,109	63,611,939	52,861,202	38,720,676
Operating Profit/(Loss)	47,625,793	60,381,963	32,131,938	26,386,074	17,408,134	8,671,615
Profit/(Loss) before tax	40,354,580	53,986,242	26,206,294	23,418,804	15,189,464	6,769,507
Profit/(Loss) after tax	29,049,712	38,870,076	21,019,099	18,653,457	10,562,283	3,955,224
Paid - up Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Net Worth	227,503,886	201,454,174	141,529,606	141,529,606	128,268,642	116,849,259
<b>FINANCIAL POSITION</b>						
Fixed assets net	35,245,588	39,441,695	27,850,172	27,412,168	20,282,803	19,476,138
Total assets	317,751,705	242,051,225	205,333,913	175,909,550	151,936,723	139,533,354
Long term liabilities	14,413,905	17,955,114	6,109,157	5,849,722	2,425,960	1,334,285
<b>RATIOS</b>						
Gross Profit	25.23%	32.97%	29.97%	23.70%	25.81%	20.31%
Profit/(Loss) before tax	9.78%	15.86%	10.16%	8.72%	7.42%	3.55%
Profit/(Loss) after tax	7.04%	11.42%	8.15%	6.95%	5.16%	2.07%
<b>RETURN TO SHAREHOLDER</b>						
ROCE before Tax	22.51%	26.11%	6.20%	16.54%	11.92%	5.79%
ROCE after Tax	14.55%	19.22%	12.93%	13.18%	8.29%	3.38%
Earning per share	4.84	6.48	3.50	3.11	1.76	0.66
<b>LIQUIDITY/LEVERAGE</b>						
Current Ratio	3.63	8.644	4.77	5.13	6.03	5.63
Break up Value Per Share	37.92	33.58	22.10	18.59	16.24	14.47
Total Liabilities to Equity (times)	1.40	0.83	0.55	0.24	0.19	0.19
<b>ACTIVITY</b>						
Sales to total assets	1.30	1.41	1.26	1.53	1.35	1.37
Sales to fixed assets	11.71	8.63	9.26	9.79	10.10	9.79

## Statement of Compliance

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

**Name of company:** Sardar Chemical Industries Limited

**Year ending:** June 30, 2022

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. Mr. Niaz Ahmed Chughtai
Female Director	3. Mrs. Tayybah Mahmood Sadiq
NIT Nominee	1. Mr. Shahid Aziz

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. 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><b>Chairman:</b> Mr. Aitzaz Ahmed Tarar (Independent Director)</p> <p><b>Members:</b> Mrs. Tayybah Mahmood Sadiq Mr. Fayyaz Ahmed Khan</p>
HR & Remuneration Committee	<p><b>Chairman:</b> Mrs. Tayybah Mahmood Sadiq</p> <p><b>Members:</b> 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, 2022. 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, 2022
HR & Remuneration Committee	One meeting was held during the financial year ended June 30, 2022

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 7, 2022.  
Place: Gadoon Amazai

  
**SARDAR MAHMOOD SADIQ**  
Chief Executive

  
**FAYYAZ AHMED KHAN**  
Director



**Aslam Malik & Co**  
Chartered Accountants  
Member Firm of UK 200 Group  
Building Better Together (Est.1971)

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**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**To the members of Sardar Chemical Industries**

**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 Chemicals Industries Limited** for the year ended 30 June 2022 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 2022.

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

*Aslam Malik*

**Chartered Accountants**

**Place: Lahore**

**Date: October 07, 2022**

**UDIN: CR202210148Fb0LnuDc9**







**Aslam Malik & Co**  
Chartered Accountants  
Member Firm of UK 200 Group  
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## INDEPENDENT AUDITOR'S REPORT

To the members of SARDAR CHEMICAL INDUSTRIES LIMITED  
Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of S.S. SARDAR CHEMICAL INDUSTRIES LIMITED (the Company), which comprise the statement of financial position as at June 30, 2022, 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, 2022 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.



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.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in Our Audit
1.	<p><b>Stock in Trade:</b></p> <p>Refer notes 3.3 and 14 to the financial statements, the Company has stock-in-trade aggregating Rs.93.9 million comprising raw materials, finished goods and work in progress. We identified this area as a key audit matter because stock-in-trade constitutes 4% of the total assets of the Company as at June 30, 2022 and determining an appropriate write down as a result of net realizable value (NRV) involves management judgement and estimation.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> <li>➤ We gained an understanding of the management's process of recording and valuing inventories;</li> <li>➤ Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;</li> <li>➤ Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;</li> <li>➤ Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; and</li> <li>➤ We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.</li> </ul>

#### 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, but does not include the financial statements and our auditor's report thereon.

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, 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



- 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited 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.

  
Chartered Accountants




Place: Lahore

Date: October 07, 2022

UDIN: AR202210148vHsdz0Bun

	Note	JUNE 30, 2022	JUNE 30, 2021
			Rupees
<b><u>ASSETS</u></b>			
<b><u>NON-CURRENT ASSETS</u></b>			
Property, Plant and Equipment	10	35,245,588	39,441,695
Deferred Tax	11	1,171,795	1,134,344
Long term deposits	12	5,863,430	5,757,780
		<b>42,280,813</b>	<b>46,333,819</b>
<b><u>CURRENT ASSETS</u></b>			
Stores, spares and loose tools	13	687,048	888,190
Stock in trade	14	93,994,777	50,481,830
Trade debts	15	140,895,363	113,509,057
Advances, deposits, prepayments and other receivables	16	1,600,002	1,290,252
Taxation- Net	17	17,040,305	16,563,510
Cash and bank balances	18	21,253,397	12,984,567
		<b>275,470,892</b>	<b>195,717,406</b>
		<b>317,751,705</b>	<b>242,051,225</b>

  
Director

**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30,2022**

		JUNE 30, 2022	JUNE 30, 2021
		Rupees	
Sales - Net	19	412,689,780	340,494,701
Cost of sales	20	(308,583,455)	(228,244,271)
<b>Gross profit</b>		<b>104,106,325</b>	<b>112,250,430</b>
Administrative Expenses	21	(44,302,484)	(40,745,353)
Selling & distribution Costs	22	(12,178,048)	(11,123,113)
		(56,480,532)	(51,868,466)
<b>Operating profit for the year</b>		<b>47,625,793</b>	<b>60,381,963</b>
Other Operating Income	23	360,479	1,256,946
Other Operating Expenses	24	(3,040,226)	(4,352,145)
Finance Cost	25	(4,591,466)	(3,300,522)
<b>Profit for the year before tax</b>		<b>40,354,580</b>	<b>53,986,242</b>
Taxation	26	(11,304,869)	(15,116,165)
<b>Profit for the year after tax</b>		<b>29,049,712</b>	<b>38,870,076</b>
Earning per Share- Basic and Diluted	31	4.84	6.48

The annexed notes from 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, 2022**

	JUNE 30, 2022	JUNE 30, 2021
	Rupees	
Profit for the year after tax	29,049,712	38,870,076
Other Comprehensive Income	-	-
<b>Total Comprehensive Income</b>	<b><u>29,049,712</u></b>	<b><u>38,870,076</u></b>

The annexed notes from 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, 2022**

		RESERVES			
PARTICULARS	Share Capital	CAPITAL	REVENUE	TOTAL	Total Shareholders Equity
		Share Premium	Accumulated Profit		
		Rupees			
Balance as at June 30, 2020	60,000,000	30,000,000	72,584,098	102,584,098	162,584,098
Balance as at June 30, 2020	60,000,000	30,000,000	72,584,098	102,584,098	162,584,098
Total Comprehensive income for the year ended June 30, 2020	-	-	38,870,076	38,870,076	38,870,076
Balance as at June 30, 2021	60,000,000	30,000,000	111,454,174	141,454,174	201,454,174
Balance as at June 30, 2021	60,000,000	30,000,000	111,454,174	141,454,174	201,454,174
Final Dividend For The Year 2021			(3,000,000)	(3,000,000)	
Total Comprehensive income for the year ended June 30, 2022	-	-	29,049,712	29,049,712	29,049,712
Balance as at June 30, 2022	60,000,000	30,000,000	137,503,886	167,503,886	230,503,886

The annexed notes from 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 30,2022**

	JUNE 30, 2022	JUNE 30, 2021
	Rupees	
<b>Cash flow from operating activities</b>		
Profit/(loss) before Taxation.	40,354,580	53,986,242
<u>Adjustments for non- cash items:</u>		
Depreciation	6,354,833	5,637,758
Financial Changes	4,591,466	3,300,522
Profit on sale of fixed assets	(294,526)	(1,190,680)
Provision for doubtful debts	-	1,216,643
Workers profit participation fund	2,169,563	2,916,919
Workers welfare fund	867,121	1,218,171
	13,688,457	13,099,333
Profit before Working Capital Changes	54,043,038	67,085,574
<u>Effect of working capital changes:</u>		
Increase in store, spares & loose tools	201,142	(116,823)
Increase in stock in trade	(43,512,947)	(10,118,496)
Increase in trade debts	(27,386,306)	(19,296,028)
Decrease in advances, deposits & prepayment	(309,750)	168,579
Increase/(Decrease) in creditors accrued & other liabilities	5,728,248	(1,258,030)
	(65,279,613)	(30,620,798)
Financial charges paid	(4,591,466)	(3,300,522)
Workers profit participation fund and workers welfare fund paid	(2,902,919)	(1,424,970)
Tax paid	(11,819,114)	(7,544,143)
	(19,313,500)	(12,269,635)
<b>Net cash used in operating activities</b>	<b>A (30,550,075)</b>	<b>24,195,141</b>
<b>Cash flow from investing activities</b>		
Long term deposits	(105,650)	(4,280,580)
Addition in fixed assets Net	(1,207,700)	(680,000)
Sale proceeds of fixed assets	400,000	2,000,000
<b>Net cash generated from investing activities</b>	<b>B (913,350)</b>	<b>(2,960,580)</b>
<b>Cash flow from financing activities</b>		
Repayment of lease obligation	(3,994,459)	(3,087,206)
Proceeds from short term finances	46,000,000	(17,058,517)
Dividend paid	(2,273,286)	(817,731)
<b>Net cash generated from financing activities</b>	<b>C 39,732,255</b>	<b>(20,963,454)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>A+B+C 8,268,830</b>	<b>271,107</b>
<b>Cash &amp; cash equivalents at beginning of the year</b>	<b>12,984,567</b>	<b>12,713,460</b>
<b>Cash &amp; cash equivalents at end of year</b>	<b>21,253,397</b>	<b>12,984,567</b>

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

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**



**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30,2022**

**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 Initial application of a standard, amendment or an interpretation to an existing standard**

**2.2.1 Amendments to published accounting and reporting standards which are effective for the year ended June 30, 2021**

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

**2.2.2 Standard, amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company**

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

**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. 11.

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

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

**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 invoices 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

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**

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:

- Amortized cost where the effective interest rate method will apply;
- fair value through profit or loss;
- 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 and interest.

### 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)

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 assess 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; 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 either:

- 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 fair value hierarchy, as explained above.

### **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 lease liability.

#### **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 lease term.

	JUNE 30, 2022	JUNE 30, 2021
	Rupees	
<b>4 LEASE LIABILITIES</b>		
Future Minimum Lease Payments	21,362,375	25,914,200
Less: Financial charges pertaining to future period	(2,466,361)	(4,080,227)
<b>Present value of minimum lease payments</b>	<b>18,896,014</b>	<b>21,833,973</b>
Less: Current maturity of long term obligation	(4,482,109)	(3,878,859)
	<b>14,413,905</b>	<b>17,955,114</b>

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

	2022		2021	
	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	5,838,780	15,523,595	5,702,100	20,212,100
Less: Un-amortized finance	(1,356,671)	(1,109,690)	(1,823,241)	(2,256,986)
<b>Present value of minimum lease payments</b>	<b>4,482,109</b>	<b>14,413,905</b>	<b>3,878,859</b>	<b>17,955,114</b>

#### GENERAL TERMS AND CONDITIONS OF LEASE

This represents finance lease arrangements entered into with banks to acquire vehicles . Financing rates ranging from 17.92% to 20.86 % (2021: 11.27% to 13.24 % ) per annum, approximately, have been used as discounting factor. Taxes, repairs, replacement and insurance costs are borne by the Company.

#### 5 CURRENT MATURITY

Current maturity of finance lease	4,482,109	3,878,859
	<b>4,482,109</b>	<b>3,878,859</b>

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

#### 6 SHORT TERM FINANCE

Director's Loan	6.1	46,000,000	-
		<b>46,000,000</b>	<b>-</b>

#### 6.2 LOAN FROM DIRECTORS

Sardar Ayaz Sadiq	6.3	19,000,000	-
Sardar Mahmood Sadiq		23,000,000	-
Mrs.Reema Ayaz		4,000,000	-
		<b>46,000,000</b>	<b>-</b>

6.3 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, 2022	JUNE 30, 2021
---------------	---------------

Rupees

**6.4 RECONCILIATION OF DIRECTOR'S LOAN**

Opening Balance	-	17,000,000
Obtained During the year	46,000,000	-
Repayment		17,000,000
Closing Balance	<b>46,000,000</b>	<b>-</b>

**7 CREDITORS , ACCRUED AND OTHER LIABILITIES**

Creditors for goods		6,136,886	1,774,591
Creditors for expenses		67,271	202,443
Accrued expenses		8,200,913	5,807,049
Tax deducted at source		108,375	123,834
Provident Fund Payable	<b>7.1</b>	429,541	377,363
Workers profit participation fund	<b>7.2</b>	2,169,564	2,902,920
Workers welfare fund	<b>7.3</b>	4,450,621	3,583,500
Sales Tax Payable		1,478,415	2,407,873
		<b>23,041,585</b>	<b>17,179,573</b>

**7.1** 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.

**7.2 WORKERS PROFIT PARTICIPATION FUND**

Opening balance	2,902,920	1,410,970
Paid during the year	(2,902,919)	(1,424,970)
Contribution for the year	2,169,563	2,916,919
	<b>2,169,564</b>	<b>2,902,920</b>

**7.3 WORKERS WELFARE FUND**

Opening balance	3,583,500	2,365,329
Contribution for the year	867,121	1,218,172
	<b>4,450,621</b>	<b>3,583,500</b>

**8 UNCLAIMED DIVIDEND**

Opening balance	1,583,505	2,401,236
Final dividend declared	3,000,000	-
Paid during the year	(2,273,286)	(817,731)
	<b>2,310,219</b>	<b>1,583,505</b>

**9 CONTINGENCIES & COMMITMENTS****9.1 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.

**9.2 COMMITMENTS**

The Company has no commitments as at year end.



JUNE 30, 2022 JUNE 30, 2021

Rupees

35,245,588 39,441,695

**10 PROPERTY PLANT AND EQUIPMENT**

10.1	PARTICULARS	COST				DEPRECIATION				W.D.V. AS AT 30/06/2022
		AS AT 01/07/2021	ADDITION/ (DELETION)	TRANSFER/ ADJUSTMENT	AS AT 30/06/2022	RATE %	AS AT 44,378	ADJUSTMENT	FOR THE YEAR	AS AT 30/06/2022
	Land	1,222,152	-	-	1,222,152	-	-	-	-	1,222,152
	Factory Building on Leasehold Land	27,208,559	-	-	27,208,559	10	25,721,862	-	148,670	1,338,027
	Plant & machinery	73,844,004	1,123,200	-	74,967,204	10	61,449,688	-	1,314,312	12,203,204
	Electric installation	1,388,455	-	-	1,388,455	10	1,298,884	-	8,957	80,614
	Furniture & fixture	1,614,125	-	-	1,614,125	10	1,295,223	-	31,890	287,012
	Tools & equipment	3,171,849	-	-	3,171,849	10	2,644,198	-	52,765	474,886
	Vehicles	14,165,890	84,500	943,000	13,307,390	20	11,975,558	(837,526)	433,871	1,735,487
	Electric & gas appliances	268,350	-	-	268,350	10	250,016	-	1,833	16,501
	Laboratory equipment	2,368,869	-	-	2,368,869	25	2,358,292	-	2,644	7,932
		<b>125,252,253</b>	<b>1,207,700</b>	<b>943,000</b>	<b>125,516,953</b>		<b>106,993,721</b>	<b>(837,526)</b>	<b>1,994,943</b>	<b>17,365,815</b>
	<b>Right Of Use Assets</b>									
	Vehicles	27,202,600	1,056,500	-	28,259,100	20	6,019,437	-	4,359,891	17,879,772
		<b>27,202,600</b>	<b>1,056,500</b>	<b>-</b>	<b>28,259,100</b>	<b>20</b>	<b>6,019,437</b>	<b>-</b>	<b>4,359,891</b>	<b>17,879,772</b>
	<b>June 30, 2022</b>	<b>152,454,853</b>	<b>2,264,200</b>	<b>943,000</b>	<b>153,776,053</b>		<b>113,013,158</b>	<b>-</b>	<b>6,354,833</b>	<b>35,245,588</b>
				-				(837,526)		

**10.2 The charge of depreciation has been allocated as under:-**

Cost of sales  
Administrative expenses

JUNE 30, 2022	JUNE 30, 2021
Rupees	
1,465,625	1,505,999
4,889,208	4,131,758
<b>6,354,833</b>	<b>5,637,758</b>

**10.3 No asset was sold to Chief Executive, Directors, Executives and Shareholders during the year.****10.4 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

10.5

PARTICULARS	COST				DEPRECIATION					W.D.V.
	AS AT 01-07-2020	ADDITION/ (DELETION)	TRANSFER/ ADJUSTMENT	AS AT 30-06-2021	RATE %	AS AT 01-07-2020	ADJUSTMENT	FOR THE YEAR	AS AT 30-06-2021	AS AT 30-06-2021
Land	1,222,152	-	-	1,222,152	-	-	-	-	-	1,222,152
Factory Building on Leasehold Land	27,208,559	-	-	27,208,559	10	25,556,673	-	165,189	25,721,862	1,486,697
Plant & machinery	73,229,004	615,000	-	73,844,004	10	60,112,403	-	1,337,285	61,449,688	12,394,316
Electric installation	1,388,455	-	-	1,388,455	10	1,288,931	-	9,952	1,298,884	89,571
Furniture & fixture	1,614,125	-	-	1,614,125	10	1,259,790	-	35,434	1,295,223	318,902
Tools & equipment	3,171,849	-	-	3,171,849	10	2,585,570	-	58,628	2,644,198	527,651
Vehicles	18,866,890	65,000	4,766,000	14,165,890	20	15,394,134	(3,956,680)	538,104	11,975,558	2,190,332
Electric & gas appliances	268,350	-	-	268,350		247,979	-	2,037	250,016	18,334
Laboratory equipment	2,368,869	-	-	2,368,869	10	2,354,767	-	3,526	2,358,292	10,577
	<b>129,338,253</b>	<b>680,000</b>	<b>-</b>	<b>125,252,253</b>		<b>108,800,246</b>	<b>(3,956,680)</b>	<b>2,150,154</b>	<b>106,993,721</b>	<b>18,258,532</b>
Leased assets										
Vehicles	9,844,000	17,358,600		27,202,600	20	2,531,834	-	3,487,603	6,019,438	21,183,162
	<b>9,844,000</b>	<b>18,038,600</b>	<b>-</b>	<b>27,202,600</b>	<b>20</b>	<b>2,531,834</b>	<b>-</b>	<b>3,487,603</b>	<b>6,019,438</b>	<b>21,183,162</b>
<b>June 30, 2021</b>	<b>139,182,253</b>	<b>17,973,600</b>	<b>-</b>	<b>152,454,853</b>	<b>20</b>	<b>111,332,081</b>	<b>(3,956,680)</b>	<b>5,637,758</b>	<b>113,013,158</b>	<b>39,441,695</b>
		65,000					(1,932,356)			

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

	JUNE 30, 2021	JUNE 30, 2020
	Rupees	
Cost of sales	1,505,999	1,550,198
Administrative expenses	4,131,758	2,697,192
	<b>5,637,758</b>	<b>4,247,390</b>

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

10.8 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, 2022**   **JUNE 30, 2021**  
**Rupees**   **Rupees**

**11 DEFERRED TAX**

Deferred Tax

**(1,171,795)**   **(1,134,344)**

**11.1 Deferred Taxation comprises the following**

Deferred Tax Liabilities on Accelerated Depreciation

1,485,270   1,399,743

Deferred Tax Liability on Leased assets

(294,415)   (187,282)

Deferred Tax Asset on provisions

(2,362,650)   (2,346,805)

Effect on Change In Tax Rate

-   -

**(1,171,795)**   **(1,134,344)**

**11.1.1 Deferred Taxation reconciliation**

Opening Balance

(1,134,344)   (1,355,576)

Charge for the year in profit or loss account

(37,450)   221,231

Charge for the year in other comprehensive income

-   -

Closing Balance

**(1,171,795)**   **(1,134,344)**

**12 LONG TERM DEPOSITS**

Security against Leased Assets

5,863,430   5,757,780

**5,863,430**   **5,757,780**

**13 STORES, SPARES & LOOSE TOOLS**

Stores

262,433   536,970

Spares

285,230   185,230

Loose tools

139,385   165,990

**687,048**   **888,190**

**14 STOCK IN TRADE**

Raw material

47,880,013   29,094,560

Work in process

25,019,556   3,839,256

Finished goods

21,095,208   17,548,014

**93,994,777**   **50,481,830**

**15 TRADE DEBTORS-UNSECURED**

Debtors

149,050,588   121,664,282

Less: Loss Allowance

**15.1**   8,155,225   8,155,225

**140,895,363**   **113,509,057**

**15.1 Loss Allowance**

Opening Balance

8,155,225   8,767,091

Provision Loss allowance for the year

-   1,216,643

8,155,225   9,983,734

Less: Written off during the Year

-   1,828,509

**8,155,225**   **8,155,225**

**15.2** As at June 30, 2021 no amount was due from associates (2021: Nil).**16 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Advances against material

209,270   218,506

Advances against expenses

421,009   227,023

Advances to employees

54,993   14,993

Deposits &amp; prepayments

694,230   609,230

Deposits against letters of credit/guarantees

220,500   220,500

Other receivables

-   -

**1,600,002**   **1,290,252**

**17 TAXATION-Net****Income Tax**

Advance Tax

22,726,191   25,687,672

Provision for taxation

(11,342,319)   (14,894,934)

11,383,872   10,792,738

**Sales Tax**

Sales Tax receivable

5,656,433   5,770,772

**17,040,305**   **16,563,510**

	JUNE 30, 2022	JUNE 30, 2021
	Rupees	Rupees
<b>18 CASH AND BANK BALANCES</b>		
Cash in hand	123,169	37,815
<u>Cash at banks:</u>		
On Current accounts		
Local Currency	21,057,975	12,890,468
Foreign Currency	72,253	56,284
	<b>21,253,397</b>	<b>12,984,567</b>
<b>19 SALES - Net</b>		
Sales - Local	481,667,357	395,302,550
Sales - Export	3,790,400	3,074,085
	<b>485,457,757</b>	<b>398,376,635</b>
Sales tax	72,423,265	57,582,621
Expenses on exports	344,712	297,273
Discount Allowed	-	2,040
	<b>72,767,977</b>	<b>57,881,934</b>
	<b>412,689,780</b>	<b>340,494,701</b>
<b>20 COST OF SALES</b>		
Raw material consumed	<b>20.1</b> 256,111,010	165,183,982
Packing drums	6,870,267	5,413,337
Salaries and wages	25,364,911	19,243,925
Carriage inward	2,603,630	1,694,786
Stores, spares and loose tools consumed	<b>20.2</b> 5,226,568	3,135,657
Fuel and power	<b>20.3</b> 24,613,200	19,171,120
Repair and maintenance	10,355,038	14,418,936
Other production expenses	700,699	289,396
Depreciation	<b>20.4</b> 1,465,625	1,505,999
	333,310,949	230,057,138
<u>Work in process</u>		
Opening Stock	3,839,256	3,626,091
Closing Stock	(25,019,556)	(3,839,256)
	(21,180,300)	(213,165)
	312,130,649	229,843,973
<u>Finished goods</u>		
Opening Stock	17,548,014	15,948,312
Closing Stock	(21,095,208)	(17,548,014)
	(3,547,194)	(1,599,702)
	<b>308,583,455</b>	<b>228,244,271</b>
<b>20.1 Raw material consumed:</b>		
Opening stock	29,094,560	20,788,931
Purchases during the period	320,234,991	201,871,715
Less: Sales Tax	(45,338,528)	(28,382,104)
	303,991,023	194,278,542
	303,991,023	194,278,542
Closing stock	(47,880,013)	(29,094,560)
	256,111,010	165,183,982

	JUNE 30, 2022	JUNE 30, 2021
	Rupees	Rupees
<b>20.2</b> Stores, spares & loose tools consumed:		
Opening stock	888,190	771,367
Purchases during the period	5,025,426	3,252,480
	5,913,616	4,023,847
Closing stock	(687,048)	(888,190)
	<u>5,226,568</u>	<u>3,135,657</u>
<b>20.3</b> Fuel & Power consumed:	28,436,862	22,182,618
Less: Sales Tax	(3,823,662)	(3,011,498)
	<u>24,613,200</u>	<u>19,171,120</u>
<b>21</b> <u>ADMINISTRATIVE EXPENSES</u>		
Salaries, wages & benefits	15,300,390	15,113,530
Directors remuneration	7,400,000	5,600,000
Electricity, gas & water	692,952	677,934
Travelling & conveyance	3,168,461	2,828,715
Repair & maintenance	2,659,081	1,659,181
Telephone, telex & postage	1,248,962	1,220,216
Rent, rates & taxes	3,514,902	3,320,642
Legal & professional charges	386,009	125,280
Auditor's remuneration - Audit fee	21.1 -	250,000
Printing & stationery	1,044,556	798,584
Advertisement	74,070	139,064
Entertainment	1,933,376	1,411,437
Insurance	714,355	809,949
Allowance for expected credit loss	-	1,216,643
Subscription	736,993	1,013,660
News papers & periodicals	162,320	340,420
Depreciation	10.2 4,889,208	4,131,758
Miscellaneous	376,849	88,340
Provision for doubtful debts	-	-
	<u>44,302,484</u>	<u>40,745,353</u>
<b>21.1</b> Auditors' remuneration		
Audit fee	250,000	200,000
Half Year Review	25,000	25,000
Certification and reviews	25,000	25,000
Total Auditors' remuneration	<u>300,000</u>	<u>250,000</u>
<b>22</b> <u>SELLING &amp; DISTRIBUTION COSTS</u>		
Staff salaries & benefits	6,734,469	6,726,990
Electricity, gas & water	160,858	121,792
Travelling & conveyance	953,115	712,150
Repair & maintenance	354,159	325,400
Rent, rates & taxes	1,231,156	1,109,850
Laboratory/testing expenses	44,006	142,843
Telephone, telex & postage	93,190	95,098
Carriage and cartage	2,607,095	1,888,990
	<u>12,178,048</u>	<u>11,123,113</u>
<b>23</b> <u>OTHER OPERATING INCOME</u>		
Profit on Sale of fixed assets	294,526	1,190,680
Exchange Gain	-	-
Sale of scrap	65,953	64,236
Profit on ABL account	-	2,030
	<u>360,479</u>	<u>1,256,946</u>
<b>24</b> <u>OTHER OPERATING EXPENSES</u>		
Workers Profit Participation Fund	2,169,563	2,916,919
Workers Welfare Fund	867,121	1,218,172
Exchange Loss	3,542	217,054
	<u>3,040,226</u>	<u>4,352,145</u>

	JUNE 30, 2022	JUNE 30, 2021
	Rupees	Rupees
<b>25 FINANCE COST</b>		
Bank charges	141,628	199,871
Mark-up on loans	-	122,169
Mark-up on loans from Directors	2,738,530	915,644
Leasing charges	1,711,308	2,062,838
	<b>4,591,466</b>	<b>3,300,522</b>
<b>26 TAXATION</b>		
Current year		
For the year	12,351,301	17,339,737
prior year	(1,008,982)	(2,444,803)
	<b>11,342,319</b>	<b>14,894,934</b>
Deferred		
Deferred Tax (Income) / Expense	(37,450)	221,231
	<b>11,304,869</b>	<b>15,116,165</b>

**26.1 Corporate tax rate applicable for the year is 29% (2021: 29%).**

**26.2 Management assessment of sufficiency of current tax provision**

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

	2021	2020	2019
	Rupees		
<b>26.2.2 Comparison of Tax Provision with Tax Assessment</b>			
Tax Provision as per Accounts	17,339,737	7,739,350	6,887,372
Tax Assessment	16,330,755	5,294,547	4,923,712
Over Provision	1,008,982	12,045,190	1,963,660

**26.3 Relationship between tax expense and accounting profit**

Profit before tax	40,354,580	44,495,347
Tax at the applicable rate of 29% (29%)	11,702,828	12,903,651
Effect of Final Tax Regime	(1,099,216)	(891,485)
Prior Year Tax Provision	(1,008,982)	(12,045,190)
Others	139,525	139,525
	<b>9,734,155</b>	<b>106,501</b>

## **27 STAFF RETIREMENT BENEFITS**

### **27.1 Provident Fund**

	Audited	Audited
(i) Size of fund	10,856,242	10,856,242
(ii) Cost of investments	10,381,497	10,381,497
(iii) Percentage of investments made	96%	96%
(iv) Fair value of investments	<b>10,381,497</b>	<b>31,555,436</b>
<b>Break up of investments at fair value</b>		
Defence Saving Certificates	-	-
Balance At Saving Account	10,381,497	10,381,497
	<b>10,381,497</b>	<b>10,381,497</b>

**28 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES**

	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	1,483,868	2,129,028	1,161,288	1,483,868	2,129,028	1,161,288
Allowances:						
- House rent	667,744	958,068	522,588	667,744	958,068	522,588
- Utilities	148,388	212,904	116,124	148,388	212,904	116,124
<b>Provident Fund</b>						
Employer Contribution to PF	148,388	212,904	-	148,388	212,904	-
	<b>2,448,388</b>	<b>3,512,904</b>	<b>1,800,000</b>	<b>2,448,388</b>	<b>3,512,904</b>	<b>1,800,000</b>
Number of Persons	1	2	1	1	2	1

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

**28.1** 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.

**29 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	46,000,000	17,000,000
Payment of Short Term Lease to Director	(47,430)	(17,000,000)
Payment of Short Term Lease to Sardar Industries (Pvt.) Ltd.	(877,596)	(835,800)
Payment of Interest to Directors	(2,738,530)	(915,644)

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	-

**30 CAPACITY AND PRODUCTION**

	2022	2021
Production in manufacturing units:		
Rated Capacity (M.Tons) on 360 days basis	660	660
Actual production (M. Tons)	394	230
Percentage of production	60%	35%

**30.1 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.

**31 EARNING PER SHARE**

Net profit for the year	29,049,712	38,870,076
Weighted Average number of shares	6,000,000	6,000,000
Earnings per share- Basic and diluted	<b>4.84</b>	<b>6.48</b>

**31.1** There is no dilutive impact.

**32 NUMBER OF EMPLOYEES****32.1 Number of Employees at June 30**

	2022	2021
Permanent	105	99
Temporary	22	9
	<b>127</b>	<b>108</b>

This included 81 (2021: 75) number of factory employees.

**Average Number of Employees during the year**

Permanent	105	105
Temporary	8	8
	<b>113</b>	<b>113</b>

**33 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			
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021		
Financial assets:															
At Amortised Cost															
Long term deposits	-	-	-	-	-	-	-	-	5,863,430	5,757,780	5,863,430	5,757,780	5,863,430	5,757,780	
Trade debts	-	-	-	-	-	-	140,895,363	113,509,057			140,895,363	113,509,057	140,895,363	113,509,057	
Advances, deposits, prepayments & other receivable	-	-	-	-	-	-					-	-			
	-	-	-	-	-	-	749,223	624,223	850,779	666,029	1,600,002	1,290,252	1,600,002	1,290,252	
Cash & banks	-	-	-	-	-	-	21,253,397	12,984,567			21,253,397	12,984,567	21,253,397	12,984,567	
	-	-	-	-	-	-	162,897,983	127,117,847	6,714,209	6,423,809	169,612,192	133,541,656	169,612,192	133,541,656	
Financial liabilities:															
At Amortised Cost															
Lease Liabilities	See Note No 5	4,482,109	3,878,859	14,413,905	17,955,114	18,896,014	21,833,973							18,896,014	21,833,973
Short term finance	See Note No.8.1 and 8.2	46,000,000	-	-	-	46,000,000	-							46,000,000	-
Creditors, accrued & other liabilities		-	-	-	-	-	-	14,405,070	11,314,459			14,405,070	11,314,459	14,405,070	11,314,459
Commitments		-	-	-	-	-	-							-	-
		50,482,109	3,878,859	14,413,905	17,955,114	64,896,014	21,833,973	14,405,070	11,314,459	-	-	14,405,070	11,314,459	79,301,084	33,148,432

**33.1 Financial risk management****33.1.1 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 utilization 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.



	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>Less than 1 year</u>	<u>Above 1 year</u>
	Rs.	Rs.	Rs.	Rs.
<b>At June 30, 2022</b>				
Lease Liabilities	18,896,014	18,896,014	4,482,109	14,413,905
Short term finance	46,000,000	46,000,000	46,000,000	-
Creditors, accrued & other liabilities	14,834,611	14,834,611	14,834,611	-
<b>At June 30, 2021</b>				
Lease Liabilities	21,833,973	21,833,973	3,878,859	17,955,114
Short term finance	-	-	-	-
Creditors, accrued & other liabilities	8,161,446	8,161,446	8,161,446	-

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 .072 million (2021: Rs .056 million) which were subject to currency risk.

<b>Rupees per USD</b>	<b>2022</b>	<b>2021</b>
Average Rate	160.26	157.11
Reporting date rate	202.39	157.66

**Sensitivity Analysis**

At June 30, 2022, 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 0.072 million (2021: Rs 0.056 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 69.041 million (2021: Rs 27.87 million) , which are subject to interest rate risk. Applicable interest rates for liabilities have been indicated in respective notes.

**Sensitivity analysis**

At June 30, 2022, if interest rates had been 1% higher/lower with all other variables held constant, profit after tax for the year would have been Rs .28.58 million (2021: Rs 38.87 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.

**33.2 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.

**Fair value of financial assets:-**

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

**34 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.

**35 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS**

The business units of the Company includes the following:

<b>Business unit</b>	<b>Location</b>
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 Faislabad	2nd Floor Ismail Manzil Satyana Road Faislabad, 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

**36 IMPACT OF COVID-19 (CORONA VIRUS)**

In March 2020, the Government of Pakistan implemented a country-wide lockdown in order to contain the spread of COVID-19 in the country. Despite a temporary slowdown in sales in 2020, the Company returned to normal levels after the lockdown was lifted. In addition to this there was another lockdown in May 2021 for a week, however, this has not impacted the activity of the Company. Based on the above, the Company does not have any material effect on these financial statements due to COVID-19.

**37 DATE OF AUTHORIZATION**

These financial statements were authorize for issue on **October 07, 2022** by the board of directors of the company.

**38 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

**30-06-2022**

<b>2.2 No. of Shareholders</b>	<b>-----Shareholdings-----</b>		<b>Total Shares Held</b>
	<b>From</b>	<b>To</b>	
74	1	100	4,788
1,410	101	500	688,481
65	501	1,000	62,401
112	1,001	5,000	326,735
13	5,001	10,000	92,200
5	10,001	15,000	68,500
3	15,001	20,000	59,000
2	20,001	25,000	43,795
3	30,001	35,000	98,500
2	35,001	40,000	75,100
1	40,001	45,000	40,500
1	50,001	55,000	52,500
1	60,001	65,000	62,000
1	90,001	95,000	92,000
2	95,001	100,000	197,100
1	100,001	105,000	102,000
2	110,001	115,000	226,200
1	140,001	145,000	142,800
1	145,001	150,000	148,000
1	195,001	200,000	200,000
2	265,001	270,000	536,900
1	280,001	285,000	281,250
1	325,001	330,000	329,000
1	465,001	470,000	468,750
1	670,001	675,000	671,250
1	930,001	935,000	930,250
<b>1,708</b>			<b>6,000,000</b>

<b>2.3 Categories of Shareholders</b>	<b>Shares Held</b>	<b>Percentage</b>
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	197,300	3.2883%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	5,887	0.0981%
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	1,601,500	26.6917%
2.3.8 General Public		
a. Local	3,389,662	56.4944%
b. Foreign	671,250	11.1875%
2.3.9 Others (to be specified) Joint Stock Companies	153,101	2.5517%

**SARDAR CHEMICAL INDUSTRIES LIMITED**  
**Categories of Shareholding required under Code of Corporate Governance (CCG)**  
**As on June 30, 2022**

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 (CDC)	100,000	1.6667%
2	SARDAR AYAZ SADIQ (CDC)	468,750	7.8125%
3	MRS. TAYYABAH MAHMOOD SADIQ (CDC)	930,250	15.5042%
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%
8	MR. NIAZ AHMED CHUGHTAI (PHY)	5,000	0.0833%

**Public Sector Companies & Corporations:**

- -

**Banks, Development Finance Institutions, Non Banking Finance**

26,087 0.4348%

**Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

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

S. No.	NAME	HOLDING	%AGE
1	MR. AITZAZ MUNAWARUD DIN (CDC)	671,250	11.1875%
2	MRS. TAYYABAH MAHMOOD SADIQ (CDC)	930,250	15.5042%
3	SARDAR AYAZ SADIQ (CDC)	468,750	7.8125%
4	SHEIKH JAMIL AHMED (CDC)	329,000	5.4833%

**All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:**

Sr. No.	Name	Sale	Purchase
1	SARDAR MAHMOOD SADIQ (CDC)	400,000	-
2	MRS. TAYYABAH MAHMOOD SADIQ (CDC)	-	400,000

## اطلاع برائے سالانہ اجلاس عام

تمام متعلقہ افراد کو بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ سردار کیمیکل انڈسٹریز لمیٹڈ کا 33 واں سالانہ اجلاس عام اس کی فیکٹری اور رجسٹرڈ آفس پلاٹ نمبر B-29، گلدون امازی انڈسٹریل اسٹیٹ، ٹوپا ضلع صوابی، خیبر پختونخواہ 28 اکتوبر 2022 بروز جمعہ 3:30 بجے مندرجہ ذیل کاروبار کی انجام دہی کے لئے منعقد ہوگا۔

- ۱۔ پچھلے اجلاس عام منعقدہ 26 اکتوبر 2021 کی کاروائی کی توثیق۔
  - ۲۔ 30 جون 2022 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 2023 کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین کرنا۔
- مخصوص کاروبار:**

ورکنگ ڈائریکٹرز کے معاوضے کو بڑھانا۔

- ۱۔ ورکنگ ڈائریکٹر (فی میل) 2,00,000 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۔

**دیگر امور:**

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

**نوٹس:**

مورخہ 17 اکتوبر 2022

**بورڈ کی اجازت سے**

کمپنی سیکرٹری

لاہور

- 1۔ کمپنی کی شیئر ٹرانسفر بکس 22 اکتوبر تا 28 اکتوبر 2022 (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 کمپیوٹرائزڈ قومی 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 پر کسی مقرر کر سکتا ہے۔
- 6۔ بذریعہ پر کسی 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 2022 کو ختم شدہ سال کی سالانہ رپورٹ کمپنی کی ویب سائٹ [www.sardarchemicals.com](http://www.sardarchemicals.com) 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 پر کسی فارم کے ہمراہ دفتر کو جمع کراوانا ضروری ہے۔

#### B- پراکسیز 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 پراکسی فارم جمع کرائیں گے۔
- (۲) پراکسی 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) بینیفیشل مالکان اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ منسلک کی جائیں گی۔
- (۴) پراکسی 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، پراکسی 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 28 اکتوبر 2022 کو لینا مقصود ہے۔

- ۱- ورکنگ ڈائریکٹر (فی میل) 2,00,000 روپے کرنے کی تجویز ہے۔
- ("ہم کمپنی کی ورکنگ ڈائریکٹر (فی میل) کو -/2,00,000 روپے ماہانہ تنخواہ دینے کی اجازت دیتے ہیں")
- اور پر بیان شدہ مخصوص کاروبار میں کسی بھی ڈائریکٹر کا مفاد نہیں ہے۔

# ڈائریکٹرز رپورٹ برائے سال ختم شدہ 30 جون 2022

سر دار کیمیکل انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے آڈٹ شدہ مالی بیانات کے ساتھ سالانہ رپورٹ پیش کرتے ہیں۔  
مالیاتی نتائج کا مختصر جائزہ:

2021 2022

(ہزاروں میں)

340,495	412,690	بکری صانی
112,250	104,106	خالص منافع
53,986	40,355	خالص منافع ٹیکس کے بغیر
38,870	29,050	خالص منافع ٹیکس کے بعد
6.48	4.84	فیصد کمائی

گذشتہ سال کے مقابلے میں خالص فروخت میں 21 فیصد اضافہ ہوا ہے۔ ہمارے رنگ ٹیکسٹائل اور چمڑے کی برآمد پر مبنی صنعتوں کے لئے ہیں۔ رنگوں کے علاوہ ہم ٹیکسٹائل صنعتوں کے لئے پاؤڈر اور مائع کی شکل میں آپٹیکل برائینٹر بھی تیار کر رہے ہیں۔

امریکی ڈالر بمقابلہ پاکستانی روپے، یو ایس ڈالر، ٹرانسپورٹ، خام مال کی مالیت اور خام مال کی شرح میں بین الاقوامی اضافے کی وجہ سے ہمیں قیمتوں کو بہت احتیاط سے بڑھانا پڑا۔ ہماری مصنوعات میں اضافہ اچھی طرح نہیں ملا اور ہم پچھلے سالوں کے مقابلے میں Kgs میں اپنی فروخت بڑھانے سے قاصر تھے لیکن روپے میں فروخت میں اضافہ دیکھا گیا ہے۔

پانچ برآمدی شعبوں کے لئے سیلز ٹیکس کے حکومتی نفاذ سے ہمارے ورکنگ کیچھل کی ضرورت میں اضافہ ہوا ہے۔  
مستقبل کا امکان:

ہم اپنے منافع کو برقرار رکھنے کے لئے پرامید ہیں۔ حالانکہ ہمیں انوائسنگ اور درآمد شدہ تیار مصنوعات کی غلط بیانی کی وجہ سے سخت مقابلے کا سامنا ہے۔  
ڈیویڈنڈ:

مارکیٹ میں ڈالر کا ریٹ بہت زیادہ بڑھ جانے کی وجہ سے اور گورنمنٹ کی طرف سے زیر ریٹ سہولت ختم ہونے کی وجہ سے کمپنی کو اپنے پاس وافر مقدار میں نقد رکھنا پڑے گا جس کی وجہ سے ڈائریکٹرز نے اس سال 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۔

ٹرانسفر پرائسنگ:

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

بورڈ آف ڈائریکٹرز:

سال کے دوران سردار ایاز صادق نے بورڈ آف ڈائریکٹرز سے استعفیٰ دے دیا ہے اور نیاز احمد چغتائی کمپنی سیکرٹری نے عارضی خالی آسامی پر کردی ہے۔



بیلنس شیٹ کے بعد حالات:

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

پراویڈنٹ فنڈ:

30 جون 2022 کو پراویڈنٹ فنڈ میں مبلغ -/12,021,363 روپے تھے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز اسلم ملک اینڈ کمپنی کی قابلیت کی بنیاد پر آڈٹ کمیٹی نے ان کو دوبارہ برائے سال 30 جون 2023 کمپنی کا آڈیٹر مقرر کرنے کی سفارش کی ہے۔

کمپنی کے حصہ داران کی تفصیل:

کمپنی کے حصہ داران کی تفصیل مورخہ 30-6-2022 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:

ہمیں اپنی انوینٹری میں تقریباً 60 مصنوعات کی ریخ رکھنا ہوتی ہیں، کیونکہ گاہک مصنوعات کی ایک ریخ کا مطالبہ کرتے ہیں اور اگر ایک یا دو مصنوعات دستیاب نہیں ہوتیں تو درآمد شدہ مصنوعات فروخت کرنے والے تاجروں کے پاس چلے جاتے ہیں۔

مصنوعات کی مانگ کا مکمل اندازہ نہیں لگایا جاسکتا کیونکہ رنگ اور شیڈ بدلتے رہتے ہیں اس لئے خام مال اور تیار شدہ مصنوعات کو ہر وقت دستیاب ہونا چاہیے۔

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۔

☆ انٹرنل 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۔

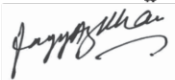
☆ PSX کے رول بک میں مفصل کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔

☆ انتظام اور مالیات سے متعلق گزشتہ چھ سال کی اہم معلومات صفحہ نمبر 10 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

سر دار محمود صادق



چیف ایگزیکٹو

مورخہ 7 اکتوبر 2022

گدون امازئی

**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 33<sup>rd</sup> Annual General Meeting of the Company to be held on 28<sup>th</sup> October, 2022

..... and at any adjournment thereof.

Date .....

Signatures .....

*Annual Report*  
**2022**