



SARDAR CHEMICAL INDUSTRIES LIMITED

# Half Yearly Accounts

(Un-Audited)

December

# 2016



# Sardar

## Chemical Industries Limited



ISO 9002 CERTIFIED



SARDAR CHEMICAL INDUSTRIES LIMITED

## BOOK POST



# Sardar

Chemical Industries Ltd.

If Undelivered  
Please Return

To:

**Head Office:**

127/II, Block C, Model Town,  
Lahore-Pakistan.

Ph: 92-4235851865-7

Fax: 92-42-35856489

Email: [sarchem@brain.net.pk](mailto:sarchem@brain.net.pk)

Website: [www.sardarchem.com](http://www.sardarchem.com)



**Factory:**

Plot # 29-B, Road No .01,  
Gadoon Amazai, Industrial Estate,  
Topi Ganduf Road, Swabi,  
Khyber Pakhtunkhwa.

Tel:(0938) 270439, 270539, 270792

Fax: 92-938-270791

**COMPANY INFORMATION**

CHIEF EXECUTIVE	Sardar Mahmood Sadiq
DIRECTORS	Mr. Shahid Aziz (NIT Nominee) Sardar Ayaz Sadiq Mr. Fayaz Ahmed Khan Mr. Iftikhar Ahmed Khan Mrs. Mona Mahmood Mrs. Reema Ayaz
Audit Committee	Mr. Fayyaz Ahmed Khan Mrs. Mona Mahmood Mrs. Reema Ayaz
COMPANY SECRETARY	Mr. Niaz Ahmed Chughtai
AUDITORS	Aslam Malik & Co., Chartered Accountants
HR & REMUNERATION	Mrs. Moona Mehmood Mr. Iftikhar Ahmed Khan Mrs. Reema Ayaz
BANKERS	Allied Bank of Pakistan Ltd. Askari Commercial 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, Lahore. Ph: (92-42) 35711154, 35710148, 35753402 Fax: (92-42) 35775706 E-Mail : sarchem@brain.net.pk Web Site: www.sardarchem.net
REGISTERED OFFICE/ FACTORY	Plot. NO. 29-B, Road No. O1 Gadoon Amazai, industrial Estate, Topi, Ganduf Road, Swabi (NWFP) Ph: (0938) 270792, 270439, 270539 Fax: (0938) 270791
REGISTRAR/TRANSFERAGENT	CorpLink (PVT)Ltd, WingsArcade, 1-K, Commercial, Model Town, Lahore. Ph:042-35839182, 35887262 Fax:042-35869037

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Board of Directors of SARDAR CHEMICAL INDUSTRIES LIMITED are pleased to present their report on the statement of accounts of the Company for the half year ended on December 31, 2016 along with un-audited financial statements, subject to limited review of the Auditors of the Company.

**RESULTS FOR THE HALF YEAR ARE SUMMERIZED AS UNDER:**

	<u>2016</u>	<u>2015</u>
	<u>(Rupees in thousands)</u>	
Sales-Net	87,647	92,560
Cost & Expenditures	86,256	90,774
Profit/(Loss) before Taxation	1,391	1,786
Profit/(Loss) after Taxation	946	1,196

It is evident from the above that there is a decrease of about 5.31% in net Sales as compared to the previous half year results ended on 31-12-2015. Our dyes are mainly for Leather and Textile export oriented industries. The exports of the country have gone down due to many national and international reasons. Due to reduction in exports especially in Leather sector badly affected our Sales resulted in reduction of sales as compared to the previous half year. Due to some financial policies of the Government the local market response was very slow and our customers are lifting only its dire needs and business activities in the country was overall dull. We have increased our discount to promote our sales and to help our valued customers which reduced the profits of the Company.

The Government has announced very big export incentive for the export oriented industries along with reduction in the per unit rate of electricity consumptions for the industries which will considerably reduce the manufacturing costs of the Pakistan's products that make them able to compete in the national and international markets. The government has announced load shedding free energy for the industries. The law and order of the country has also improved, therefore, the directors of the Company are hope full for increase in the exports of the country and accordingly increase in the sales of the Company with in near future.

**FUTURE PROSPECTS**

The Company will continue to focus on quality products meeting with the international standards and remedial measures will be taken to put the Company on the path of profitability with consistency in production and supply.

**ACKNOWLEDGEMENT**

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 Company.

For and on behalf of the Board

Lahore  
February 25, 2017

Sardar Mahmood Sadiq  
Chief Executive

**Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information****Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Sardar Chemical Industries Limited** (the Company) as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the six-months ended December 31, 2016.

**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 information 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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

**Engagement Partner:**  
Mohammad Aslam Malik

Date: February 25, 2017  
Place: Lahore

**INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)**

	(Un-audited) Dec 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
<b>CAPITAL AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorised:</b>		
10,000,000 (2016:10,000,000) Ordinary Shares of Rs. 10/- each.	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, Subscribed and Paid-up:</b>		
6,000,000 (2016: 6,000,000) Ordinary shares of Rs.10/-each fully paid in cash	<b>60,000,000</b>	60,000,000
Share premium	<b>30,000,000</b>	30,000,000
Un-appropriated Profit / (loss)	<u>25,340,237</u>	<u>24,394,035</u>
	<b>115,340,237</b>	114,394,035
<b>NON-CURRENT LIABILITIES</b>		
OBLIGATION UNDER FINANCE LEASE	<b>3,724,179</b>	5,228,862
DEFERRED TAXATION	--	--
<b>CURRENT LIABILITIES</b>		
Current maturity of long term obligation	<b>2,924,958</b>	2,756,730
Short term finance	<b>18,030,935</b>	24,909,997
Creditors, accrued and other liabilities	<b>11,102,348</b>	9,742,249
Markup Accrued	<b>447,514</b>	512,118
	<b>32,505,755</b>	37,921,094
	<u><b>151,570,171</b></u>	<u>157,543,991</u>

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

Chief Executive



SARDAR CHEMICAL INDUSTRIES LIMITED

AS AT DECEMBER 31, 2016

	(Un-audited) Dec 31,2016 Rupees	(Audited) June 30,2016 Rupees
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property: Plant and Equipment	20,638,715	21,659,493
<b>LONG TERM DEPOSITS</b>	2,624,300	2,624,300
<b>CURRENT ASSETS</b>		
Stores, spares & loose tools	502,165	711,021
Stock in trade	22,989,295	21,977,129
Trade debts	64,974,101	66,539,890
Advances, deposits, prepayments & other receivables	1,107,322	698,261
Taxation-net	25,135,013	32,332,157
Cash & bank balances	13,599,260	13,599,260
	128,307,156	133,260,198
	<u>151,570,171</u>	<u>157,543,991</u>

Director



SARDAR CHEMICAL INDUSTRIES LIMITED

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT  
FOR THE HALF-YEAR ENDED DECEMBER 31, 2016

	(UN-AUDITED) Half Year Ended		Quarter Ended	
	31 Dec. 2016 Rupees	31 Dec. 2015 Rupees	31 Dec. 2016 Rupees	31 Dec. 2015 Rupees
<b>Sales</b>	87,647,320	92,560,420	44,609,772	52,359,232
<b>Cost of Sales</b>	(69,198,546)	(75,786,539)	(35,692,314)	(44,513,032)
<b>Gross Profit</b>	18,448,774	16,773,881	8,917,458	7,846,200
<b>OPERATING EXPENSES</b>				
Administrative	(10,244,404)	(9,209,714)	(5,723,231)	(4,793,910)
Selling and distribution	(5,412,359)	(4,680,056)	(2,852,289)	(2,298,033)
	(15,656,763)	(13,889,770)	(8,575,520)	(7,091,943)
<b>Operating Profit/(Loss) For The period</b>	2,792,011	2,884,111	341,938	754,257
<b>Other Operating Income</b>	--	835,402	--	835,402
<b>Other Operating Expenses</b>	(32,713)	(40,247)	(32,713)	(40,247)
<b>Finance Cost</b>	(1,367,825)	(1,893,464)	(642,259)	(997,517)
<b>Profit/ (Loss) before taxation</b>	1,391,473	1,785,802	(333,034)	551,895
<b>Taxation</b>	(445,271)	(589,315)	106,571	(182,126)
<b>Profit/ (loss)for the period</b>	946,202	1,196,202	(226,463)	369,769
<b>Earning/(loss) per share</b>	0.16	0.20	(0.04)	0.06

Chief Executive

Director



**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED DECEMBER 31, 2016  
(UN-AUDITED)**

	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	31 Dec. 2016 Rupees	31 Dec. 2015 Rupees	31 Dec. 2016 Rupees	31 Dec. 2015 Rupees
Profit/(Loss) after Taxation	946,202	1,196,487	(226,463)	369,769
Other Comprehensive Profit/(Loss)	--	--	--	--
<b>Total Comprehensive Profit/(Loss) for the Period</b>	<b>946,202</b>	<b>1,196,487</b>	<b>(226,463)</b>	<b>369,769</b>

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

Chief Executive

Director



**INTERIM CONDENSED STATEMENT OF CASH FLOW (UN-AUDITED)  
AS AT DECEMBER 31, 2016**

	DECEMBER 30,2016 Rupees	DECEMBER 30,2015 Rupees
<b>cash flow from operating activities</b>		
Profit/(Loss) before taxation	1,391,473	1,785,802
<b>Adjustment of non-Cash items.</b>		
Depreciation.	1,509,778	1,503,171
Financial Charges	1,367,825	1,893,464
Profit on sale of fixed assets	--	(800,986)
	<b>2,877,603</b>	<b>2,595,649</b>
Profit before working capital changes	4,269,076	4,381,451
<b>Effect of working capital changes</b>		
(Increase) /Decrease in store, spare and loose tools	208,856	(108,933)
(Increase) /Decrease in stock in trade	(1,012,166)	2,645,135
(Increase) /Decrease in trade debts	1,565,789	6,412,230
	(409,061)	223,519
(Increase)/Decrease in advances, deposit and Prepayments	976,413	30,040
Increase/(Decrease) in creditors accrued and other Liabilities	1,329,831	9,201,991
Financial charges paid	(1,432,429)	(2,001,950)
Tax paid	7,135,559	(3,331,236)
	<b>5,703,130</b>	<b>(5,333,186)</b>
<b>Net cash used in operating activities</b>	<b>A 11,302,037</b>	<b>8,250,256</b>
<b>Cash flow from investing activities:</b>		
Fixed Capital expenditure	(489,000)	--
Long term deposits	--	(883,600)
Sale proceeds of assets disposed off	--	1,250,000
<b>Net Cash genrated from investing activities</b>	<b>B (489,000)</b>	<b>366,400</b>
<b>Cash flow from financing activities</b>		
(Repayment) / proceeds of lease obligation	(1,336,454)	(899,639)
(Repayment) / proceeds of short term finances	(6,879,062)	(4,647,590)
<b>Net cash genrated from financing activities</b>	<b>C (8,215,516)</b>	<b>(5,547,229)</b>
<b>Net increase/ (Decrease) in cash and cash Equivalents</b>	<b>2,597,521</b>	<b>3,069,427</b>
<b>A+B+C</b>		
Cash and cash Equivalents at beginning of the period	11,001,739	6,546,020
<b>Cash and cash Equivalents at end of the period</b>	<b>13,599,260</b>	<b>9,615,447</b>

Chief Executive

Director



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
AS AT 31 DECEMBER 2016**

	Share Capital	Share Premium	Un-appropriated Profit/ Profit/ (Accumulated Loss)	Rupees Total
Balance at				
30 <sup>th</sup> June 2015	60,000,000	30,000,000	20,624,563	110,624,563
Profit/(Loss) for the period ended				
31 Dec. 2015	--	--	<u>1,196,487</u>	<u>1,196,487</u>
Balance at				
31 Dec. 2015	60,000,000	30,000,000	21,821,050	111,821,050
Profit/(Loss) for the period ended				
30 June 2016	--	--	<u>2,572,985</u>	<u>2,572,985</u>
Balance at				
30 June 2016	60,000,000	30,000,000	24,394,035	114,394,035
Profit/(Loss) for the period ended				
31 Dec. 2016	--	--	<u>946,202</u>	<u>946,202</u>
Balance at				
31 Dec. 2016	<b>60,000,000</b>	<b>30,000,000</b>	<b>25,340,237</b>	<b>115,340,237</b>

Chief Executive

Director



**SARDAR CHEMICAL INDUSTRIES LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (Unaudited)**

**1. THE COMPANY AND ITS OPERATIONS**

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

This condensed interim financial report of the Company for the half year ended 31 December 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 – 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial report is unaudited but subject to the limited scope review by the statutory auditors and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

**2.2 Basis of measurement**

This condensed interim financial information have been prepared under the historical cost convention except for staff retirement benefits that is determined under actuarial valuation annually and lease hold improvements and plant and machinery that are stated at revalued amount in accordance with the criteria laid down under International Accounting Standard (IAS) 16 'Property, Plant and Equipment'. This condensed interim financial information, except for cash flow information, has been prepared under the accrual basis of accounting.

**2.3 Functional and presentation currency**

This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

**3. ACCOUNTING POLICIES**

The accounting policies and method of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements of the Company for the year ended 30 June 2016.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Judgments and estimates made by the management in preparation of this condensed interim financial information are the same as those applied to the annual financial statements for the year ended 30 June 2016.

**5. DATE OF AUTHORIZATION**

This condensed interim financial information was approved by the Board of Directors and for issue on 25<sup>th</sup> February, 2017

**6. GENERAL**

Certain prior figures have been reclassified for the purpose of comparison. There were no major reclassification to report.

Figures have been rounded off to the nearest Rupee.

Chief Executive

Director