

Half Yearly Accounts (Un Audited)

# December 2020





180 9002 CERTIFIED

Sardar

**Chemical Industries Limited** 

#### **COMPANY INFORMATION**

CHIEF EXECUTIVE Sardar Mahmood Sadiq

DIRECTORS Mr. Shahid Aziz (NIT Nominee) Sardar Ayaz Sadiq

Mr. Fayaz Ahmed Khan Mr. Aitzaz Ahmad Tarar Mrs. Tayybah Mahmood Sadiq Mrs. Reema Ayaz

Audit Committee Mr. Aitzaz Ahmad Tarar

Mrs. Tayyabah Mahmood Sadiq Mr. Fayaz 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. Fayaz Ahmed Khan

BANKERS Allied Bank of Pakistan Ltd. Askari Commercial Bank Ltd.

LEGAL ADVISORS Mr. Javaid Iqbal Malik, Advocate

HEAD OFFICE/SHARE DEPARTMENT 2-A, 2nd Floor, Canal Bank Road, Justice

Sardar Iqbal Road, Aziz Avenue, Gulberg, Lahore.

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E-Mail: info@sardarchemicals.com

Web Site: sardarchemicals.com

REGISTERED OFFICE/ FACTORY Plot. NO. 29-B, Road No. O1

Gadoon Amazai, industrial Estate, Topi,

Ganduf Road, Swabi (KPK)

Ph: (0938) 270792, 270439, 270539

Fax: (0938) 270791

REGISTRAR/TRANSFERAGENT CorpLink (PVT)Ltd,WingsArcade,1-K,Commercial,

Model Town, Lahore.

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#### **DIRECTORS REPORT TO THE SHAREHOLDERS**

The board of directors of SARDAR CHEMICAL INDUSTRIES LIMITED feel pleasure in presenting the report on the statement of accounts of the company for the half year ended on December, 31 2020 along with un-audited financial statements, subject to limited review of the Auditors of the company.

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

	2020	2019
	(Rupees in T	housands)
Sales-Net	174,150	140,170
Cost & Expenditures	139,489	125,560
Profit/(Loss) Before Taxation	35,854	14,610
Profit/(Loss) After Taxation	24,979	10,744

There is an increase of about 24% in net sales as compared to the previous half year results ended on 31-12-2019. The sales increased as the sales prices of the products have been increased due to depreciation of Pak rupee. The market activities were mainly slow due to covid-19. It has reduced the activities in the market which is picking up. Due to foggy/smogy weather the textile dying and printing was facing slight variation in production.

The production cost has also increased due to regular increase in all type of costs such as electricity, gas, labor wages and transportation charges which forced us to adjust the prices of our products but the market is absorbing the increase gradually, however the response is positive.

#### **FUTURE PROSPECTS**

The management of the company is optimistic about the future sales of its products as the covid-19 is almost in control in most of the area. This will accelerate the business activities in the country.

#### **ACKNOWLEDGMENT**

The Board is pleased to acknowledge the loyalty and efforts of the management, staff and workers of the Company for their continuing efforts for the well being of the Country.

For and on behalf of the Board

Gadoon Amazai Sardar Mahmood Sadiq February 19, 2021 Chief Executive Fayaz Ahmed Khan Director



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New Garden Town, Lahore-Pakistan.

### INDEPENDENT AUDITOR'S REVIEW REPORT

### To the members of SARDAR CHEMICAL INDUSTRIES LIMITED

Report on Review of Interim Financial Statements

We have reviewed the accompanying condensed interim statement of financial position of Sardar Chemical Industries Limited. as at December 31, 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December, 31 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2020.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying not prepared, in all material respects, in accordance with the interim financial statements are accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Date: February 19,2021

Place: Lahore

(Aslam Malik & Co.)

**Chartered Accountants** 

Other Offices at:

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		Un audited	Audited			Un audited	Audited
	Note	Dec 31,2020	<b>JUNE 30, 2020</b>		Note	Dec 31,2020	JUNE 30, 2020
	Note	Rupees	Rupees		Note	Rupees	Rupees
CAPITAL AND LIABILITIES				<u>ASSETS</u>			
CHARL CARTAL AND DECERVED				NON CURRENT ACCETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS	7	42,319,369	27,850,172
Authorised Capital:				Property, Plant and Equipment	/	42,319,309	27,830,172
10,000,000 (2020: 10,000,000)							
ordinary shares of Rs. 10/- each		100,000,000	100,000,000				
·	=						
Issued, subscribed and Paid up:							
6,000,000 (2020: 6,000,000) ordinary shares				Defferred Tax		335,527	1,355,576
of Rs. 10/- each fully paid in cash		60,000,000	60,000,000	Long term deposits	8	5,757,780	1,477,200
Share premium		30,000,000	30,000,000			48,412,676	30,682,948
Unappropriated profit	_	97,563,723	72,584,098				
		187,563,723	162,584,098				
NON CURRENT LIABILITIES							
Lease Liabilities	4	19,946,710	6,109,157				
				CURRENT ASSETS			
CURRENT LIABILITIES	г			Stores, spares and loose tools		853,467	771,367
Current portion of leases Libility		3,643,996	1,453,422	Stock in trade		45,306,734	40,363,334
Short term finance	5	16,000,000		Trade debts	9	121,787,597	95,429,672
Creditors, accrued & other liabilities		15,750,013		Advances, deposits, prepayments and other receivables		1,272,076	1,458,831
Unclaimed Dividend		1,586,568	2,401,236	Taxation- Net	4.0	16,673,190	23,914,301
	L	26,000,555	26.640.670	Cash and bank balances	10	10,185,270	12,713,460
		36,980,577	36,640,659			196,078,334	174,650,965
CONTINGENCIES & COMMITMENTS	6						
COMMINGENCIES & COMMINENTS	U						
	-	244,491,010	205,333,913	Total Assets		244,491,010	205,333,913
	=	, ,	, , -				, , -

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements

**Chief Executive Officer** 

Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN - AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Quarter ended		Half Year I	Half Year Ended		
	December 31	December 31	December 31	December 31		
	2020	2019	2020	2019		
Sales - Net	89,544,960	76,708,157	174,150,372	140,170,482		
Less: Cost of Goods Sold	(72,430,462)	(62,058,302)	115,005,831	102,105,169		
Gross Profit	17,114,498	14,649,855	59,144,541	38,065,313		
Administrative and General Expenses Selling and Distribution Expenses	10,263,934 2,545,465	7,973,865 3,104,032	18,122,869 4,669,953	15,637,562 5,754,525		
	12,809,399	11,077,897	22,792,822	21,392,087		
OPERATING (LOSS) / PROFIT	4,305,099	3,571,958	36,351,719	16,673,226		
Other Operating Expense	(73,541)	-	(73,541)	-		
Other Income	1,192,650	-	1,192,650	-		
Operiting Profit	5,424,208	3,571,958	37,470,828	16,673,226		
Financial Charges	1,109,656	1,717,679	1,616,906	2,062,859		
Profit/(Loss) Before Taxation	4,314,552	1,854,279	35,853,922	14,610,367		
Taxation	1,368,804	(191,076)	10,874,297	3,866,019		
Profit/(Loss) After Taxation	2,945,748	2,045,355	24,979,625	10,744,348		
Earning per Share (Rs. / Share)	0.49	0.34	4.16	1.79		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements

**Chief Executive Officer** 

**Chief Financial Officer** 

## CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN - AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	<b>Un audited</b>	Audited
	<b>December 31,2020</b>	<b>JUNE 30, 2020</b>
		Rupees
Profit for the year after tax	24,979,625	10,744,348
Other Comprehensive Income	-	-
Total Comprehensive Income	24,979,625	10,744,348
-		, , , , , , , , , , , , , , , , , , ,

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements

**Chief Executive Officer** 

**Chief Financial Officer** 

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN - AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

PARTICULARS	Share Capital	Share Premium	Un Appropriated Profit /(Accumulated Loss)	Total Shareholders Equity
		•••	Rupees	
Balance as at July 01, 2019	60,000,000	30,000,000	51,564,999	141,564,999
Profit for the Period ended December 31,2019	<u>-</u>	<u>-</u>	10,744,348	10,744,348
Balance as at December 31, 2019	60,000,000	30,000,000	62,309,347	152,309,347
Balance as at July 01, 2020	60,000,000	30,000,000	72,584,098	173,328,446
Profit for the Period ended December 31,2020	-	-	24,979,625	24,979,625
Balance as at December 31, 2020	60000000	30,000,000	97,563,723	198,308,071

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements

**Chief Executive Officer** 

**Chief Financial Officer** 

### CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN - AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	I	December 31, 2020 De Rupee	
Cash flow from operating activities			
Profit/(loss) before Taxation.		35,853,922	14,610,367
Adjustments for non- cash items:	_	2 000 002	2 005 044
Depreciation F: 1.Cl		2,080,083	2,085,944
Financial Changes		1,616,906	2,062,859
Profit on sale of fixed assets		(1,190,680)	-
	_	2,506,309	4,148,803
<b>Profit before Working Capital Changes</b>	=	38,360,231	18,759,170
Effect of working capital changes:			
(Increase)/Decrease in store, spares & loose tools		(82,100)	(278,485)
(Increase)/Decrease in stock in trade		(4,943,400)	(7,990,586)
(Increase)/Decrease in trade debts		(26,357,925)	(22,876,054)
(Increase)/Decrease in advances, deposits & prepayment		186,755	2,605,163
Increase/(Decrease) in creditors accrued & other liabilities		22,531	3,881,922
Increase/(Decrease) in Unclaimed Dividend		(814,668)	(408,391)
		(31,988,807)	(25,066,431)
Financial charges paid	Г	(1,616,906)	(1,570,819)
Tax paid		(2,613,137)	(341,256)
1		(4,230,043)	(1,912,075)
Net Cash Used in Operating Activities	A_	2,141,381	-8,219,336
Cash flow from investing activities			
Long term deposits		(4,280,580)	(187,000)
Fixed Capital expenditure		-	(3,403,738)
			-
Net cash generated from investing activities	B_	(4,280,580)	(3,590,738)
Cash flow from financing activities			
Repayment of lease obligation		(1,330,473)	(577,537)
Proceeds from short term finances		(1,058,519)	14,521,041
Sale proceeds of fixed assets		2,000,000	-
Net cash generated from financing activities	C	(388,992)	13,943,503
Net increase/(decrease) in cash & cash equivalents	<b>A+B+C</b>	(2,528,190)	2,133,429
Cash & cash equivalents at beginning of the year		12,713,460	11,268,669
Cash & cash equivalents at end of year	_	10,185,270	13,402,098

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements

**Chief Executive Officer** 

Chief Financial Officer

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

#### 1 The Company and its operation

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

#### 2 Basis Of Preparation

#### 2.1 Statement Of Compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2020.
- 2.3 New standards, amendments to accounting and reporting standards and new interpretations
- 2.3.1 Amendments to approved accounting standards which are effective during the year ending June 30, 2021 periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Companys financial reporting.
- 2.3.2 New standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2021

There is a new standard and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or expected to have any significant effect on the Companys financial reporting.

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements for the year ended June 30, 2020.

#### 3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

financial statements are same as those applied to financial statements as at and for the year ended June 30, 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

Un audited	Audited
<b>December 31, 2020</b>	<b>JUNE 30, 2020</b>
Rupees	

#### 4 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future minimum lease payments along with their present value and the period during which they fall due are as under:

Future minimum lease payment	28,697,490	9,260,465
Less: Unamortized financial charges	(5,106,784)	(1,697,886)
Present value of minimum lease payments	23,590,706	7,562,579
Less: Current portion shown under current liabilities	(3,643,996)	(1,453,422)
	19,946,710	6,109,157
Payable within one year	5,092,540	2,214,180
Payable after one year	18,498,166	5,348,399
	23,590,706	7,562,579

#### 4.1 GENERAL TERMS AND CONDITIONS OF LEASE

This represents finance lease arrangements entered into with with Orix Leasing Pakistan Limited to acquire vehicles . Financing rates ranging from 11.27 to 13.24 % (2020: 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 SHORT TERM FINANCE

Askari Commercial Bank Limited			58,518
Director's Loan	5.1	16,000,000	17,000,000
		16,000,000	17,058,518

5.1

Above loan were obtained from directos to cope with the advers economic conditions faced during COVID -19 Pandaemic. This loan is repable on demand and markup rate will be 1% less than prevaling KIBOR of the market. Markup is payable on quaterly basis.

#### **6 CONTINGENCIES & COMMITMENTS**

There were no Contigiencies and Commitments at the end of the year.

### 7 PROPERTY, PLANT & EQUIPMENT

	Operating assets Right-of-use assets	18,669,130 23,650,238 <b>42,319,369</b>	20,538,007 7,312,165 <b>27,850,172</b>
7.1	OPERATING ASSETS		
	Opening Book Value	20,538,007	20,258,836
	Addition during the period/ year	- -	3,266,038
	Disposal during the period / year at book value	(809,320)	(450,644)
	Depreciation charged during the period / year	(1,059,557)	(2,536,223)
		18,669,130	20,538,007
7.2	RIGHT-OF-USE ASSETS		
	Opening Balance	7,312,165	7,153,332
	Addition during the period/year	17,358,600	1,870,000
	Depreciation charged during the period	(1,020,527)	(1,711,167)
		23,650,238	7,312,165
8	LONG TERM DEPOSITS		
0	LONG TERM DEPOSITS	5,757,780	1,477,200
9	TRADE DEBTS		
	Debtors	128,726,179	104,196,763
	Less: Loss Allowance	6,938,582	8,767,091
		121,787,597	95,429,672
10	CASH & BANK		
10	Cash in hand	311,277	81,069
	Cash at banks	9,873,993	12,632,391
		10,185,270	12,713,460

#### 11 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values.

#### 12 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 same as disclosed in annual financial statements for the year ended

#### FINANCIAL RISK MAMAGEMENT

The company's financial risk management objectives and policies are consistent with thoseas disclosed in annual financial statements for the year ended June 30,2020.

#### 14 DATE OF AUTHORIZATION FOR ISSUE

This condensed financial information was authorized for issue by the board of directors of the Company on Februray 19,2021.

#### 15 GENERAL

The figures have been rounded off to the nearest rupee.

Chief Executive Office Chief Financial Officer

### شروع الله کے نام سے جو بردامہر بان اور نہایت رحم کرنے والا ہے۔ ڈاکر یکٹر زر بورٹ برائے شیئر ہولڈرز

بورڈ آف ڈائر کیٹرز آف سردار کیمیکل انڈسٹریز کمیٹڈا پٹی رپورٹ 31دیمبر 2020 کوختم ہونے والی چھاہ (آ دھے سال) کے غیرآ ڈٹ شدہ آڈیٹرز کے محدود جائزہ سے مشروط پیش کرنے میں خوشی محسوں کرتے ہیں۔

نصف سال کا خلاصہ درج ذیل ہے

<sub>*</sub> 2020	<sub>f</sub> 2019	
ر میں)	(رقم ہزارہ	
174,150	140,170	بكرى صافى
139,489	125,560	اخراجات
35,854	14,610	نفع انقصان ٹیس سے پہلے
24,979	10,744	نفع /نقصان کیس کے بعد

گذشته نصف سال کے مقابلہ میں خالص فروخت میں تقریباً 24 فیصد اضافہ ہوا ہے۔ پاکستانی روپے کی قدر کم ہونے کی وجہ سے تقیس جو کہ اب ہونے کی وجہ سے فیصل اضافہ ہوا۔ مارکیٹ کی سرگرمیاں بنیادی طور پر کورونا کی وجہ سے تقیس جو کہ اب بحال ہورہی ہیں۔ دھنداور سموگ والے موسم کی وجہ سے ٹیکسٹائل ریکنے اور پر شنگ کی پیداوار میں معمولی تغیرات کا سامنا کرنا ہوا۔

ہر شم کے پیداواری اخراجات مثلاً بحل ، گیس، لیبر کی تخواہوں میں با قاعد گی سے اضافے کی وجہ سے پیداواری لاگت میں بھی اضافہ ہوا، تا ہم ردگمل مثبت ہے۔ مصرف

### مستقبل کے امکانات:

سمپنی کی انتظامیہا پنی مصنوعات کی آئندہ فروخت کے بارے میں پُر امید ہے کیونکہ پاکستان کے زیادہ تر علاقوں میں کورونا پر قابو پایا جاچکا ہے۔اس سے ملک میں کاروباری سرگرمیاں تیز ہوجا ئیں گی۔

#### اعترافات:

بورڈ انتظامیہ عملہ اور کمپنی کے کارکنوں کی وفا داری اورکوششوں کوتسلیم کرتا ہے اور ملک کی جملائی کے لئے ان کی

جاری کوششول کے لئے خوش ہے۔

مرط مسمسطی است سردارمحودصادق جف انگزیک

بسر کا مہرمهما فیاض احمدخان ڈائر یکٹر

گدون اماز کی **19** فروری **202**1