



/ ANNUAL REPORT 2015



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Vision:

We are passionate to deliver leading and innovative solutions, enhancing people's lives and respecting our planet.

Mission:

We are growing business by leveraging local entrepreneurship and our global organization in a collaborative way. We enable our customers to win in their market, we push limits to outperform and we never give up!

/ COMPANY INFORMATION

Chairman / Chief Executive Officer	<ul style="list-style-type: none">• Mujtaba Rahim	
Directors	<ul style="list-style-type: none">• Dr S Mubarik Ali• Hans Lourens• M Veqar Arif• Rahat Kaunain Hassan• Roland Waibel• Thomas Winkler	(Alternate: Zafir Hussain)
Company Secretary	<ul style="list-style-type: none">• M Veqar Arif	
Management Committee	<ul style="list-style-type: none">• Mujtaba Rahim• Qazi Naeemuddin• Zafir Hussain	<ul style="list-style-type: none">• M Veqar Arif• Naveed Kamil
Audit Committee	<ul style="list-style-type: none">• Dr S Mubarik Ali• Hans Lourens• Rahat Kaunain Hassan• M Irfan Lakhani	<ul style="list-style-type: none">- Chairman (Alternate: Zafir Hussain)- Secretary
Human Resources and Remuneration Committee	<ul style="list-style-type: none">• Dr S Mubarik Ali• Mujtaba Rahim• Thomas Winkler• Naveed Kamil	<ul style="list-style-type: none">- Chairman- Secretary
Bankers	<ul style="list-style-type: none">• Faysal Bank Limited• Habib Bank Limited• Meezan Bank Limited• National Bank of Pakistan• Standard Chartered Bank (Pakistan) Limited	
Auditors	<ul style="list-style-type: none">• KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisors	<ul style="list-style-type: none">• RIAA Barker Gillette	
Share Registrars	<ul style="list-style-type: none">• FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi	
Registered Office	<ul style="list-style-type: none">• 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi	
Factory	<ul style="list-style-type: none">• Petaro Road, Jamshoro	
Sales & Marketing Offices	<ul style="list-style-type: none">• Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore• Canal Road, Abdullah Pur, Faisalabad• 20-T, Block Masoom Shah Road, Near Multan.	
Website	<ul style="list-style-type: none">• www.archroma.com.pk	

Textile Specialties



From fiber to finish, Archroma's Textile Specialties Business plays a key role throughout the entire textile supply chain, with special chemicals for the pretreatment, dyeing, printing and finishing of textiles. Our product packages enhance the properties of apparel and other textiles in applications as diverse as high fashion, home textiles and special technical textiles. From crease resistance to moisture management as well as repellency, our functional effects provide added-value features to textile manufacturers. Our specialist advisers provide color matching, trend monitoring as well as sector specific concepts, including our ONE WAY sustainability service, to ensure that customers generate greater value from their products.

Our color trends analysis and color matching technology, combined with processing efficiently, help our customers to get their products to market faster. While nanotech effects, environmentally friendlier solutions, and unique concepts add to their ability to stay one step ahead of the competition.

As a leading producer of dyes and chemicals for the textile industry, brands and mills in apparel and fashion, automotive and home textiles, and technical textiles, turn to us to meet their sector's constantly changing specifications.

Paper Solutions



Archroma's Paper Solutions Business provides expertise in the management of whiteness, coloration, special coatings and strength for all kind of papers. By combining our focused product range with the application services of our paper experts around the globe, we enhance both the optical and functional properties of paper.

Our key markets are printing and writing copy papers, coated paper and board, recycled papers, newsprint, packaging, and specialized applications.

Our innovative technologies deliver leading-edge and ever more sustainable solutions for paper makers around the world, offering cost-effective product choices and solutions to its customers.

Emulsion Products



From paints, adhesives and construction to the textile, leather and paper industries, Archroma's Emulsion Products Business provides solutions for a wide range of applications. Thanks to our commitment to innovation in polymer emulsions and our technical expertise in application and development, Archroma has supplied industries and consumers worldwide for more than 90 years with tailor-made solutions and sustainable answers. Literally thousands of satisfied customers have been witness to outstanding success of Archroma's Mowilith emulsions since its first patent was obtained in 1912.

Headquartered in Brazil, Sao Paulo, we are a global business unit with production facilities and operations in more than 12 countries. Our local expertise around the world is market orientated to respond to our customers needs.

Our Emulsion products business is a leading supplier of key raw materials for paint industry, construction industry and adhesives (packaging) application. We also deliver synthetic latexes/polymer dispersions for paints, coatings, adhesives, sealants, and for textile, leather, and paper industries.

/ DIRECTORS REPORT

Report of the Board of Directors for the year ended 30 September 2015

The Directors are pleased to present their report together with the audited financial statements of the Company and the Group for the year ended 30 September 2015. The Group results comprises of Archroma Pakistan Limited and Archroma Textiles Chemicals Pakistan (Private) Limited, (formally BASF Pakistan (Private) Limited a wholly owned subsidiary of the Company.

Board of Directors

The shareholders at Extraordinary General Meeting held on 27 March 2015 elected seven Directors Messrs. Mujtaba Rahim, Dr S Mubarik Ali, Hans Lourens, M Veqar Arif, Rahat Kaunain Hassan, Roland Waibel and Thomas Winkler for a term of three years commencing from 1st April 2015.

Acquisition

It gives us great pleasure to announce that the acquisition of the global Textile business of BASF SE by Archroma Textiles S.a.r.l has been concluded on 30th June 2015. In Pakistan, as approved by the Board, the 100% shareholding of BASF Pakistan (Pvt) Ltd has been acquired by Archroma Pakistan Ltd from BASF SE Germany on 31st July 2015.

The BASF business delivers products and technologies across the textile chemicals spectrum, with particular strengths in printing, finishing and coating chemicals. The investment further strengthens Archroma's market leadership position in supplying of dyes and chemicals to the global textile industry. The outlay strategically compliments Archroma's product portfolio and geographical presence that will now include BASF's strong market positions in Asia and several other high-growth markets. In order to reflect the BASF relationship with the Archroma and to benefit therefrom, the Board of Directors proposes that the name of the company be changed from BASF Pakistan (Pvt) Limited to Archroma Textiles Chemicals Pakistan (Pvt) Limited, with effect from 17th August 2015.

Business Overview

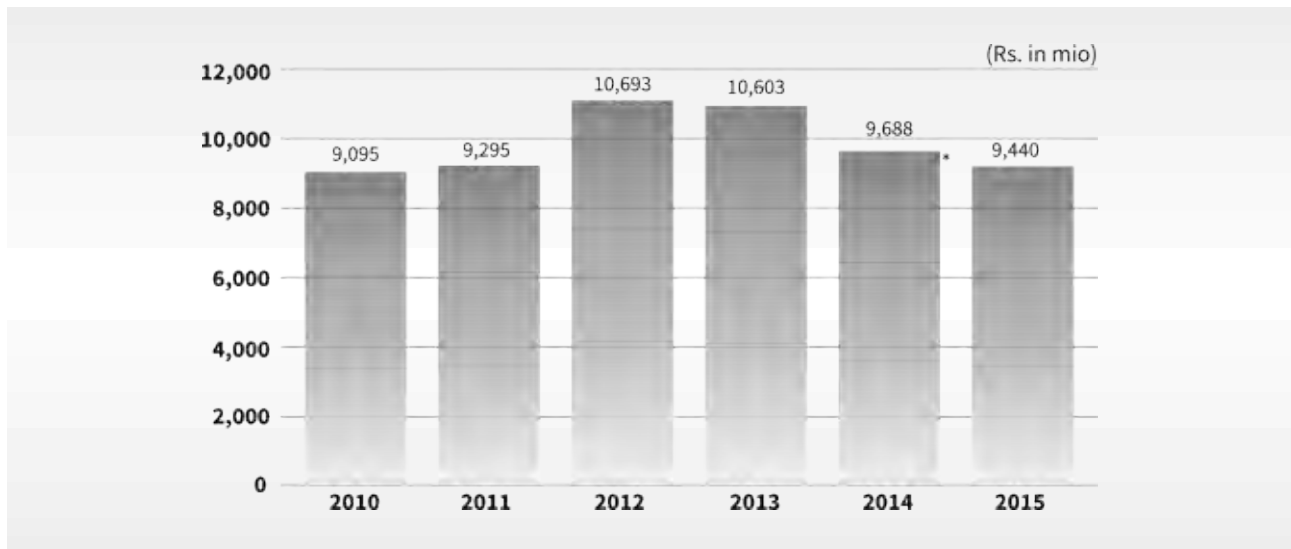
During the period under review, the Company performed well by managing the headwinds through winning mindset and accountability. Textile industry the major consumption segment of our Company remain sluggish due to less demand on export front originating from the European economic slowdown. The chronic energy crises continue to suppress the output of the industry. The Company remains strongly focused on opportunities in highly difficult market conditions, improved margins through cost reduction in operations and smartly managing the prices and volumes. The aforementioned pathway enabled us to further improve our market position and will also help to improve sustainable profitability of the businesses in the long run.

In today's competitive landscape we are continuously gearing up our business to meet the challenges that lie ahead. The Company is constantly exploring business development opportunities both in the domestic and international landscape to further strengthen our position.

/ DIRECTORS REPORT

Gross Sales

During the period under review the overall sales remain depressed by 3% in comparison to corresponding year (12 months). However favourable sales growth recorded in segment of paper solutions at 4%



* Sales of the year 2014 comprises of complete year (October 2013 - September 2014)

Distribution of Revenue – 2015



/ DIRECTORS REPORT

Earnings Per Share

Basic earnings per share were Rs. 30.87 (2014: Rs. 30.88). There is no diluting on the basic earnings per share of the Company, as the Company has no convertible dilutive potential ordinary shares outstanding as at September 30, 2015

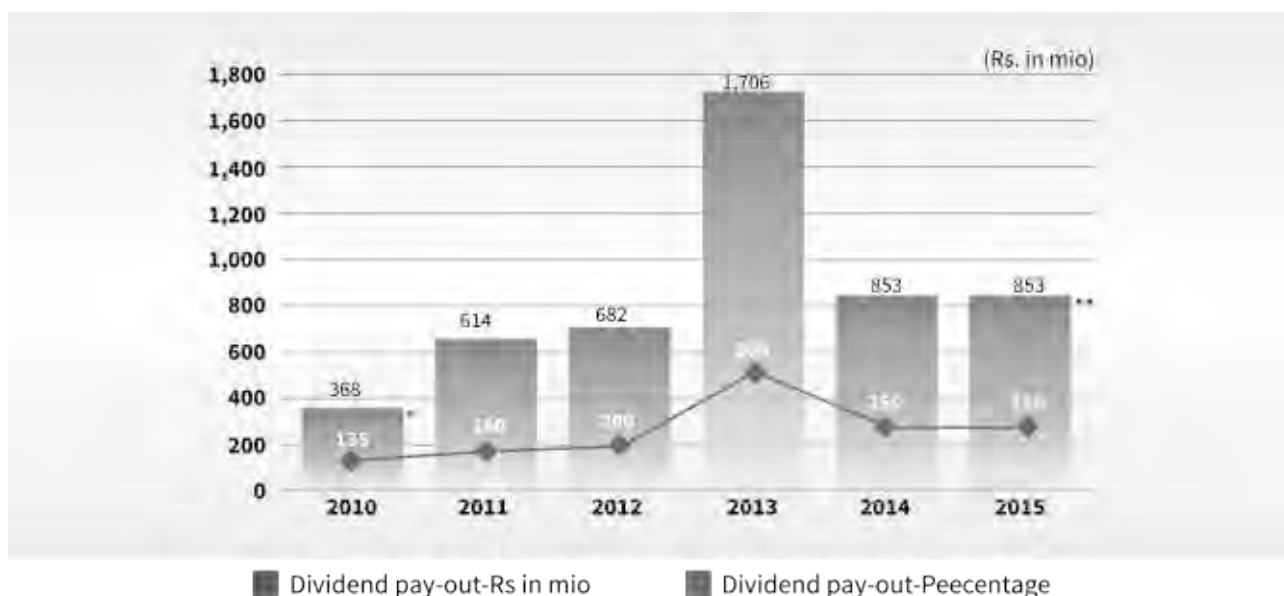
Appropriation of Profit

The proposed appropriation of profit of the company is as under:

	(Rupees in mio)
Total comprehensive income for the period	1,117.94
Unappropriated profit brought forward	1.12
Profit available for appropriation	1,119.06
Appropriation:	
Proposed 250% final cash dividend To be paid after approval in the Annual General Meeting	852.94
Transferred to Revenue Reserves	265.00
Unappropriated profit carried forward	1.12

Dividend

Taking into account the preference of our shareholders, the Board has proposes the final dividend of Rs.25/- per share for the financial year ended September 30, 2015. This approach remain in line with our commitment to consistently return sustainable value to shareholders.



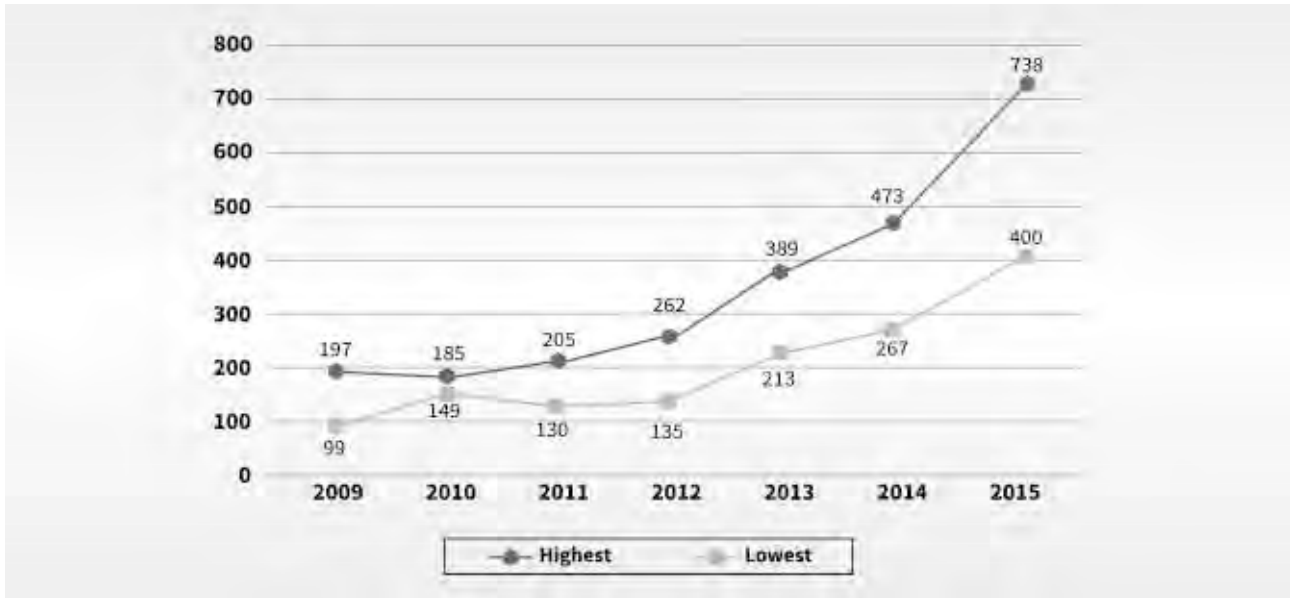
* In addition to cash dividend, bonus issued @ 25%,

** Subject to approval of shareholders in Annual General Meeting

/ DIRECTORS REPORT

Share Price

Company's share during the year was quoted at its highest of Rs.738 and lowest at Rs.400 on the Karachi Stock Exchange Ready Board quotations.



Future Outlook

Moving forward, with improved security situation in the country and business friendly policies by the government, we expect market to improve. Company's new growth strategy generating superior values by providing innovative and sustainable solutions to performance oriented customers globally through safety, sustainability and innovation to meet the market challenges and manage the portfolio in a more profitable way. In these challenging times, we stand committed to focus on innovative ways to overcome the challenges, to capitalize on right opportunities and pursuing on a profitable growth agenda that creates shareholder value on sustainable basis. The most important for us is how well we are equipped to fight stormy weathers. In a nutshell, way forward we continue to embrace our ACTS, our four pillars of Archroma work culture. They express how everybody in the Company can contribute to sustainable value creation at all times.



**Accountability
for performance**



**Customers and
market focus**



**Teamwork and
collaboration**



**Speed
and simplicity**

Going forward, the Company has planned extensively to enhance its reach in the coming years so as to cater to a wider customer base and to achieve our mission i.e. Pushing limits to outperform. Our thrust is to grow and to work every day towards further improving performance as well as ensuring that it is sustained.

Social Contribution

We being environmental friendly company should act in a responsible manner to save our environment from hazards of chemicals. In order to ensure this, we have to protect our land, water and air from pollution for the future of our children. Environment protection is a top priority of our Company. Archroma, being a Swiss company, assumes the responsibility by adhering to ecological friendly practices from production and distribution to the disposal of waste and for undertaking the technologically innovative project "Sustainable Effluent Treatment (SET) Plant" at Jamshoro site which is the biggest manufacturing facility of the textile chemicals within Archroma based on the idea of "Zero Liquid Discharge".



The SET facility sets new standards not only in quantity but also quality of the recovered water. It allows the recycling of 80 percent of waste water which in turn leads to massive reduction of water intake from the river Indus. The project took investment outlay of Rs. 375 million in 2012. The 20% reject and solid waste dispose of through unique high tech incineration plant, not only controlling emissions also used for energy saving via steam production. Furthermore, fly ash / bottom ash is used for construction blocks which is strengthen the purpose. In this way, we are the first company in country which has the complete unique facility for waste management



/ DIRECTORS REPORT

Safety, Health and Environment (SHE)

We believe, at the end of the day, the goals are simple, safety and security. All workers have the right to return home each day safe and sound. We, at Archroma recognize the importance of safe and secure environment and consider it our duty to ensure that people who work for us know, how to work safely and without risks to health and to develop a positive health and safety culture. Archroma's SHE management system is an integral component of our business processes and our strategic planning. We are 100% committed to creating a safe workspace for everyone. The leadership team and global management of Archroma has been emphasized that at Archroma SHE (Safety, Health & Environment) is our first priority.

The safety and health of our employees and visitors is a high priority for the Company. Therefore hazards associated with operations are continuously identified, assessed and managed to eliminate or reduce risks.



Meanwhile coaching, shop floor trainings and behavioral Safety trainings helps to change the behavior with regard to safety and prevent accidents.



/ DIRECTORS REPORT

To achieve the above goal, the Company has launched “12 Life Savings Rules” which are the backbone of our approach to work safely. These are as follows:



**NO DRUGS WHILST WORKING
NO ALCOHOL AT WORK
NO SMOKING OUTSIDE
DESIGNATED AREAS**



**WORK WITH A VALID PERMIT
WHEN REQUIRED**



**PROOF THAT ATMOSPHERE
IS SAFE BEFORE ENTERING
IN A CONFINED SPACE**



**LOCK OUT, TAG OUT
AND TRY OUT BEFORE WORK ON
MACHINES OR EQUIPMENT BEGINS**



**OBTAIN AUTHORIZATION
BEFORE LINE BREAKING**



**OBTAIN AUTHORIZATION
BEFORE OVERRIDING OR
DISABLING CRITICAL
SAFETY EQUIPMENT**



**PROTECT YOURSELF
AGAINST A FALL WHEN
WORKING AT HEIGHT**



**LIFTING AND HOISTING:
DO NOT ENTER A DANGER
ZONE WHERE OBJECTS CAN FALL**



**COMPLY WITH MANAGEMENT
OF CHANGE WHEN REQUIRED**



**FOLLOW YOUR JOURNEY
MANAGEMENT PLAN**



WEAR YOUR SEATBELT



**DRIVE RESPONSIBLY
AND COMPLY WITH
LOCAL LAW**

Archroma Corporate and Social Responsibility

Goodness is the only investment that never fails. Creating a strong business and building a better world are not conflicting goals - they are both essential ingredients for long-term success.

At Archroma our aim has always been to make useful contributions to the economy in which we operate. One of the primary areas focus to operate in a socially responsible manner. Archroma is also having sustainability policy. The ingredients of which are as follows.

Commitment & Archroma Excellence

Archroma commits itself to ethical and sustainable operation and development in all business activities according to Responsible Care® and Archroma's own Code of Conduct. Archroma strives for a business culture of continuous improvement as well as for sustainable competitiveness and top performance in consideration of Archroma's ethical standards.

Responsibility

Archroma bears an ethical responsibility for sustainable, economic and ecological, as well as fair, business practices. Corporate Social Responsibility is therefore an integral component of our company's philosophy. All Archroma employees are educated and trained to assume responsibility in line with their function, level of authority and qualification.

Archroma's Management System

Archroma's certified Management System adheres to all internal and external standards to which Archroma subscribes and forms the company's documented structural framework as the basis for objectives and programs. The system complies with ISO 9001, ISO 14001, OHSAS 18001 and Responsible Care®. Achieving and maintaining a high level of quality across all aspects of our businesses, our SHE related activities, Social Responsibility and Responsible Care®, is our understanding of Corporate Sustainability.

Compliance

Compliance with laws, international standards, internal regulations, and Archroma's Code of Conduct is a basic requirement for all our activities. Archroma appreciates voluntary initiatives and provides adequate support to develop effective and efficient safety, health and environmental regulations.

Safety and Environment

One of Archroma's most important objectives is the safety of its worldwide activities and the protection of people and environment. We set protection goals which are valid throughout the entire group and monitor and evaluate all aspects of our activities.

/ DIRECTORS REPORT

Risk and Emergency Management

Comprehensive assessment of risks related to our operations and products are prerequisite to our business processes. Local and global emergency organization is in place to ensure comprehensive emergency management and response.

Innovation and Product Stewardship

We are convinced that it will be essential to understand our customers' needs. Innovation and customer focus is the key to our business. We permanently develop better and new products and services to add value to our customers and to our environment. Concurrently we secure that our products can be used over their entire life cycle in a safe manner for employees, customers, the public and the environment.

Sustainable Operation and Processes

We take initiatives to reduce environmental, safety and health risks in production, storage, distribution and usage of our products and the disposal of waste. This includes the efficient use of energy and resources and the continuous improvement of our processes to minimize the impact of our activities on the environment.

Third Party Management

Our aim is to establish mutually beneficial relationships with our third party suppliers and contractors in order to support our services on the basis of our internal SHEQ standards, which include Corporate Social Responsibility and Responsible Care®. We encourage our suppliers and service providers to adopt standards comparable to Archroma's policies.

Communication

Archroma fosters a culture of proactive and transparent communication as key to trusting and reliable relationships. All stakeholders are regularly informed about our activities, our targets and our SHEQ performance. We identify the concerns and expectations of our stakeholders systematically.

Monitoring and Review

We monitor and review all business aspects and processes including Responsible Care® issues at regular intervals. Observing our quality and performance is an integral component of our business processes, our top priorities and our strategic planning.

/ DIRECTORS REPORT

Directors' Training Program

Board of Directors training helps the board fulfill its role and make a real difference to a company's performance. Every board has a unique role in company oversight including duty to stakeholders, Therefore, keeping the same in mind and the requirements of the code our Director namely Mr. Mujtaba Rahim attended the directors' training program conducted by Institute of Chartered Accountants of Pakistan during the year.

Apprentices Program

The Company inducts apprentices through the program where students from Engineering Universities, Textile and Business institutes are regularly inducted under internship programs.

To date, Archroma has trained 161 batches comprising of more than 4,807 students from multifarious Universities. During the year under review, Company has incurred Rs. 4.6 mio for the complementary training of the students and technicians.



In Multan also, we are engaged in providing training to final year students of textile college. We provide them samples of dyes and chemicals free of cost as and when required by the college. We conduct awareness sessions for all exporters including cottage industry in order make them abreast with new methods of dying with energy conscious approach and other latest developments taking place in the industry.

Human Resource

Offering learning and development opportunities to our pool of human resource and encouraging talent movement across. Developing the talent pipeline for the Company remained a key focus area.

Donations

Our Company also donated amount worth Rs. 500,000 to different social, medical and educational centers.

/ DIRECTORS REPORT

Medical Facilities

To provide adequate medical facilities to the work force of 500 employees an in-house dispensary with round-the-clock ability of doctor and ambulance service is also available.

Contribution to National Exchequer

During the year company contributed PKR. 1,100 mio into the Government treasury on account of Income taxes, sales tax and other levies. Moreover, valuable foreign exchange to the tune of 1,000 mio was also generated by your Company for the Country from export during the year under review.



Corporate Governance

The Company has complied with all the requirements of the Code of Corporate Governance as required by the listing regulations.

Accordingly the Directors are pleased to confirm the following:

- The financial statements prepared by the management of the Company, presents fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements of the Company and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the Company's financial statements.
- The system of internal control of the Company is sound in design and has been effectively implemented and monitored.

/ DIRECTORS REPORT

- Archroma globally acquired BASF's textile chemical business as well as the legal entity Archroma Textiles Chemicals Pakistan (Private) Limited (formerly BASF Pakistan (Private) Limited Karachi.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

Statement of Ethics and Business Practices (Code of Conduct)

In order to put in place professional standards and corporate values for promotion of integrity of the Board, senior management and other employees, the board has disseminated a Code of Conduct, defining therein acceptable and unacceptable behaviors. The same has been placed on the Company's website.

Board & Sub Committee Meetings

Meetings of the Board of Directors, Audit Committee and Human Resource & Remuneration Committee are held according to schedule. Audit committee comprises of three members, all of them are non-executive Directors including the Chairman. Meetings held and attendance by each Director in the meetings of the Board and its sub committee is as follows:

Name of Directors	Designation	Board of Directors 4 - Meetings	Audit Committee 4 - Meetings	HR & R 1 - Meeting
		Attended	Attended	Attended
Mr. Mujtaba Rahim	Executive Director	4	-	1
Dr. S. Mubarik Ali	Non-Executive Director	4	4	1
M. Veqar Arif	Executive Director	4	-	-
Roland Waibel	Non-Executive Director	-	-	-
Thomas Winkler	Non-Executive Director	-	-	-
Hans Lourens (Alternate: Zafir Hussain)	Non-Executive Director	4	4	-
Rahat Kunain Hassan	Non-Executive Director	3	3	-

Leave of absence was granted to Directors who could not attend the board meetings and they were represented by their respective alternates.

/ DIRECTORS REPORT

Gratuity and Provident Funds

The value of investments of Gratuity and Provident funds based on the latest audited accounts at 30 June 2015 and as at 30 June 2014 are as follows.

	2015	2014
	(Rupees in mio)	
Gratuity Fund	741	627
Employees Provident Fund	475	411

The value of investment includes accrued interest.

Holding Company

Archroma Textiles S.a.r.l (Archroma) is a global leader providing colors and specialty chemicals. A Company comprises of 3000 employees, 25 Production sites and having a presence in 35 countries come together in a new Company to better meet customer needs in the local & global markets having registered office located in Luxembourg.

Website.

All our stakeholders and general public can visit the Archroma Pakistan Limited's website, www.archroma.com.pk, which has a designated section for investors containing relevant information.

Subsequent Events.

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Financial Statements and Auditors.

The financial statements of the company have been audited and approved without qualification by the auditors, KPMG Taseer Hadi & Co. Chartered Accountants.

Further, the present auditors, KPMG Taseer Hadi & Co. Chartered Accountants, retired and eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as Auditors of the Company for the year ending September 30, 2016, at a fee to be mutually agreed.

/ DIRECTORS REPORT

Consolidated Performance.

In compliance with section 236(5) of the companies Ordinance, 1984 we give below the following information:

Annual consolidated financial statements are attached, relevant financial information of the Group for the current period appears as under:

	2015
	(Rupees in '000)
Revenue	9,805,929
Gross profit	2,533,136
Gross Profit percentage	25.83 %
Distribution and Marketing Expenses	642,111
Administration Expenses	237,827
Other Expenses	110,028
Other Income	171,261
Operating Profit	1,714,431
Finance Cost	134,367
Profit before Taxation	1,580,064
Taxation - net	338,082
Profit after Taxation	1,241,982
Profit after Taxation percentage	12.67 %
Earnings per share	36.40

Key Operating & Financial Data

Key Operating and Financial data for last six years shown on page 71.

Pattern of Shareholding

A Statement of the pattern of shareholding is shown on page 120.

There was no trading in the shares of the company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year.

Acknowledgement

The Board thanks all staff members and workers for excellent performance during very difficult times and look forward to achieve further goals in future.

On behalf of the Board, I would like to record my gratitude to extremely valued shareholders, customers, suppliers, contractors, bankers and other stakeholders for their support, trust and confidence. Thanks are also due to all the employees for their loyalty, dedication and hard work which enabled the Company to achieve its objectives.

On behalf of the Board



Mujtaba Rahim
Chairman and Chief Executive Officer

Karachi: 17 December 2015

/ AWARDS AND ACHIEVEMENTS

Top 25 Companies Award

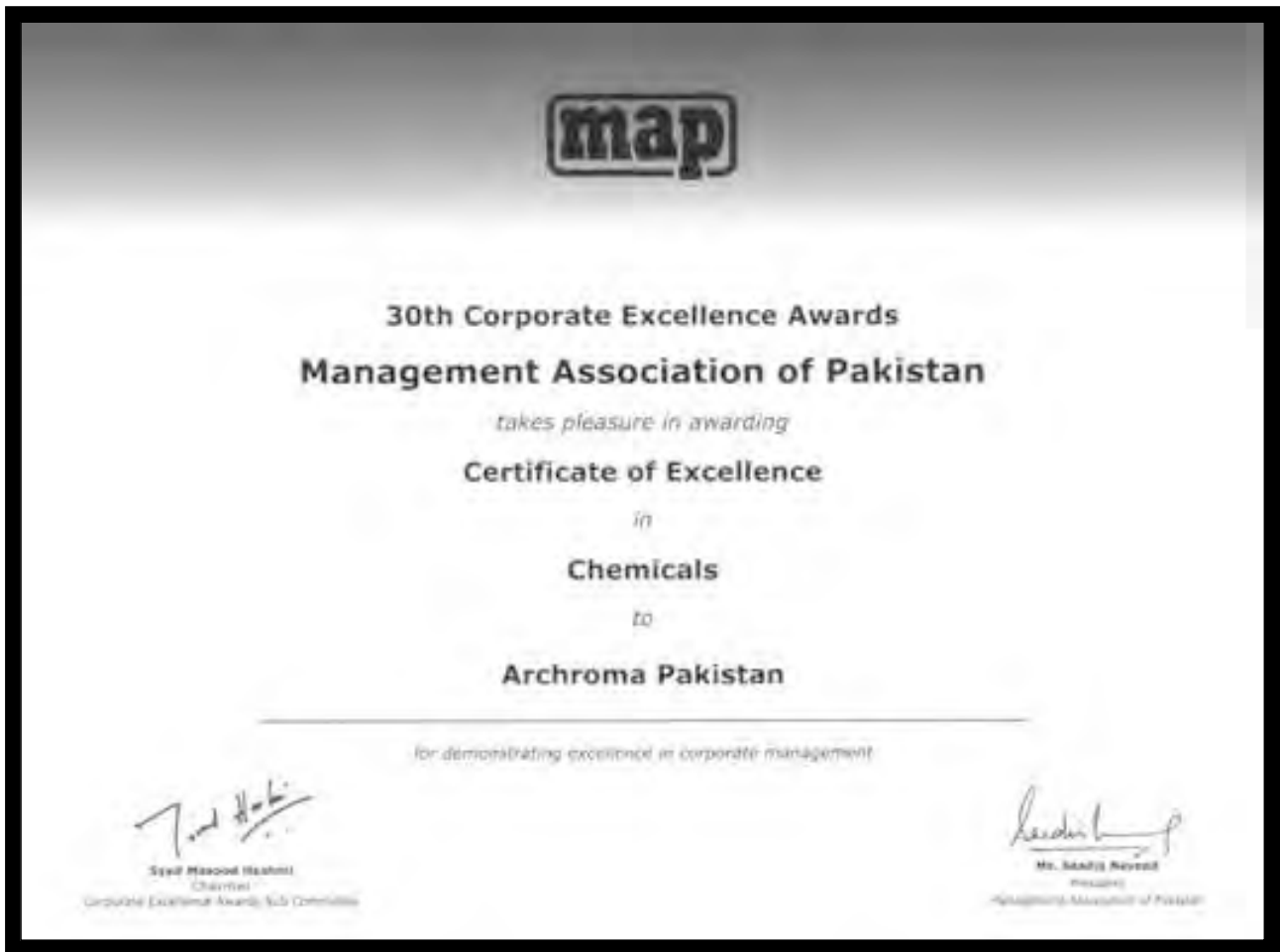


Our Chairman & CEO, Mr. Mujtaba Rahim on behalf of Archroma Pakistan Limited receiving the top companies award for the years 2010, 2011, 2012 & 2013 from the honorable Prime Minister, Mr. Nawaz Sharif at the ceremony held at PAF Museum Convention Centre, Karachi.

Based on the Company's performance Archroma Pakistan Limited has been honored with prestigious Top 25 Companies Award by the Karachi Stock Exchange (KSE) for the 13th consecutive year from 2001 till 2013.

/ AWARDS AND ACHIEVEMENTS

MAP'S Corporate Excellence Awards



Our company is a recipient of corporate excellence certificate in chemical sector at 30th Corporate Excellence Award held by the Management Association of Pakistan. This is 4th time consecutively in a row that our company is bestowed with this great compliment.

/ AWARDS AND ACHIEVEMENTS

Strategic Marketing Project (SMP) Award

It give us immense pleasure to declare that our Flying Horse team of Archroma Pakistan Ltd is declared as winner of Strategic Marketing Project (SMP) award 2015 as by far the best performing country in whole Achroma world. It is so prideful for us that it is the 2nd time in a row that Archroma Pakistan Ltd. is honoured with this wonderful achievement.

The award is conferred by our group CEO Mr. Alexander Wessels on maintaining the galloping pace in accelerating the market share. The award demonstrates our exceptional achievements in our journey towards profitable growth.



From right to left our Chairman and Chief Executive Officer Mr. Mujtaba Rahim standing with our group Chief Executive Officer, Mr. Alexander Wessels, followed by our Sales and Marketing Head Mr. Hadi Raza Lakhani, our other marketing team members and Mr. Oliver Schmidt, President Region Asia standing at the extreme corner.

/ TOWARDS SUSTAINABLE TEXTILES



Sustainability is the buzz word that is driving the business intellectuals & world leaders from west to east and north to south. Climate change & global warming and their expected outcomes are the serious challenges our current and future generations have to face. Emergence & Importance of Dow Jones Sustainability Index & Kyoto protocol signifies the commitment of stakeholders to reduce and CO2 emissions.

With an estimated six million tons of textile chemicals used each year, the environmental impact of textile processing has become an issue of global concern. It is estimated that textile manufacturing processes contribute close to 10 percent of the world's carbon impact. As a result, environmentally conscious consumers and environment protection groups are placing more scrutiny on how an end article has been produced and what kind of impact they have on the planet. Major apparel brand owners and retailers are therefore increasingly pressured to ensure that their products' environmental performance is consistent with their branding

Climate protection, resource savings and waste water reduction are the key objectives driving sustainability across the textile value chain. Yet for key brands and retailers, the creation of sustainable value can only be feasible if both ecological and economic priorities are also being met.

Archroma has always been at the fore-front in the field of sustainability by offering innovative solutions to the industry. The ecological challenges facing the textile industry was realized much ahead of time that led to the development of ECO-Swot concept in mid-nineties. The concept addressed the importance of time and water in processing textile goods.

Ecology, Economy, Efficiency, popularly referred as 3E was launched in late 90's which gave a new dimension to the way we used to process the goods. The target was to raise awareness about the presence of restricted substances in textile articles and subsequent consequences to the business. Towards the mid of first decade of current century, an extended 4E concept was launched that added environment to the 3E concept to raise awareness about upcoming waster water issues.

Following its legacy of being the 1st to raise awareness and provide solutions to textile community, Archroma recently launched unique sustainability service "ONE WAY". It is designed to provide a fast and reliable method to textile brands, retailers and manufacturers for selecting the most sustainable process routes. The close consideration of key parameters, including raw materials, water and energy consumption, aims at giving numerical value to sustainability. ONE WAY Calculator, a sophisticated software enables the user to evaluate the performance and environmental profile of products and processes almost instantly.

/ TOWARDS SUSTAINABLE TEXTILES

Archroma's Global team of Product Stewardship experts carefully screens the dyes and chemicals against the well-known eco-standards including Bluesign®, Oeko-Tex®, GOTS and the 11 restricted substance groups classified under the Joint Roadmap Towards Zero Discharge initiative. The ecological needs continue to increase in the backdrop of REACH and numerous Customer Awareness Reports from Green-Peace.

For retailers and brand owners, Archroma Sustainability expertise offer following key benefits:

- Comprehensive product portfolio that helps address both consumer product safety and regulatory requirements, as well as key ecological concerns;
- Innovative and sustainable solutions that help lessen the environmental impact of textile production whilst supporting product designers' need for technology that enables design freedom;
- Reliable tools to measure products and processes against the industry's most stringent environmental standards.

For textile mills, key benefits include:

- Fact-based approach of improving environmental performance while increasing production efficiency and business profitability;
- More efficient product lifecycle management and faster speed-to-market, through instant and worldwide availability of sustainable products;
- Access to industry leading, environmentally advanced technologies, to better address high-end needs of the textile value chain.

A major cornerstone of Sustainability is the reduction and effective utilization of waste. Introduction of EarthColors by Archroma is a big leap in this direction. Using agricultural waste, almond shells, saw palmetto & rosemary leaves, Archroma has provided the denim and casual-wear industry with Rich Red, Brown and Green colours. This makes the consumer feel proud in wearing an article with strong ecological profile.

The impact of formaldehyde on humans has always been area of concern for the authorities. The reclassification of formaldehyde by ECHA to Carcinogen 1B (may cause cancer), would pose serious challenges for the textile industry. In order to help the industry confront the upcoming challenges, Archroma offers unique proposition combining Fixapret® Resin WFF, a "zero add-on" formaldehyde no-iron finishing system and Helizarin® EcoSafe a "zero add-on" formaldehyde printing system.

To sum up, Archroma is playing a pivotal role in the development of innovative products that improve processes by saving resources, employing more renewable raw materials, maximizing safety and reducing emissions and waste. The provisions of broad spectrum of ecological solutions help the local industry to sustain and improve their business through satisfaction of buyers.

STATEMENT OF COMPLIANCE

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No 35 of listing regulations of The Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of directors. At present the Board includes:


Category	Names
Independent Director	: Rahat Kaunain Hassan
Executive Directors	: Mujtaba Rahim, M Veqar Arif
Non-Executive Directors	: Dr. S. Mubarik Ali, Hans Lourens, Roland Waibel, Thomas Winkler.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
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 material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
7. The meetings of the Board were presided over by the chairman. The Board met once in every quarter during the year ended 30 September 2015. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. During the year Company arranged training program for an executive director Mr. Mujtaba Rahim, from Institute of Chartered Accountants of Pakistan (ICAP) which is recognized under Securities and Exchange Commission of Pakistan (SECP).
9. The Board had approved appointments of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
10. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

STATEMENT OF COMPLIANCE

12. The Directors, CEO and executives do not hold any interest in the shares of the Company.
13. The Company has complied with all the corporate and financial reporting requirements of the CCG.
14. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The Board has formed an HR and Remuneration committee (HR & R committee). It comprises of three members, of whom two are non-executive directors and the chairman of the committee is a non-executive Director.
17. The Board has set up an effective internal audit function. The staff is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and the stock exchange.
21. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
22. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors



Mujtaba Rahim
Chairman & Chief Executive Officer

Karachi
Dated: 17 December, 2015



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
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Karachi, 75530 Pakistan

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Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Archroma Pakistan Limited** ("the Company") for the year ended 30 September 2015 to comply with the requirements of Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured 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. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended 30 September 2015.

Date: 17 December 2015

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants



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Auditors' Report to the Members

We have audited the annexed balance sheet of **Archroma Pakistan Limited** ("the Company") as at 30 September 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2015 and of the profit, its cash flows and changes in equity for the year then ended; and



KPMG Taseer Hadi & Co.

- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 17 December 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt



/ FINANCIAL STATEMENTS



/ BALANCE SHEET

As at 30 September 2015

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
ASSETS			
Non-current assets			
Property, plant and equipment	3	947,505	1,021,329
Investment in subsidiary	4	1,372,800	-
Long term loans and advances	5	12,055	23,045
Long term deposits		2,939	2,639
Long term prepayments		2,184	2,472
		2,337,483	1,049,485
Current assets			
Stores and spares	6	19,012	24,923
Stock-in-trade	7	1,380,984	1,566,757
Trade debts	8	2,148,600	2,030,655
Loans and advances	9	11,305	22,872
Trade deposits and short-term prepayments	10	27,175	19,494
Other receivables	11	1,718,328	1,607,689
Taxation - net		119,589	-
Cash and bank balances	12	316,085	406,769
		5,741,078	5,679,159
TOTAL ASSETS		8,078,561	6,728,644
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	13	341,179	341,179
Revenue reserves		2,983,000	2,803,000
Unappropriated profit		1,119,063	1,034,067
Shareholders' equity		4,443,242	4,178,246
LIABILITIES			
Non-current liabilities			
Deferred taxation - net	14	67,802	44,953
Other long term employee benefits	15	9,481	-
Liabilities against assets subject to finance lease	16	37,311	-
		114,594	44,953
Current liabilities			
Trade and other payables	17	1,846,056	1,540,725
Mark-up accrued	18	17,803	24,991
Short-term borrowings	19	1,643,426	892,577
Current portion of liabilities against assets subject to finance lease	16	13,440	-
Taxation - net		-	47,152
		3,520,725	2,505,445
		3,635,319	2,550,398
Contingencies and commitments	20		
TOTAL EQUITY AND LIABILITIES		8,078,561	6,728,644

The annexed notes 1 to 43 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

/ PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2015

	Note	30 September 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
Sales		9,440,404	7,622,868
Discounts and commission		589,501	459,343
Sales tax		375,580	291,248
		965,081	750,591
Net sales	21	8,475,323	6,872,277
Cost of goods sold	22	6,061,251	4,945,833
Gross profit		2,414,072	1,926,444
Distribution and marketing expenses	23	604,285	443,448
Administrative expenses	24	225,609	123,907
Other expenses	27	106,477	111,065
		936,371	678,420
Other income	28	19,138	18,022
		1,496,839	1,266,046
Finance costs	29	125,627	7,378
Profit before taxation		1,371,212	1,258,668
Taxation - net	30	317,909	205,260
Profit for the year / period		1,053,303	1,053,408
Other comprehensive income			
<i>Items that will never be reclassified to profit and loss account:</i>			
Remeasurement of post-employment obligations		83,993	(30,258)
Related tax thereon		(19,353)	10,590
		64,640	(19,668)
Total comprehensive income for the year / period		1,117,943	1,033,740
		(Rupees)	(Rupees)
Earnings per share	31	30.87	30.88

The annexed notes 1 to 43 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer




M Veqar Arif
Director and Chief Financial Officer

/ CASH FLOW STATEMENT

For the year ended 30 September 2015

	Note	30 September 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,998,404	942,819
Staff gratuity - paid		(15,622)	(53,562)
Mark-up paid		(88,992)	(15,764)
Income taxes paid		(491,744)	(180,862)
Movement in long-term loans and advances		10,990	8,095
Movement in long-term deposits and prepayments		(12)	(2,367)
Net cash generated from operating activities		1,413,024	698,359
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(25,651)	(215,957)
Proceeds from disposal of operating fixed assets		160	56
Investment in subsidiary [Archroma Textiles Chemicals Pakistan Private Limited (formerly BASF Pakistan (Private) Limited)]		(1,372,800)	-
Net cash used in investing activities		(1,398,291)	(215,901)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against finance lease obligations		(8,597)	-
Short-term borrowings - proceeds		1,535,000	1,031,000
- repayments		(1,625,000)	(506,000)
Dividend paid		(847,669)	(1,696,588)
Net cash used in financing activities		(946,266)	(1,171,588)
Net decrease in cash and cash equivalents		(931,533)	(689,130)
Cash and cash equivalents at the beginning of the year / period		39,192	728,322
Cash and cash equivalents at the end of the year / period	38	(892,341)	39,192

The annexed notes 1 to 43 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer




M Veqar Arif
Director and Chief Financial Officer

/ STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

	Issued, subscribed and paid-up capital	Revenue reserves	Unappro- priated profit	Total
------(Rupees in '000)-----				
Balance as at 31 December 2013	341,179	2,605,000	1,904,214	4,850,393
<i>Transactions with owners of the Company - Distribution</i>				
- Final dividend at 500% (i.e. Rs.50 per share) for the year ended 31 December 2013	-	-	(1,705,887)	(1,705,887)
Transfer to revenue reserves appropriated subsequent to year end	-	198,000	(198,000)	-
<i>Total comprehensive income for the nine months period ended 30 September 2014</i>				
Profit for the nine months period ended	-	-	1,053,408	1,053,408
Other comprehensive income - remeasurement of post employment obligation - net of tax	-	-	(19,668)	(19,668)
	-	-	1,033,740	1,033,740
Balance as at 30 September 2014	341,179	2,803,000	1,034,067	4,178,246
<i>Transactions with owners of the Company - Distribution</i>				
- Final dividend at 250% (i.e. Rs.25 per share) for the year ended 30 September 2014	-	-	(852,947)	(852,947)
Transfer to revenue reserves appropriated subsequent to year end	-	180,000	(180,000)	-
<i>Total comprehensive income for the year ended 30 September 2015</i>				
Profit for the year	-	-	1,053,303	1,053,303
Other comprehensive income - remeasurement of post employment obligation - net of tax	-	-	64,640	64,640
	-	-	1,117,943	1,117,943
Balance as at 30 September 2015	341,179	2,983,000	1,119,063	4,443,242

The annexed notes 1 to 43 form an integral part of these financial statements.


Mujtaba Rahim
Chairman and Chief Executive Officer


M Veqar Arif
Director and Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

1 THE COMPANY AND ITS OPERATIONS

Archroma Pakistan Limited is a limited liability company, incorporated and domiciled in Pakistan. The address of its registered office is 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi, Pakistan. The Company is listed on the Karachi Stock Exchange. The Company is a subsidiary of Archorma Textiles S.a.r.l., incorporated in Luxembourg, headquartered in Reinach, Switzerland which holds 75 percent of the share capital of the Company.

The Company is engaged in the manufacture and sale of chemicals, dyestuffs and emulsions. It also acts as an indenting agent.

1.1 Basis of preparation

1.1.1 Separate financial statements

These unconsolidated financial statements (therein after referred to as the financial statements) are the separate financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest rather than on the basis of reported results of the investee. Consolidated financial statements of the Company are prepared separately. Details of Company's investment in subsidiary is stated in note 4 to these financial statements.

1.1.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

1.1.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain staff retirement benefits and other long term employee benefits which are carried at present value.

1.1.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand Rupee.

1.1.5 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- i) estimation of useful lives and residual values of operating fixed assets (notes 2.1 and 3.1);
- ii) estimation in writing down items of stores and spares to their net realisable value (notes 2.4 and note 6);
- iii) estimation in writing down items of stock-in-trade to their net realisable value (notes 2.5 and 7);
- iv) estimation of provision for impairment of trade debts (notes 2.6 and 8);
- v) provision for taxation (notes 2.7 and 30); and
- vi) calculation of provision for staff retirement gratuity and other long term employee benefits (notes 2.11.1 b and 25).

1.1.6 Standards, amendments or interpretations which became effective during the year

During the year, certain amendments to standards became effective. However, they did not have material effect on these financial statements.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015. The Company either does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016)
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015)
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015)
- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015).
- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015).
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016).
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016].
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- IFRS 7 'Financial Instruments- Disclosures'
- IAS 19 'Employee Benefits'
- IAS 34 'Interim Financial Reporting'

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Property, plant and equipment

2.1.1 Operating fixed assets

Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land and capital work-in-progress which are stated at cost less accumulated impairment losses, if any.

Depreciation is charged using the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The cost of leasehold land is amortised equally over the lease period. The asset's residual values and useful lives are reviewed, and adjusted if required, at each balance sheet date.

Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal. The rates of depreciation are stated in respective note in these financial statements.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account as and when incurred.

Gains / losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account in the year in which they arise.

Leased assets

Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

2.1.2 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these are available for use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.1.3 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that property, plant and equipment may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and the differences are recognised in the profit and loss account.

2.1.4 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalised as part of the cost of that asset.

2.2 Investment in subsidiary

Investments in subsidiaries are initially recognized and carried at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

2.3 Loans, advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

2.4 Stores and spares

Stores and spares are valued at the lower of cost determined on the moving average method and net realisable value. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving stores and spares is determined based on the management's assessment regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

2.5 Stock-in-trade

Stock-in-trade are valued at the lower of cost determined on the moving average method and net realisable value.

Cost of work-in-process and manufactured finished goods comprises cost of direct materials, direct labour and an appropriate portion of production overheads. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving inventories is determined based on the management's assessment regarding their future usability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

2.6 Trade and other receivables

Trade and other receivables are carried at original invoice amount less an estimate for doubtful balances which is determined based on review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off, when identified.

2.7 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any and taxes paid under Final Tax Regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the period.

Deferred

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2.8 Financial instruments

2.8.1 Financial assets

2.8.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets. The financial assets of the Company are categorized as follows:

a) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, loans and advances, deposits, cash and bank balances, investments and other receivables in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

c) **Held-to-maturity**

These are financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity.

d) **Available-for-sale financial assets**

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified either as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

2.8.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

2.8.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial asset at fair value through profit or loss' and 'available-for-sale'

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available-for-sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) 'Loans and receivables' and 'held-to-maturity'

Loans and receivables and held-to-maturity financial assets are carried at amortised cost.

2.8.1.4 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a equity securities below its cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the profit and loss account.

2.8.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

2.8.2 Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.8.3 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

2.9 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash in hand, cash in transit, cheques and drafts in hand and in transit, balances held with banks in current accounts, short term highly liquid investments having maturity of three months and short-term running finances. Short-term running finances are shown within short-term borrowings in current liabilities on the balance sheet.

2.10 Trade and other payables

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

2.11 Staff benefits

2.11.1 Retirement benefits

The Company operates:

a) an approved contributory provident fund for all eligible employees; and

b) an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the actual period to the then - net defined benefit liability / (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in the profit and loss account. The latest actuarial valuation was conducted at the balance sheet date by the group's appointed actuary.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

c) The Group's net obligation in respect of other long-term employee benefits [i.e. long service award (Jubilee Plan)], other than defined benefit obligation, are the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit and loss account in the period in which they arise

2.11.2 Compensated absences

The liability in respect of compensated absences of employees on unavailed leave balances is accounted for in the period in which the leave is earned.

2.12 Foreign currency transactions

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange approximating those at the balance sheet date. Exchange gains / losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.14 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

2.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recognised as revenue when goods are delivered and invoiced.
- Indenting commission is recognised on receipt of shipment confirmation from suppliers.
- Interest income is accrued on a time apportionment basis on the principal outstanding at the rates applicable.
- Miscellaneous income is recognized on receipt basis.

2.16 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

2.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases including leases under ijarah financing.

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized. Payments made under operating leases and ijarah financing (net of any incentive received from the lessor) are charged to profit and loss account on straight line basis over the period of the lease / ijarah term.

2.18 Segment reporting

Operating segments are determined and presented in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components.

The Company has determined operating segments using business units. The business units have been established on the basis of products offered to external customers. The Company's Chief Executive Officer reviews the financial performance of the Company by business units.

In accordance with the Company's internal reports, that are regularly reviewed by the entity's chief operating decision-maker to allocate resources to the segments and assess their performance, function costs (comprising those with respect to finance, procurement, other administration, legal, information technology, human resources, etc.) are allocated to the respective operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

3	PROPERTY, PLANT AND EQUIPMENT	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Operating fixed assets	3.1	942,431	832,190
	Capital work-in-progress	3.5	5,074	189,139
			947,505	1,021,329

3.1 Operating fixed assets:

	30 September 2015							
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total
				Owned	Leased	Owned	Leased	
	(Rupees in '000)							
At 1 October 2014								
Cost	47	447,522	1,253,050	432,824	-	96	-	2,133,539
Accumulated depreciation	-	(222,126)	(737,687)	(341,440)	-	(96)	-	(1,301,349)
Net book value	47	225,396	515,363	91,384	-	-	-	832,190
Year ended 30 September 2015								
Opening net book value	47	225,396	515,363	91,384	-	-	-	832,190
Additions	-	54,947	99,662	55,107	27,180	-	32,168	269,064
Disposals / write-offs								
Cost	-	-	88	3,087	-	-	-	3,175
Accumulated depreciation	-	-	(88)	(3,087)	-	-	-	(3,175)
Depreciation charge for the year	-	(21,395)	(98,058)	(30,587)	(5,029)	-	(3,754)	(158,823)
Closing net book value	47	258,948	516,967	115,904	22,151	-	28,414	942,431
At 30 September 2015								
Cost	47	502,469	1,352,624	484,844	27,180	96	32,168	2,399,428
Accumulated depreciation	-	(243,521)	(835,657)	(368,940)	(5,029)	(96)	(3,754)	(1,456,997)
Net book value	47	258,948	516,967	115,904	22,151	-	28,414	942,431
Depreciation rate: % per annum	-	2.5 - 10%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%	

	30 September 2014					
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total
At 1 January 2014						
Cost	47	447,522	1,190,400	407,729	666	2,046,364
Accumulated depreciation	-	(207,753)	(672,921)	(325,820)	(666)	(1,207,160)
Net book value	47	239,769	517,479	81,909	-	839,204
Period ended 30 September 2014						
Opening net book value	47	239,769	517,479	81,909	-	839,204
Additions	-	-	62,650	32,687	-	95,337
Disposals / write offs:						
Cost	-	-	-	7,592	570	8,162
Accumulated depreciation	-	-	-	(7,592)	(570)	(8,162)
Depreciation charge for the period	-	(14,373)	(64,766)	(23,212)	-	(102,351)
Closing net book value	47	225,396	515,363	91,384	-	832,190
At 30 September 2014						
Cost	47	447,522	1,253,050	432,824	96	2,133,539
Accumulated depreciation	-	(222,126)	(737,687)	(341,440)	(96)	(1,301,349)
Net book value	47	225,396	515,363	91,384	-	832,190
Depreciation rate: % per annum	-	2.5 & 5	10 - 50%	10 - 33.33	20	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

3.2	The depreciation charge for the year has been allocated as follows:	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
	Cost of goods sold	22	136,145	90,716
	Distribution and marketing expenses	23	14,213	9,787
	Administrative expenses	24	8,465	1,848
			158,823	102,351

3.3 Details of property, plant and equipment disposed of / written off during the year:

Description	Mode of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
----- (Rupees in '000) -----						
Furniture, fixtures disposed off having book values below Rs 50,000	Negotiation/ Company policy	2,393	2,393	-	160	Various / scrapped
Furniture, fixtures written off having zero book value		782	782	-	-	Write off

3.4 The above disposal include equipment having Rs. Nil book value disposed of to key management personnel for Rs. Nil (2014: Rs. 0.034 million) as per Company's policy.

3.5 Capital work-in-progress

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Civil works		-	54,947
Plant and machinery		-	95,671
Equipment		5,074	38,521
		5,074	189,139

4 INVESTMENT IN SUBSIDIARY

2015 (Number of shares)	2014 (Number of shares)		2015 (Rs '000)	2014 (Rs '000)
8,845,200	-	Archroma Textiles Chemicals Pakistan (Private) Limited (formerly BASF Pakistan (Private) Limited), at cost	1,372,800	-

4.1 During the year, the Company acquired 100% shareholding of Archroma Textiles Chemicals Pakistan (Private) Limited (formerly BASF Pakistan (Private) Limited) through share sales and purchase agreement dated 1 July 2015. The principal place of business of subsidiary is in Karachi, Pakistan.

5 LONG TERM LOANS AND ADVANCES

		30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Due from:			
	Executives	18,312	33,347
	Employees	5,048	6,405
		23,360	39,752
Less: Receivable within one year		(11,305)	(16,707)
		12,055	23,045

5.1 Loans to executives and employees are provided for the purchase of motor vehicles, furniture and for house building assistance in accordance with the terms of their employment. These interest free loans are secured against provident fund and are repayable over varying periods ranging between two to five years.

5.2 Reconciliation of carrying amount of loans to Executives

	30 September 2015 (Rs '000) Executives	30 September 2014 (Rs '000) Executives
Opening balance	33,347	40,534
Disbursements / transfers during the year / period	-	4,240
Repayments during the year / period	(15,035)	(11,427)
Closing balance	18,312	33,347

5.3 The maximum aggregate amount due from the Executives at the end of any month during the year were Rs. 28.299 million (2014: Rs 44.230 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

6	STORES AND SPARES	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Stores		6,271	4,784
	Spares		11,934	18,200
	In transit		807	1,939
			19,012	24,923
7	STOCK-IN-TRADE			
	Raw and packing materials including goods in transit of Rs 258.387 million (2014: Rs 276.407 million)		780,441	828,234
	Work-in-process	22	94,984	80,729
	Finished goods including goods in transit of Rs 23.356 million (2014: Rs 44.935 million)	7.1 & 22	505,559	657,794
			1,380,984	1,566,757
7.1	This includes imported finished goods amounting to Rs 123.725 million (2014: Rs 184.585 million).			
8	TRADE DEBTS	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Related parties - considered good			
	- Archroma Turkey Kimya		3,408	-
	- PT Archroma Indonesia		-	4,718
	- Archroma (Thailand) Limited		4,907	7,279
	- Archroma Germany GmbH		-	7,467
	- Archroma Argentina SAS		3,976	-
	- Archroma Japan K.K.		-	1,274
	- Archroma France SAS		-	1,857
	- Archroma Hong Kong (Private) Limited		3,708	3,888
	- Archroma Singapore (Pte) Limited		59,858	40,679
	- Archroma Chemicals China Limited		1,943	-
	- Archroma India (Private) Limited		899	10,661
	- PT Archroma Specialties		4,819	-
			83,518	77,823
	Others - considered good:			
	- Secured		101,937	65,915
	- Unsecured		1,963,145	1,886,917
			2,148,600	2,030,655
	Others - considered doubtful		103,781	120,715
			2,252,381	2,151,370
	Less: Provision for impairment against trade debts	8.1	(103,781)	(120,715)
			2,148,600	2,030,655
8.1	Reconciliation of provision for impairment against trade debts			
	Opening provision		120,715	108,253
	Charge for the period - net of reversal		-	12,462
	Write-off during the year		(16,934)	-
	Closing provision		103,781	120,715

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

8.2 The aging of the trade debts receivable from related parties as at the balance sheet date is as under:

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not past due		56,201	77,823
Past due 1-60 days		27,317	-
Total		83,518	77,823
9 LOANS AND ADVANCES			
Considered good - secured			
Current portion of loans and advances			
Amounts due from:			
- Executives		9,152	14,205
- Employees		2,153	2,502
	5	11,305	16,707
Considered good - unsecured			
Advances for supplies and services			
		-	6,165
		11,305	22,872
10 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits		14,964	12,229
Short-term prepayments		12,211	7,265
		27,175	19,494
11 OTHER RECEIVABLES			
Due from the Government:			
- Sales tax		1,624,871	1,565,113
- Others (rebates)		2,737	3,797
		1,627,608	1,568,910
Indent commission due from:			
- Related parties - group companies	11.1	1,520	4,244
- Others		600	1,244
Receivable from Gratuity fund (related party)	25.1.3	86,439	-
Receivable from provident fund (related party)		100	29,520
Others		2,061	3,771
		1,718,328	1,607,689

11.1 The names of group companies and the corresponding amounts due from them in respect of indenting commission are as follows:

	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Archroma Management GmbH	965	1,493
P.T. Archroma Indonesia	14	122
Archroma India (Pvt) Limited	132	65
Archroma Thailand	-	78
Archroma Hong Kong	409	155
Archroma Singapore (Pte) Limited	-	2,331
	1,520	4,244

11.1.1 The above balances are current and not past due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

12	CASH AND BANK BALANCES	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	With banks in current accounts	9,544	19,962
	Cash in hand	3,800	3,094
	Cheques in hand	<u>302,741</u>	<u>383,713</u>
		<u>316,085</u>	<u>406,769</u>
13	SHARE CAPITAL		
13.1	Authorised capital		
	2015 2014 Number of shares		
	<u>50,000,000</u> <u>50,000,000</u> Ordinary shares of Rs 10 each	<u>500,000</u>	<u>500,000</u>
13.2	Issued, subscribed and paid-up capital		
	2015 2014 (Number of shares)	2015 (Rs '000)	2014 (Rs '000)
	7,441,639 7,441,639 Ordinary shares of Rs. 10 each issued for consideration other than cash	74,416	74,416
	26,676,242 26,676,242 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	266,763	266,763
	<u>34,117,881</u> <u>34,117,881</u>	<u>341,179</u>	<u>341,179</u>
13.3	Archroma Textiles S.a.r.l., Luxembourg held 25,588,533 (2014: 25,588,533) ordinary shares of Rs 10 each at 30 September 2015.		
14	DEFERRED TAXATION - NET	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	<i>Deferred tax liabilities arising on taxable temporary differences:</i>		
	Accelerated tax depreciation allowance	85,924	86,808
	Employees retirement benefits	<u>20,192</u>	<u>-</u>
		<u>106,116</u>	<u>86,808</u>
	<i>Deferred tax assets arising on deductible temporary differences:</i>		
	Provision for impairment against trade debts	24,243	31,265
	Other long term employee benefits	2,215	-
	Obligation under Finance Lease	11,856	-
	Employees retirement benefits	-	10,590
		<u>38,314</u>	<u>41,855</u>
		<u>67,802</u>	<u>44,953</u>
15	OTHER LONG TERM EMPLOYEE BENEFITS		

This represents long service awards operated by the Company for eligible employees. The Company's obligation is determined by the Group actuary using projected unit credit method. Remeasurement amounting to Rs. 7.009 million (2014: Rs. Nil) has been recognised in profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2015	2014	2015	2014	2015	2014
	(Rupees in '000)					
Not later than one year	17,666	-	4,226	-	13,440	-
Later than one year and not later than five years	42,656	-	5,345	-	37,311	-
	60,322	-	9,571	-	50,751	-
Less: Current portion shown under current liabilities					13,440	-
					37,311	-

The lease rentals carry markup ranging from 6 months KIBOR +1% to 6 months KIBOR + 1.5%, with a floor of 10% and ceiling of 22%. The said markup rates are revised on a biannual and quarterly basis, and payable monthly in arrears.

These assets has been leased from various financial institutions under leasing arrangements for three, four and five years as the case may be. After the completion of the term of the lease, the assets are to be transferred to the Company upon the payment of 20% and 25% of the cost of the asset. For Ijarah arrangements entered during the year, the Company intends to acquire such assets at the end of lease term and has consequently recorded such arrangements under ISA 17 "Leases".

17	TRADE AND OTHER PAYABLES	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Creditors		234,279	300,158
	Accrued liabilities	17.1	338,384	304,321
	Bills payable:			
	- Related parties	17.2	274,882	107,154
	- Others		801,485	688,585
	Export commission payable to Archroma Management GmbH		38,504	16,194
	Unclaimed dividend		32,466	27,188
	Workers' Profit Participation Fund	17.3	22,174	12,608
	Workers' Welfare Fund		73,812	43,802
	Royalty payable to Archroma Management GmbH		7,294	20,770
	Payable to employees cooperative society (related party)	17.4	17,946	13,332
	Others		4,830	6,613
			1,846,056	1,540,725

17.1 Included in accrued liabilities is an amount of Rs 47.836 million (30 September 2014: Rs 69.044 million) in respect of employees compensated absences.

17.2 This includes an amount of Rs. 21.13 million payable to the Company's subsidiary Archroma Textile Chemicals Pakistan (Pvt.) Limited [formerly BASF Pakistan (Pvt.) Limited] against purchase of goods.

17.3	Workers' Profit Participation Fund		30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Opening Balance		12,608	14,187
	Allocation for the year / period	27	73,749	66,111
			86,357	80,298
	Interest on funds utilised in the Company's business	29	3,425	1,497
			89,782	81,795
	Less: Amounts paid to and on behalf of the fund		67,608	69,187
	Balance at 30 September		22,174	12,608

17.4 This represent amount with respect to voluntary contributions made by labour employees in terms of Bye Laws of Archroma Employees Co-operative Credit Society Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

18	MARK-UP ACCRUED	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Mark-up accrued on:			
	Secured short-term loans		-	15,080
	Short-term running finances utilised under mark-up arrangements		16,195	9,911
	Short term borrowing under Export Refinance Scheme		1,608	-
			<u>17,803</u>	<u>24,991</u>
19	SHORT-TERM BORROWINGS - SECURED			
	From banking companies			
	Short-term loans	19.1	-	525,000
	Short-term running finances utilised under mark-up arrangements	19.2	1,208,426	367,577
	Short term borrowing under Export Refinance Scheme	19.3	435,000	-
	Running finance under FE-25 Export and Import Scheme	19.4	-	-
			<u>1,643,426</u>	<u>892,577</u>

19.1 The facilities for short term loans are available from a commercial bank amounted to Rs. 800 million. (2014: Rs. 1,400 million). The rates of mark-up on these finances range from 7.96 % to 10.51 % per annum (2014: 10.47 % to 11.6 % per annum). The whole facility is unavailed at the year end (2014: Rs. 875 million).

19.2 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 1,800 million (2014: Rs. 1,800 million), These facilities have various maturity dates upto 31 May 2016. These arrangements are secured against a pari passu charge of hypothecation of the Company's stock-in-trade and trade debts with minimum 16.5% margin. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 3 month KIBOR + 0.8 % per annum calculated on a daily product basis, that is payable monthly and quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 591.57 million. (2014: 1,275 million)

19.3 The Company has borrowed short term running finance under the Export Refinance Scheme of the State Bank of Pakistan (SBP). The facility available is for an amount of Rs. 435 million (2014: Rs. 1,000 million). The rate of mark-up on this facility was 4.5 % per annum.

19.4 The Company has also borrowed short term running finance under Foreign Exchange Circular No.25 dated 20 June 1998 of the SBP for the purpose of meeting import requirements. The facility available is for amounts aggregating to Rs. 800 million (2014: Rs. 800 million) The rates of mark-up on these finances range from 2.66% to 2.67%.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 Octroi levies amounting to Rs. 31.319 million are in dispute with a contractor. A petition has been filed by the Company in the Court challenging the above levies which was decided in favor of the Company during the year ended 31 December 2012. However, an appeal has been filed by the counter party which is pending for hearing. As management is confident that the decision will be in favour of the Company, no provision has been made in these financial statements in respect of the aforesaid amount.

20.1.2 During the year ended 31 December 2007, damages and compensation case was filed in the Civil Court, Lahore against the Company and one of its affiliates for claim of USD 148,509 and Rs. 41.1 million on account of short supplies and late shipment. The Company acted as an indenting agent for this supply. Management is confident that the matter will be decided in favour of the Company and it will not be exposed to any loss on account of this claim. Accordingly, no provision has been made in these financial statements in respect of claim.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

20.1.3 During the year ended 31 December 2009, the Company had received notices from the sales tax authorities demanding payment of Rs 233.424 million on account of sales tax along with the default surcharges on supply of the products to its customers as zero rated by the Company from June 2007 to June 2009. The Company has filed a case in the High Court of Sindh against which the Court has issued restrained orders to the authorities from proceeding with till the decision of the suit. Management is confident, based on the legal advice, that the matter will be decided in favour of the Company as the zero rating status of the supplies is available in view of S.R.O. 163(1)/2011 dated 2 March 2011. Accordingly, management is of the opinion that the Company will not be exposed to any loss on account of this action. Therefore, no provision has been made in these financial statements in this respect.

20.1.4 During the year ended 31 December 2013, a group of shareholders of the Company filed a suit for recovery of Rs. 522 million by claiming that Clariant Pakistan Limited (now Archroma Pakistan Limited) sold assets to Clariant Chemical Pakistan (Private) Limited on non-arms length basis and that the assets were under priced. The shareholders filed a stay application against the Company on 1 November 2013. The stay application was decided in the favour of the Company vide order dated 5 June 2015. The petition is under review of the Honourable High Court of Sindh. Management is confident that the case will be decided in favour of the Company. Accordingly, no provision has been made in these financial statements in respect of this case.

20.1.5 During the year, Government of Pakistan has passed a new law "Gas Infrastructure Development Cess Act 2015", by virtue of which all prior enactments have been declared infructuous. The said Act levies GIDC at Rs. 200/MMBTU on captive power consumption effective 1 July 2011 and at Rs. 100/MMBTU on industrial connection from the date of passing that Act. Certain companies have obtained a stay order on the retrospective application of the Act from The Honourable High Court of Sindh and also contesting the case. In view of uncertainties regarding applicability of the Act retrospectively, management has therefore not recognised provision approximately amounting to Rs. 48.73 million, pertaining to period from 1 July 2011 to 30 September 2014, in these financial statements.

20.2 Commitments

20.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 10.760 million (2014: Rs. 20.985 million). The amounts payable over the next five years and onwards are as follows:

Year	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not later than one year	4,002	7,539
Later than one year but not later than five years	6,758	13,446
	10,760	20,985

20.2.2 Commitments for rentals under operating lease agreements in respect of rented property amounted to Rs. 50.209 million (2014: Rs. 17.161 million). The amounts payable over the next five years and onwards are as follows:

Year	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
2014 - 2015	-	660
2015 - 2016	9,020	3,976
2016- 2017	11,625	4,261
2017- 2018	6,139	4,154
2019 and onwards	23,425	4,110
	50,209	17,161

20.2.3 Commitments for Ijarah rentals in respect of Ijarah transactions amounted to Rs 36.513 million (2014: Rs 74.439 million).

	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not later than one year	20,249	28,723
Later than one year but not later than five years	16,264	45,716
	36,513	74,439

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

20.2.4 Commitments for capital expenditure as at 30 September 2015 aggregated Nil (2014: Rs 12.993 million).

20.2.5 The Company has provided bank guarantees of Rs 88.532 million (2014: Rs 56.766 million) in favour of various parties.

20.2.6 The Company has provided post dated cheques amounting to Rs. 148.88 million (2014: Rs. 201.938 million) in favour of the Collector of Customs and which are, in the normal course of business, to be returned to the Company after fulfillment of certain conditions.

21 NET SALES

	Textile		Emulsion		Paper		Others		Total	
	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014
----- (Rupees in '000) -----										
Sales										
Local	6,764,036	5,190,877	1,146,614	950,598	233,198	181,072	289,297	412,462	8,433,145	6,735,009
Export	1,005,625	885,458	-	1,633	1,634	768	-	-	1,007,259	887,859
Total sales	7,769,661	6,076,335	1,146,614	952,231	234,832	181,840	289,297	412,462	9,440,404	7,622,868
Discounts and commission	565,771	442,814	23,534	16,331	196	198	-	-	589,501	459,343
Sales tax	164,591	114,790	170,778	140,860	33,939	26,351	6,272	9,247	375,580	291,248
	730,362	557,604	194,312	157,191	34,135	26,549	6,272	9,247	965,081	750,591
Net sales	7,039,299	5,518,731	952,302	795,040	200,697	155,291	283,025	403,215	8,475,323	6,872,277

22 COST OF GOODS SOLD

	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Raw and packing materials consumed		4,242,588	3,590,900
Stores, spares and supplies consumed		44,318	57,977
Salaries, wages and benefits	22.1	361,039	254,673
Fuel and power		123,945	99,371
Legal and professional charges		60	496
Royalty		14,615	12,052
Traveling and entertainment		1,212	8,489
Communication		24,523	20,999
Rent, rates and taxes		11,700	8,938
Insurance		6,482	17,163
Repairs and maintenance		33,377	36,121
Depreciation	3.2	136,145	90,716
Printing and stationery		2,924	3,815
Opening stock of work-in-process		80,729	97,541
Closing stock of work-in-process	7	(94,984)	(80,729)
Cost of goods manufactured		4,988,673	4,218,522
Opening stock of finished goods		657,794	618,845
Finished goods purchased		930,964	772,474
Included under distribution and marketing expenses:			
Cost of samples issued	23	(8,580)	(4,163)
Cost of shortages and breakages	23	(973)	(137)
Rebate on exports		(1,068)	(1,914)
Closing stock of finished goods	7	(505,559)	(657,794)
		6,061,251	4,945,833

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

22.1 Staff retirement benefits

Salaries, wages and benefits include Rs 8.755 million and Rs 8.188 million (2014: Rs 34.466 million and Rs 5.344 million) in respect of defined benefit scheme and defined contribution plan respectively.

23 DISTRIBUTION AND MARKETING EXPENSES	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Salaries and benefits	23.1	232,359	154,207
Traveling and entertainment		58,009	53,202
Repairs and maintenance		12,900	10,980
Business event participation		17,311	17,861
Rent, rates and taxes		25,483	18,850
Communication		7,443	8,268
Printing and stationery		26,150	14,635
Insurance		4,797	4,096
Legal and professional charges		12,840	8,775
Fuel and power		20,549	11,782
Depreciation	3.2	14,213	9,787
Outward freight and handling		162,399	125,266
Shortages and breakages	22	973	137
Samples issued	22	8,580	4,163
Fees and subscription		194	1,370
Books and periodicals		85	69
		604,285	443,448

23.1 Staff retirement benefits

Salaries and benefits include Rs 3.494 million and Rs 8.864 million (2014: Rs 14.513 million and Rs 5.789 million) in respect of defined benefit scheme and defined contribution plan respectively.

24 ADMINISTRATIVE EXPENSES		30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Salaries and benefits	24.1	166,492	93,645
Traveling and entertainment		3,354	796
Repairs and maintenance		4,869	4,054
Rent, rates and taxes		10,938	11,803
Communication		5,811	4,954
Printing and stationery		2,933	1,883
Insurance		838	421
Legal and professional charges		17,577	2,086
Fuel and power		2,056	456
Depreciation	3.2	8,465	1,848
Fees and subscription		2,036	1,830
Books and periodicals		240	131
		225,609	123,907

24.1 Staff retirement benefits

Salaries and benefits include Rs 3.373 million and Rs 4.888 million (2014: Rs 4.582 million and Rs 3.291 million) in respect of defined benefit scheme and defined contribution plan respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

25 STAFF RETIREMENT BENEFIT

25.1 Defined benefit plan - approved gratuity fund

25.1.1 Salient features

The Company offers an approved gratuity fund for all eligible employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in mutual fund units, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

25.1.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at 30 September 2015 by the Group. The information provided in notes 25.1.3 to 25.1.13 has been obtained from the actuarial valuation carried out as at 30 September 2015. The following significant assumptions have been used for valuation of this scheme:

	30 September 2015	30 September 2014
<i>Financial assumptions</i>		
a) Expected rate of increase in salary level	9.0%	13.5%
b) Discount rate	13.0%	13.0%
c) Expected return on plan assets	13.0%	13.0%
d) Price inflation	8.0%	-
<i>Demographic assumptions</i>		
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Low	Low

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

25.1.3 Amounts recognised in the balance sheet:	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Present value of defined benefit obligation	25.1.4	655,608	664,254
Less: Fair value of plan assets	25.1.5	(742,047)	(664,254)
Surplus		<u>(86,439)</u>	<u>-</u>
25.1.4 Movement in present value of defined benefit obligation:			
Obligation at the beginning of the year		664,254	554,973
Current service cost		23,245	25,088
Interest cost		88,636	53,705
Benefits paid		(35,927)	(8,309)
Remeasurement gain / loss		(84,600)	38,797
Obligation at the end of the year		<u>655,608</u>	<u>664,254</u>
25.1.5 Movement in fair value of plan assets:			
Fair value at the beginning of the year		664,254	554,973
Return on plan assets		98,705	55,489
Company contributions		15,622	53,562
Benefits paid		(35,927)	(8,309)
Remeasurement gain / loss		(607)	8,539
Fair value at the end of the year		<u>742,047</u>	<u>664,254</u>
25.1.6 Movement in the net defined benefit liability/(asset)			
Opening balance		-	-
Net periodic cost for the year		(13,176)	23,304
Contribution paid during the year		15,622	(53,562)
Re-measurements recognized in other comprehensive income during the year		83,993	30,258
Closing balance		<u>86,439</u>	<u>-</u>
25.1.7 Amounts recognised in total comprehensive income:			
The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:			
Component of defined benefit costs recognised in profit and loss account			
- Current service cost		23,245	25,088
- Net interest		(10,069)	(1,784)
		<u>13,176</u>	<u>23,304</u>
Component of defined benefit costs (re-measurement) recognised in other comprehensive income			
Actuarial loss / (gain) on defined benefit obligation for the year			
- Loss / (gain) due to change in experience adjustments		84,600	(38,797)
Actuarial (gain) / loss on fair value of plan assets during the year			
- (Gain) / loss due to change in experience adjustments		(607)	8,539
Net re-measurement recognised in other comprehensive income		83,993	(30,258)
Total defined benefit cost recognised in profit and loss account and other comprehensive income		<u>97,169</u>	<u>(6,954)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

25.1.8 Actual return on plan assets during the year was Rs. 151.66 million (30 September 2014: Rs. 64.028 million).

25.1.9 Sensitivity analysis

The impact of 0.5% change in following variables on defined benefit obligation is as follows:

	Change in assumption (Percentage) %	Increase / Decrease in assumption (Rupees in '000)
Discount rate	0.5%	45,893

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

25.1.10 The weighted average duration of the defined benefit obligation is 15 years.

25.1.11 Plan assets comprise of the following:

	30 September 2015 (Rs '000)	Percentage composition	30 September 2014 (Rs '000)	Percentage composition
Term finance certificates	42,026	5.66%	97,736	14.71%
Sukuk certificates	27,372	3.69%	-	0.00%
Investments in units of mutual funds	668,594	90.10%	543,422	81.81%
Balances with banks	4,055	0.55%	23,096	3.48%
	742,047	100.00%	664,254	100.00%

25.1.12 As per the actuarial recommendations, the expected return on plan assets was taken as 13% (2014:13.5%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

25.1.13 Based on actuarial advice, the Company intends to charge an amount of Rs 14.412 million in the financial statements for the year ending 30 September 2016.

26 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

26.1 During the year an amount of Rs 21.940 million (2014: Rs 14.423 million) has been charged to the profit and loss account in respect of the Company's contributions to the employees provident fund.

26.2 Employees Provident Fund

The Board of Trustees of the Provident Funds have decided to merged the "Senior Provident Fund" and Junior Provident Fund" under a consolidated Provident Fund namely "Employees Provident Fund".

The following information is based upon the latest audited financial statements of the provident fund as at 30 June 2015 and as at 30 June 2014:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

	30 June 2015 (Rs '000)	30 June 2014 (Rs '000)
Size of the Fund	489,628	415,491
Cost of investments made	191,646	356,708
Fair value of investments	204,352	388,302
Percentage of investment made	41.74%	93.46%

Investments out of the provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

26.3 The break-up of investments is as follows:

	30 June 2015 Rupees in '000	30 June 2015 Percentage	30 June 2014 Rupees in '000	30 June 2014 Percentage
Certificate of Investments	25,350	12.40%	12,596	3.20%
Debts Securities	5,618	2.75%	6,474	1.70%
Investment in Units of mutual funds	117,090	57.30%	311,812	80.30%
Sukuk Certificates	56,294	27.55%	57,420	14.80%
	204,352	100.00%	388,302	100.00%

27 OTHER EXPENSES

	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Auditors' remuneration	27.1	2,218	1,703
Workers' Profit Participation Fund	17.1	73,749	66,111
Provision for impairment of trade debts		-	12,462
Workers' Welfare Fund		30,010	26,208
Donations	27.2	500	1,100
Others		-	3,481
		106,477	111,065

27.1 Auditors' remuneration

Audit fee	1,458	1,000
Fee for half yearly review	585	585
Special certifications and sundry services	100	100
Out of pocket expenses	75	18
	2,218	1,703

27.2 None of the directors or his spouse have any interest in any of the donees.

28 OTHER INCOME

Income from non-financial assets

Indenting commission - net of payment of Rs 1.989 million (2014: Rs 4.105 million)	3,015	5,339
Sale of scrap	15,963	8,494
Gain on disposal of operating fixed assets	160	56
	19,138	13,889

Income from financial assets

Income from investment	-	4,133
	19,138	18,022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

29 FINANCE COSTS	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Interest on:			
Workers' Profit Participation Fund	17.3	3,425	1,497
Mark-up on :			
- Finance lease obligation		3,054	-
- Running finance under FE-25 Export and Import Scheme		337	-
- Short-term running finances		49,952	22,543
- Export refinance facility		1,609	-
- Short-term loans		29,906	18,212
- Deposits by employees society		1,200	1,432
Exchange loss / (gain) - net		15,351	(50,142)
Bank charges and other costs		20,793	13,836
		125,627	7,378
30 TAXATION - NET			
Current - for the period		325,003	297,244
- for prior years		-	(60,000)
Deferred		(7,094)	(31,984)
		317,909	205,260

30.1 Relationship between income tax expense and accounting profit	30 September 2015 (Effective tax rate %)	Nine months ended 30 September 2014 (Effective tax rate %)	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Profit before taxation			1,371,212	1,258,668
Tax at the enacted tax rate	32.00	33.00	438,788	415,360
Effect of change in tax rate	1.18	0.00	16,112	-
Tax effect of rebate / credits	(1.28)	(1.08)	(17,584)	(13,581)
Tax effect on exports under Final Tax Regime	(8.83)	(7.43)	(121,062)	(93,554)
Tax effect of Items that are not deductible in determining taxable profit - permanent differences	0.00	0.33	-	4,112
Effect of change in prior years' tax	0.00	(4.77)	-	(60,000)
Others including the impact of allocation ratio of NTR and FTR and tax rebates	0.12	(3.74)	1,655	(47,077)
	23.19	16.31	317,909	205,260

30.2 Income tax assessments of the Company have been finalized upto and including tax year 2015 on the basis of the tax return filed under section 120 of the Income Tax Ordinance 2001 (the Ordinance). However, the return may be selected for detailed audit within five years from the date of filing of return and the Income Tax Commissioner may amend the assessment if any objection is raised in the audit.

The Company has filed the appeal before the learned Appellate tribunal Inland Revenue (ATIR) against the appellate order passed by the CIR(A) for the tax year 2009. The income tax department has also filed an appeal before the learned ATIR against the decision of the learned CIR(A) on remanding back of issues for certain disallowed expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

Tax year 2013 of the Company was selected for tax audit under Section 177 of the Ordinance by the Commissioner Inland Revenue (CIR), Audit Division, Large Taxpayers Unit, Karachi. The CIR concluded the audit proceedings and passed an order that amended the assessment under section 122 of the Ordinance. The Company has filed appeal against the amended assessment order before the learned Commissioner Inland Revenue (Appeals) [CIR(A)], Karachi. On the appeal filed by the Company, the learned CIR(A) has confirmed the above actions of the CIR. The Company preferred an appeal before the ATIR which is pending for adjudication. The income tax department has also filed an appeal before the learned ATIR against the decision of the learned CIR(A) on remaining back of the issues of exchange loss and claim of shortage and breakage expense which were disallowed by taxation authority without considering the details and documentary evidences submitted during the proceedings of the amended assessment for the tax year 2009.

Both the appeals have been heard by the learned ATIR, however, the decision is yet to be received.

The cases of the Company for the tax year 2011 and 2014 have been selected for audit and the audit proceedings are still in progress.

- 30.3** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors have recommended sufficient cash dividend for the year ended 30 September 2015 for the approval of shareholders in forth coming Annual General Meeting which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended 30 September 2015.

31 EARNINGS PER SHARE

31.1 Basic

Profit after taxation attributable to ordinary shareholders

	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Profit after taxation attributable to ordinary shareholders	1,053,303	1,053,408
Weighted average number of ordinary shares outstanding during the year / period	34,117,881	34,117,881
	(Rupees)	(Rupees)
Earnings per share	30.87	30.88

31.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 September 2015 and 30 September 2014.

NOTES TO THE FINANCIAL STATEMENTS

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32 SEGMENT INFORMATION

	Textile		Emulsions		Paper		*Others		Total	
	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014
Net sales	7,039,299	5,518,731	200,697	155,291	283,025	403,215	8,475,323	6,872,277		
Segment results based on 'management approach'	1,361,271	1,175,200	65,098	39,445	-	-	1,602,205	1,352,147		
Other operating expenses - WPPF & WWF							(103,759)	92,319		
Income from investments							-	4,133		
Assets charged to profit and loss for internal reporting purposes based on group guidelines							(1,607)	2,085		
Operating profit							1,496,839	1,266,046		
Finance costs							(125,627)	7,378		
Profit before taxation							1,371,212	1,258,668		
32.1 Segment assets	5,141,106	4,000,267	52,096	41,410			5,668,891	4,518,077		
Unallocated							2,409,670	2,210,567		
							8,078,561	6,728,644		
32.2 Segment liabilities	1,198,416	1,262,718	126,448	268,808			1,341,086	1,540,215		
Unallocated							2,294,233	1,010,183		
							3,635,319	2,550,398		
32.3 Fixed capital expenditures	24,736	209,273	25	-			24,761	209,273		
Unallocated							890	6,684		
							25,651	215,957		
32.4 Depreciation	147,798	100,663	21	14			147,835	100,690		
Unallocated							10,988	1,661		
							158,823	102,351		

* This represent revenue from non-core business activities of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

32.5 Geographical information

The Company's gross revenue from external customers by geographical location is detailed below:

Domestic sales
Export sales

30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
8,433,145	6,735,009
1,007,259	887,859
9,440,404	7,622,868

The Company exports its products to numerous countries.

32.6 As at 30 September 2015, all non-current assets of the Company are located in Pakistan.

32.7 31.22 % and 20.73% (collectively 51.95%) of the Company's gross sales for the year ended 30 September 2015 {30 September 2014: 26.45% and 13.26% (collectively 39.71%)} were made to two distributors. The segment wise sales to these two distributors is as follows:

	Textile		Emulsions		Paper		Total	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
	-----%							
Distributor 1	31.22	26.45	-	-	-	-	31.22	26.45
Distributor 2	20.73	13.26	-	-	-	-	20.73	13.26

33 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives		Total	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
	----- (Rupees in '000) -----							
Short-term employee benefits								
Managerial remuneration (including and leave pay)	18,961	12,267	9,365	6,020	168,191	107,926	196,517	126,213
Bonus	6,055	5,505	2,931	2,617	15,229	12,563	24,215	20,685
Housing and utilities	8,918	5,916	5,117	3,311	91,911	59,360	105,946	68,587
Medical	136	42	210	73	8,995	3,540	9,341	3,655
Post employment benefits								
Retirement benefits	5,260	3,271	2,617	1,605	39,589	26,885	47,466	31,761
	39,330	27,001	20,240	13,626	323,915	210,274	383,485	250,901
Number of persons	1	1	1	1	128	122	130	124

33.1 The remuneration for Executives also includes Rs 11.418 million (2014: Rs 7.658 million) paid to 1 (2014: 1) alternate Director.

33.2 The aggregate amount charged in these financial statements for fee to non-executive directors was Rs 0.100 million (2014: Rs 0.075 million).

33.3 The Chief Executive Officer is provided with free furnished accommodation. In addition, the Chief Executive Officer, Directors and certain Executives are also provided with free use of the Company cars, residential equipment, reimbursement of utilities and club memberships in accordance with their entitlements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

34 TRANSACTIONS WITH RELATED PARTIES

	Parent Company		Other Related Parties		Key Management Personnel	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
	----- (Rupees in '000) -----					
Sales	-	-	521,457	588,944	-	-
Purchases of goods and machinery	-	146,382	531,371	148,980	-	-
Indenting commission earned	-	-	4,258	8,916	-	-
Export commission paid	-	12,176	23,705	-	-	-
Royalty expense	-	12,052	14,615	-	-	-
Other charges	-	-	84,000	-	-	-
Dividend paid	639,713	1,279,420	-	-	-	-
Transaction with key management personnel:						
- Salaries, benefits and compensation	-	-	-	-	84,313	57,659
- Post employment benefits	-	-	-	-	13,383	8,180
- Share base payments	-	-	-	-	-	-

The Company enters into transactions with related parties for the sale of its products, purchase of goods, indenting business and rendering of certain services.

Consideration for purchase and sales of goods and for services is determined with mutual agreement considering the nature and level of such goods and services. In the case of indenting business, the Company acts only as an agent for the supplier for which it receives indenting commission.

In addition, royalty for the use of technical know-how is also paid to Archroma Management, Reinach, Switzerland on the sales of such branded locally manufactured products as are included in the royalty agreement duly registered with the State Bank of Pakistan.

Balance outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes. All balances are interest free, unsecured and repayable on demand.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.

There are no transactions with key management personnel other than those under their terms of employment. These transactions are disclosed in notes 3.4, and 33 to the financial statements. Particulars of transactions with Workers' Profit Participation Fund and staff retirement benefit funds are disclosed in notes 17.1, 25, 27 and 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

35 CAPACITY AND PRODUCTION

Production during the year was 34,449 tonnes (2014: 25,624 tonnes). The capacity is indeterminable because of multi-product plants involving varying processes of manufacture.

The Company's production was according to market demand.

	2015	2014
36 STAFF STRENGTH	No. of employees	No. of employees
Number of employees as at 30 September	<u>216</u>	<u>216</u>
Average number of employees during the year / period	<u>216</u>	<u>216</u>
37 CASH GENERATED FROM OPERATIONS	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Profit before taxation	1,371,212	1,258,668
Adjustments for non-cash charges and other items:		
Depreciation	158,823	102,351
Provision for impairment of trade debts	-	-
Gain on disposal of operating fixed assets	(160)	(56)
Provision for staff gratuity	13,176	23,304
Interest / mark-up expense	81,804	40,755
Working capital changes	373,549	(482,203)
	<u>1,998,404</u>	<u>942,819</u>
37.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	5,911	(499)
Stock-in-trade	185,773	(124,108)
Trade debts	(105,482)	(170,996)
Loans and advances	11,567	(5,371)
Trade deposits and short-term prepayments	(7,681)	5,450
Other receivables	(24,200)	(168,887)
	<u>65,888</u>	<u>(464,411)</u>
Increase / (decrease) in current liabilities		
Trade and other payables - net	307,661	(17,792)
	<u>373,549</u>	<u>(482,203)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

38 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Cash and bank balances	12	316,085	406,769
Short-term running finances utilised under mark-up arrangements	19	(1,208,426)	(367,577)
		<u>(892,341)</u>	<u>39,192</u>

39 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

Loans and receivables

Loans	23,360	39,752
Deposits	17,903	14,868
Trade debts	2,148,600	2,030,655
Other receivables	4,281	38,779
Investments	1,372,800	-
Cash and bank balances	316,085	406,769
	<u>3,883,029</u>	<u>2,530,823</u>

Financial liabilities

Financial liabilities at amortised cost

Short-term loans	-	525,000
Liabilities against assets subject to finance lease	50,751	-
Short-term running finances utilised under mark-up arrangements	1,643,426	367,577
Mark-up accrued	17,803	24,991
Trade and other payables	1,750,070	1,484,315
	<u>3,462,050</u>	<u>2,401,883</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to a variety of financial risks namely credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Company is not exposed to any price risk as it does not hold any investments exposed to price risk. The Company has established adequate procedures to manage each of these risks as explained below:

40.1 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from bank balances, cheques in hand, deposits and credit exposures to customers, including trade debts and other receivables. Out of the total financial assets of Rs. 3,969.468 million (2014: Rs 2,530.823 million), the financial assets that are subject to credit risk amounted to Rs 2,592.868 million (2014: Rs 2,527.729 million).

The total bank balance of Rs. 9.544 million (2014: Rs 19.962 million) have been placed with banks having short-term credit rating ranging from A1+ to A-1+. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. 86% of cheques in hand reported on balance sheet have been subsequently cleared.

Deposits are provided to counterparties as security for continued provision of services to the Company. Management does not expect to incur material losses as such amounts are provided based on agreement with counterparties and are refundable upon termination of related services.

Management does not expect to incur losses in other receivable and loans as significant amount in other receivable is due from provident fund, related party and loans are secured against provident fund balance of respective employees.

The most significant financial asset exposed to credit risk is the trade debts of the Company. For trade debts, individual credit limits are assigned to customers based on the recommendations from respective business unit heads keeping in view their payment history, financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. The concentration of credit risk lies in the top 5 (2014: 5) customers which constitute 56.7% (2014: 55.57%) of the Company's trade debts.

The breakup of amount due from customers other than related parties as disclosed in note 8 to these financial statements is presented below:

	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Due from customers other than related parties		
Direct customers	1,007,221	778,027
Distributors	1,161,642	1,174,805
	<u>2,168,863</u>	<u>1,952,832</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

Out of the total trade debts of Rs. 2,252.38 million (2014: Rs. 2,151.37 million), the Company has made a provision for Rs 103.781 million (2014: Rs. 120.715 million) as the amounts being doubtful of recovery from customers. The aging profile of trade debts overdue but not impaired has been as follows:

	30 September 2015 Gross amount	30 September 2015 Impairment	30 September 2014 Gross amount	30 September 2014 Impairment
----- (Rupees in '000) -----				
Not yet Due	1,731,643	-	1,696,389	-
Upto 3 months	326,552	-	285,759	-
3-6 Months	90,404	-	48,506	-
6-12 Months	17,978	17,978	20,744	20,744
1-2 years	18,948	18,948	22,996	22,996
Over 2 years	66,856	66,855	76,975	76,975
	<u>2,252,381</u>	<u>103,781</u>	<u>2,151,370</u>	<u>120,715</u>

40.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the Company's liabilities based on contractual maturities is as follows:

	30 September 2015				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
----- (Rupees) -----					
Financial liabilities					
Trade and other payables	1,727,819	-	(1,727,819)	(1,727,819)	-
Short term borrowings	1,643,426	(1,643,426)	-	-	-
Liabilities against assets subject to finance lease	50,751,045	-	(60,322,052)	(17,666,052)	(42,656,000)
	<u>54,122,290</u>	<u>(1,643,426)</u>	<u>(62,049,871)</u>	<u>(19,393,871)</u>	<u>(42,656,000)</u>
	31 September 2014				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
----- (Rupees) -----					
Financial liabilities					
Trade and other payables	1,507,372	-	(1,507,372)	(1,507,372)	-
Short term borrowings	892,577	(892,577)	-	-	-
	<u>2,399,949</u>	<u>(892,577)</u>	<u>(1,507,372)</u>	<u>(1,507,372)</u>	<u>-</u>

40.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

40.3.1 Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company primarily has foreign currency exposures in US Dollars (USD) and Euro. The details of balances are as follows:

	30 September 2015		
	(USD '000)	(EUR '000)	(CHF '000)
Trade debts	18	-	-
Other receivables	-	-	-
Trade payables	(75)	(10)	(1)
Other payables	(706)	-	-
Net foreign currency exposure	<u>(763)</u>	<u>(10)</u>	<u>(1)</u>
	31 September 2014		
	(USD '000)	(EUR '000)	(CHF '000)
Trade debts	14	-	-
Trade payables	(66)	(5)	(2)
Net foreign currency exposure	<u>(52)</u>	<u>(5)</u>	<u>(2)</u>

At 30 September 2015, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollar, Euro and Swiss Franc with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs0.809 million (30 September 2014: Rs0.062 million).

40.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from short and long term borrowings from banks.

At the balance sheet date, the interest rate profile of the Company's interest-bearing financial instrument is:

	Carrying amount 30 September 2015 (Rs '000)	Carrying amount 31 September 2014 (Rs '000)
Fixed rate instruments		
Financial liabilities	<u>435,000</u>	<u>-</u>
Variable rate instruments		
Financial liabilities	<u>1,259,178</u>	<u>892,577</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through the profit and loss account. Therefore a change in interest rates at the reporting date would not affect the profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and the profit by Rs. 8.56 million (2014: Rs. 55.7 million) with the corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2014.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

40.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates. As at 30 September 2015 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

40.5 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

41 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on 17 December, 2015 has proposed a cash dividend in respect of the year ended 30 September 2015 of Rs 25 per share (2014: cash dividend of Rs 25). Further, the Board has also announced appropriation of Rs 265 million (2014: Rs 180 million) from unappropriated profit to revenue reserves. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 30 September 2015 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending 30 September 2016.

42 CORRESPONDING FIGURES

Corresponding figures have been restated / rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications / restatements in these financial statements. The comparative period reported in profit and loss account, other comprehensive income and cash flow statement are for the nine months period ended 30 September 2014.

43 DATE OF AUTHORISATION

These financial statements were authorised for issue on 17 December, 2015 by the Board of Directors of the Company.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

/ SIX YEARS AT A GLANCE

	2015	2014	2013	2012	2011	2010
	------(Rupees '000)-----					
Property, plant and equipment	947,505	1,021,329	907,724	1,421,156	1,163,160	1,001,342
Net current assets excluding bank borrowings	5,139,163	4,049,494	3,942,669	3,814,501	2,754,342	2,813,836
Total assets employed	6,086,668	5,070,823	4,850,393	5,235,657	3,917,502	3,815,178
Share capital	341,179	341,179	341,179	341,179	341,179	272,943
Revenue reserves and unappropriated profit	4,102,063	3,837,067	4,509,214	3,289,163	2,727,008	2,385,464
Bank borrowings	1,643,426	892,577	-	1,605,315	849,315	1,156,771
Total funds employed	6,086,668	5,070,823	4,850,393	5,235,657	3,917,502	3,815,178
Net sales	8,475,323	6,872,277	9,620,351	9,859,790	8,371,140	8,383,872
Profit before taxation	1,371,212	1,258,668	2,414,320	1,482,303	1,040,888	983,529
Profit after taxation	1,053,303	1,053,408	1,904,814	1,190,226	778,253	762,700
Cash dividend - %	250	250	500	200	180	135
Bonus issue - %	-	-	-	-	-	25
Earnings per share - Rupees	30.87	30.88	55.83	34.89	22.81	22.35
Break-up value per share - Rupees	130.23	122.46	142.2	106.4	89.93	77.92
Current Ratio	1.63	2.27	3.57	1.70	2.12	1.89
Assets Turnover	1.05	1.02	1.48	1.40	1.54	1.56
Return on Assets %	16.97	18.71	37.21	21.05	19.23	18.34
Return on Equity %	30.86	30.12	49.78	40.83	33.92	37.00
Pay-out Ratio after tax	80.98	80.96	89.56	57.32	78.91	57.26



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Auditors' Report on Consolidated Financial Statements

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **Archroma Pakistan Limited** ("the Holding Company") and its subsidiary company as at 30 September 2015 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the **Archroma Pakistan Limited** and its subsidiary company, **Archroma Textile Chemicals Pakistan (Private) Limited [formerly BASF Pakistan (Private) Limited]**. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the **Archroma Pakistan Limited** and its subsidiary company as at 30 September 2015 and the results of their operations for the year then ended.

Date: 17 December 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt



/ CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED BALANCE SHEET

As at 30 September 2015

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,934,400	1,021,329
Intangible assets	4	-	-
Long term loans and advances	5	14,187	23,045
Long term deposits		4,796	2,639
Long term prepayments		2,184	2,472
		1,955,567	1,049,485
Current assets			
Stores and spares	6	38,580	24,923
Stock-in-trade	7	1,709,874	1,566,757
Trade debts	8	2,733,375	2,030,655
Loans and advances	9	16,294	22,872
Trade deposits and short-term prepayments	10	68,399	19,494
Other receivables	11	2,105,510	1,607,689
Taxation - net		92,312	-
Cash and bank balances	12	351,554	406,769
		7,115,898	5,679,159
TOTAL ASSETS		9,071,465	6,728,644
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	13	341,179	341,179
Revenue reserves		2,983,000	2,803,000
Unappropriated profit		1,308,729	1,034,067
Shareholders' equity		4,632,908	4,178,246
LIABILITIES			
Non-current liabilities			
Deferred taxation - net	14	263,349	44,953
Other long term employee benefits	15	9,481	-
Liabilities against assets subject to finance lease	16	37,311	-
		310,141	44,953
Current liabilities			
Trade and other payables	17	2,396,764	1,540,725
Mark-up accrued	18	19,472	24,991
Short-term borrowings	19	1,698,740	892,577
Current portion of liabilities against assets subject to finance lease	16	13,440	-
Taxation - net		-	47,152
		4,128,416	2,505,445
		4,438,557	2,550,398
Contingencies and commitments	20		
TOTAL EQUITY AND LIABILITIES		9,071,465	6,728,644

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2015

	Note	30 September 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
Sales		9,805,929	7,622,868
Discounts and commission		591,335	459,343
Sales tax		385,970	291,248
		977,305	750,591
Net sales	21	8,828,624	6,872,277
Cost of goods sold	22	6,295,488	4,945,833
Gross profit		2,533,136	1,926,444
Distribution and marketing expenses	23	642,111	443,448
Administrative expenses	24	237,827	123,907
Other expenses	27	110,028	111,065
		989,966	678,420
Other income	28	171,261	18,022
		1,714,431	1,266,046
Finance costs	29	134,367	7,378
Profit before taxation		1,580,064	1,258,668
Taxation - net	30	338,082	205,260
Profit for the year / period		1,241,982	1,053,408
Other comprehensive income			
<i>Items that will never be reclassified to profit and loss account:</i>			
Remeasurement of post-employment obligations		85,445	(30,258)
Related tax thereon		(19,818)	10,590
		65,627	(19,668)
Total comprehensive income for the year / period		1,307,609	1,033,740
		(Rupees)	(Rupees)
Earnings per share	31	36.40	30.88

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer




M Veqar Arif
Director and Chief Financial Officer

/ CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2015

	Note	30 September 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,994,272	942,819
Staff gratuity - paid		(15,622)	(53,562)
Mark-up paid		(88,603)	(15,764)
Income taxes paid		(499,294)	(180,862)
Movement in long-term loans and advances		8,858	8,095
Movement in long-term deposits and prepayments		(1,869)	(2,367)
Net cash generated from operating activities		1,397,742	698,359
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(30,214)	(215,957)
Proceeds from disposal of operating fixed assets		160	56
Acquisition of subsidiary, net of cash acquired		(1,372,800)	-
Net cash used in investing activities		(1,402,854)	(215,901)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against finance lease obligations		(8,597)	-
Short-term borrowings - proceeds		1,535,000	1,031,000
- repayments		(1,625,000)	(506,000)
Dividend paid		(847,669)	(1,696,588)
Net cash used in financing activities		(946,266)	(1,171,588)
Net decrease in cash and cash equivalents		(951,378)	(689,130)
Cash and cash equivalents at beginning of the year / period		39,192	728,322
Cash and cash equivalents at end of the year / period	38	(912,186)	39,192

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

	Issued, subscribed and paid-up capital	Revenue reserves	Unappro- priated profit	Total
------(Rupees in '000)-----				
Balance as at 31 December 2013	341,179	2,605,000	1,904,214	4,850,393
<i>Transactions with owners of the Holding Company - Distribution</i>				
- Final dividend at 500% (i.e. Rs.50 per share) for the year ended 31 December 2013	-	-	(1,705,887)	(1,705,887)
Transfer to revenue reserves appropriated subsequent to year end	-	198,000	(198,000)	-
<i>Total comprehensive income for the nine months period ended 30 September 2014</i>				
Profit for the nine months period ended	-	-	1,053,408	1,053,408
Other comprehensive income - remeasurement of post employment obligation - net of tax	-	-	(19,668)	(19,668)
	-	-	1,033,740	1,033,740
Balance as at 30 September 2014	341,179	2,803,000	1,034,067	4,178,246
<i>Transactions with owners of the Holding Company - Distribution</i>				
- Final dividend at 250% (i.e. Rs.25 per share) for the year ended 30 September 2014	-	-	(852,947)	(852,947)
Transfer to revenue reserves appropriated subsequent to year end	-	180,000	(180,000)	-
<i>Total comprehensive income for the year ended 30 September 2015</i>				
Profit for the year	-	-	1,241,982	1,241,982
Other comprehensive income - remeasurement of post employment obligation - net of tax	-	-	65,627	65,627
	-	-	1,307,609	1,307,609
Balance as at 30 September 2015	341,179	2,983,000	1,308,729	4,632,908

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

1 STATUS AND NATURE OF BUSINESS

Archroma Pakistan Limited, (ARPL) ("the Parent Company") is a limited liability company, incorporated and domiciled in Pakistan. The address of its registered office is 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi, Pakistan. The Parent Company is listed on the Karachi Stock Exchange. The Parent Company is a subsidiary of Archroma Textiles S.a.r.l. (Ultimate Parent Company), incorporated in Luxembourg, headquartered in Reinach, Switzerland which holds 75 percent of the share capital of the Parent Company.

The Parent Company is engaged in the manufacture and sale of chemicals, dyestuffs and emulsions. It also acts as an indenting agent.

1.1 ACQUISITION OF SUBSIDIARY

The Group, a global leader in specialty chemicals for the textile, paper and emulsions sectors, acquired BASF's global textile chemicals business. The acquisition further solidifies Group's position as a clear industry leader in supplying chemicals and dyes to the global textile industry. The acquisition strategically complements Group's product portfolio and geographical presence. Globally, the deal was an asset acquisition, however, on 31 July 2015, the Parent Company has acquired 100% shareholding in Archroma Textiles Chemicals Pakistan (Private) Limited (ATCPPL) [formerly BASF Pakistan (Private) Limited] for a total consideration of 12 million EUROS equivalent to Rs. 1,372.8 million which is paid in cash. The Subsidiary Company was incorporated in Pakistan on 18 January 1964 as a private limited company. The Subsidiary Company is engaged in the business of manufacturing and trading of chemicals for textile and leather industries. The registered office of the Subsidiary Company is located at Plot No. LX-10, 11, Landhi Industrial trading zone, Landhi Industrial Area, Karachi. Profit after tax amounting to Rs. 45.861 million has been recognised in these consolidated profit and loss account from 1 August 2015 to 30 September 2015. Had the business combination occurred on the first day of the reporting period, the amount of profit and loss incorporated in these consolidated financial statements would have been different.

1.2 Identifiable assets acquired and liabilities assumed-

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Rupees in '000
Property, plant and equipment	997,923
Intangible assets	111
Long term loans	3,478
Long term deposits	2,143
Stores and spares	16,518
Stock-in-trade	344,042
Trade debts	614,328
Other receivables	361,076
Cash and bank balances	(26,906)
Deferred taxation	(206,218)
Trade and other payables	(573,962)
Taxation	(16,634)
Markup accrued	(447)
Total identifiable net assets acquired	1,515,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

1.3 Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Valuation of property, plant and equipment have been carried out by M/s. Surval valuer considering the market valuation of respective assets. This valuation of assets is based on market information from relevant sources, including recent sale / purchase of similar assets, and manufacturing and construction cost of such assets presently. The present condition of the asset, the level of maintenance and the remaining useful life of the asset has also been considered, deterioration as well as functional and economic obsolescence.
Inventories	Inventories mainly comprises of raw material. The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.
Provision, trade payable and other liabilities	Provision related to gratuity and similar obligations was revalued at date of acquisition and the reported balance was adjusted to reflect its fair value. Rest all provisions were carried at fair value at the date of acquisition. Trade and other payable are valued at amounts contractually due to counterparties.
Trade debts	Trade debts is valued at amount expected to be realized and reported net of provision for doubtful allowance.

1.4 Gain on bargain purchase (Negative goodwill)

Gain on bargain purchase (negative goodwill) arising from the acquisition has been recognised as follows.

	Rupees in '000
Consideration transferred	1,372,800
Fair value of identifiable net assets	<u>(1,515,452)</u>
Gain on bargain purchase / negative goodwill	<u>(142,652)</u>

Acquisition related cost amounting to Rs. 15.466 million has been charged of to consolidated profit and loss account.

1.5 Basis of preparation

These consolidated financial statements have been prepared from the information available in the audited financial statement of the Parent Company and the audited financial statements of Subsidiary Company for the period ended 30 September 2015. The financial year of the Subsidiary Company is from January to December which is different from the Parent Company's, however, financial information for the period ended 30 September 2015 have been drawn up which were audited to facilitate the preparation of consolidated financial statement for the year ended 30 September 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

1.5.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

1.5.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain staff retirement benefits and other long term employee benefits which are carried at present value.

1.5.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is the Group's functional and presentation currency. All amounts have been rounded to the nearest thousand Rupee.

1.5.4 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- i) estimation of useful lives and residual values of operating fixed assets (notes 2.2 and 3.1);
- ii) estimation in writing down items of stores and spares to their net realisable value (notes 2.4 and note 6);
- iii) estimation in writing down items of stock-in-trade to their net realisable value (notes 2.5 and 7);
- iv) estimation of provision for impairment of trade debts (notes 2.6 and 8);
- v) provision for taxation (notes 2.7 and 30); and
- vi) calculation of provision for staff retirement gratuity and other long term employee benefits (notes 2.11.1b and 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

1.5.5 Standards, amendments or interpretations which became effective during the year

During the year, certain amendments to standards became effective. However, they did not have material effect on these consolidated financial statements.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015. The Group either does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015).
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015).
- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015).
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015).
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016).
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016].
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
 - IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
 - IFRS 7 'Financial Instruments- Disclosures'
 - IAS 19 'Employee Benefits'
 - IAS 34 'Interim Financial Reporting'

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of consolidation

(i) Business Combination

Business combinations are accounted for using the acquisition method at acquisition date. The consideration transferred on the acquisition is measured at fair value, as are the identifiable net assets acquired. Goodwill arising on acquisition date is measured as the excess of the purchase consideration, including the acquisition date fair value of the acquirer's previously held equity interest in the acquiree in case of step acquisition, over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities less impairment losses, if any. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised immediately in consolidated profit and loss account.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in consolidated profit and loss account. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.

(ii) Subsidiaries

Subsidiaries are entities in which the Parent Company has control and / or ownership of more than half or fifty percent, of the voting power. Control exists when the Parent Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the accounting policies adopted by the Parent Company. The assets and liabilities of subsidiary companies have been consolidated on a line-by-line basis. The carrying value of investments held by the Parent Company is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated profit and loss account. These consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.2 Property, plant and equipment

2.2.1 Operating fixed assets

Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land and capital work-in-progress which are stated at cost less accumulated impairment losses, if any.

Depreciation is charged using the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The cost of leasehold land is amortised equally over the lease period. The asset's residual values and useful lives are reviewed, and adjusted if required, at each balance sheet date.

Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal. The rates of depreciation are stated in respective note in these financial statements.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated profit and loss account as and when incurred.

Gains / losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated profit and loss account in the year in which they arise.

Leased assets

Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

2.2.2 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these are available for use.

2.2.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives.

Costs that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognized as intangible assets.

Costs associated with maintaining computer software products are recognized as an expense as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.2.4 Impairment

The Group assesses at each balance sheet date whether there is objective evidence that property, plant and equipment may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and the differences are recognised in the consolidated profit and loss account.

2.2.5 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalised as part of the cost of that asset.

2.3 Loans, advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

2.4 Stores and spares

Stores and spares are valued at the lower of cost determined on the moving average method and net realisable value. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving stores and spares is determined based on the management's assessment regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

2.5 Stock-in-trade

Stock-in-trade are valued at the lower of cost determined on the moving average / weighted average method and net realisable value.

Cost of work-in-process and manufactured finished goods comprises cost of direct materials, direct labour and an appropriate portion of production overheads. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving inventories is determined based on the management's assessment regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

2.6 Trade and other receivables

Trade and other receivables are carried at original invoice amount less an estimate for doubtful balances which is determined based on review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off when identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.7 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any and taxes paid under Final Tax Regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the period.

Deferred

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2.8 Financial instruments

2.8.1 Financial assets

2.8.1.1 Classification

The Group determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets. The financial assets of the Group is categorized as follows:

a) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise of trade debts, loans and advances, deposits, cash and bank balances, investments and other receivables in the balance sheet.

c) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Group has the positive intent and ability to hold to maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

d) Available-for-sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified either as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

2.8.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the consolidated profit and loss account.

2.8.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial asset at fair value through profit or loss' and 'available-for-sale'

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the consolidated profit and loss account in the period in which these arise.

'Available-for-sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) 'Loans and receivables' and 'held-to-maturity'

Loans and receivables and held-to-maturity financial assets are carried at amortised cost.

2.8.1.4 Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a equity securities below its cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the consolidated profit and loss account.

2.8.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

2.8.2 Financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.8.3 Derecognition

Financial assets are derecognised at the time when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

2.9 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash in hand, cash in transit, cheques and drafts in hand and in transit, balances held with banks in current accounts, short term highly liquid investments having maturity of three months and short-term running finances. Short-term running finances are shown within short-term borrowings in current liabilities on the balance sheet.

2.10 Trade and other payables

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

2.11 Staff benefits

2.11.1 Retirement benefits

The Group operates:

- a) an approved contributory provident fund for all eligible employees; and
- b) an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the actual period to the then - net defined benefit liability / (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in the consolidated profit and loss account. The latest actuarial valuation was conducted at the balance sheet date by the ultimate Parent Company's actuary.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

- c) The Parent Company's net obligation in respect of other long-term employee benefits (i.e. long service award), other than defined benefit obligation, are the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in consolidated profit and loss account in the period in which they arise.

2.11.2 Compensated absences

The liability in respect of compensated absences of employees on unavailed leave balances is accounted for in the period in which the leave is earned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.12 Foreign currency transactions

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange approximating those at the balance sheet date. Exchange gains / losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the consolidated profit and loss account.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.14 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

2.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recognised as revenue when goods are delivered and invoiced.
- Indenting commission is recognised on receipt of shipment confirmation from suppliers and income from professional services are recognised on accrual basis at rates agreed with counterparties.
- Interest income is accrued on a time apportion basis on the principal outstanding at the rates applicable.
- Insurance agency commissions, export rebates and miscellaneous income are recognized on receipt basis.
- Miscellaneous income is recognized on receipt basis.

2.16 Expenses

All expenses are recognized in the consolidated profit and loss account on an accrual basis.

2.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases including leases under ijarah financing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized. Leased assets which are obtained under Ijarah agreement are not recognized in the Company's balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1)/ 2007 dated 22 May 2007. Payments made under operating lease are charged to profit and loss account on a straight line basis over the lease term.

Payments made under operating leases and Ijarah financing (net of any incentives received from the lessor) are charged to profit and loss account on straight line basis over the period of the lease / Ijarah term.

2.18 Segment reporting

Operating segments are determined and presented in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group has determined operating segments using business units. The business units have been established on the basis of products offered to external customers. The Group's Chief Executive Officer reviews the financial performance of the Group by business units.

In accordance with the Group's internal reports, that are regularly reviewed by the entity's chief operating decision-maker to allocate resources to the segments and assess their performance, function costs (comprising those with respect to finance, procurement, other administration, legal, information technology, human resources, etc.) are allocated to the respective operating segments.

2.19 Dividend and appropriation to reserve

Dividend distribution to the shareholders and appropriation to reserves are recognized in the consolidated financial statements in the period in which these are approved.

The Parent Company measures the liability to distribute non-cash assets as a dividend to the shareholders at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date. On settlement of the transaction, the Parent Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in consolidated profit and loss account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3	PROPERTY, PLANT AND EQUIPMENT	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Operating fixed assets	3.1	1,929,326	832,190
	Capital work-in-progress	3.5	5,074	189,139
			1,934,400	1,021,329

3.1 Operating fixed assets:

	30 September 2015									
	Freehold land	Leasehold land	Buildings on leasehold land	Buildings on freehold land	Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total
						Owned	Leased	Owned	Leased	
	(Rupees in '000)									
At 1 October 2014										
Cost	47	-	-	447,522	1,253,050	432,824	-	96	-	2,133,539
Accumulated depreciation	-	-	-	(222,126)	(737,687)	(341,440)	-	(96)	-	(1,301,349)
Net book value	47	-	-	225,396	515,363	91,384	-	-	-	832,190
Year ended 30 September 2015										
Opening net book value	47	-	-	225,396	515,363	91,384	-	-	-	832,190
Additions	-	-	-	54,947	99,662	57,249	27,180	-	32,168	271,206
Acquisition through business combination										
- Cost	-	392,232	159,593	-	691,783	33,668	-	42,341	-	1,319,617
- Accumulated depreciation	-	(1,866)	(36,819)	-	(237,374)	(22,157)	-	(23,478)	-	(321,694)
	-	390,366	122,774	-	454,409	11,511	-	18,863	-	997,923
Disposals / write-offs										
Cost	-	-	-	-	88	3,087	-	-	-	3,175
Accumulated depreciation	-	-	-	-	(88)	(3,087)	-	-	-	(3,175)
	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	(2,683)	(839)	(21,395)	(104,099)	(31,116)	(5,029)	(3,078)	(3,754)	(171,993)
Closing net book value	47	387,683	121,935	258,948	965,335	129,028	22,151	15,785	28,414	1,929,326
At 30 September 2015										
Cost	47	392,232	159,593	502,469	2,044,407	520,654	27,180	42,437	32,168	3,721,187
Accumulated depreciation	-	(4,549)	(37,658)	(243,521)	(1,079,072)	(391,626)	(5,029)	(26,652)	(3,754)	(1,791,861)
Net book value	47	387,683	121,935	258,948	965,335	129,028	22,151	15,785	28,414	1,929,326
Depreciation rate: % per annum	-	1.00%	3.33%	2.5 - 10%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%	

	30 September 2014					
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total
	(Rupees in '000)					
At 1 January 2014						
Cost	47	447,522	1,190,400	407,729	666	2,046,364
Accumulated depreciation	-	(207,753)	(672,921)	(325,820)	(666)	(1,207,160)
Net book value	47	239,769	517,479	81,909	-	839,204
Period ended 30 September 2014						
Opening net book value	47	239,769	517,479	81,909	-	839,204
Additions	-	-	62,650	32,687	-	95,337
Disposals / write offs:						
Cost	-	-	-	7,592	570	8,162
Accumulated depreciation	-	-	-	(7,592)	(570)	(8,162)
	-	-	-	-	-	-
Depreciation charge for the period	-	(14,373)	(64,766)	(23,212)	-	(102,351)
Closing net book value	47	225,396	515,363	91,384	-	832,190
At 30 September 2014						
Cost	47	447,522	1,253,050	432,824	96	2,133,539
Accumulated depreciation	-	(222,126)	(737,687)	(341,440)	(96)	(1,301,349)
Net book value	47	225,396	515,363	91,384	-	832,190
Depreciation rate: % per annum	-	2.5 & 5	10 - 50%	10 - 33.33	20	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3.2	The depreciation charge for the year has been allocated as follows:	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
	Cost of goods sold	22	149,197	90,716
	Distribution and marketing expenses	23	14,315	9,787
	Administrative expenses	24	8,481	1,848
			<u>171,993</u>	<u>102,351</u>

3.3 Details of property, plant and equipment disposed of / written off during the year:

Description	Mode of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
----- (Rupees in '000) -----						
Furniture, fixtures disposed off having book values below Rs 50,000	Negotiation/ Company policy	2,393	2,393	-	160	Various / scrapped
Furniture, fixtures written off having zero book value		782	782	-	-	Write off

3.4 The above disposal include equipment having Rs. Nil book value disposed of to key management personnel for Rs. Nil (2014: Rs 0.034 million) as per Group's policy.

3.5	Capital work-in-progress	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Civil works		-	54,947
	Plant and machinery		-	95,671
	Equipment		<u>5,074</u>	<u>38,521</u>
			<u>5,074</u>	<u>189,139</u>

4 INTANGIBLE ASSETS

Acquisitions through business combinations

Cost	399	-
Accumulated amortization	(288)	-
	<u>111</u>	-
Amortization charge for the period	<u>(111)</u>	-
Closing net book value	<u>-</u>	<u>-</u>
Closing balance		
Cost	399	-
Accumulated amortization	(399)	-
Net book value	<u>-</u>	<u>-</u>
Amortization rates (% per annum)	<u>33%</u>	-

5 LONG TERM LOANS AND ADVANCES

Due from:			
Executives		18,312	33,347
Employees		8,192	6,405
	5.1	<u>26,504</u>	<u>39,752</u>
Less: Receivable within one year	9	<u>(12,317)</u>	<u>(16,707)</u>
		<u>14,187</u>	<u>23,045</u>

5.1 Loans to executives and employees are provided by the Group for the purchase of motor vehicles, furniture and for house building assistance in accordance with the terms of their employment. These interest free loans are secured against provident fund and are repayable over varying periods ranging between two to five years.

5.2 Reconciliation of carrying amount of loans to Executives

		30 September 2015 (Rs '000) Executives	30 September 2014 (Rs '000) Executives
Opening balance		33,347	40,534
Disbursements / transfers during the year / period		-	4,240
Repayments during the year / period		<u>(15,035)</u>	<u>(11,427)</u>
Closing balance		<u>18,312</u>	<u>33,347</u>

5.3 The maximum aggregate amount due from the Executives at the end of any month during the year were Rs. 28.299 million (2014: Rs 44.230 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

6	STORES AND SPARES	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Stores		29,920	4,784
	Spares		7,853	18,200
	In transit		807	1,939
			<u>38,580</u>	<u>24,923</u>
7	STOCK-IN-TRADE			
	Raw and packing materials including goods in transit of Rs 356.043 million (2014: Rs 276.407 million)		1,026,297	828,234
	Work-in-process	22	96,964	80,729
	Finished goods including goods in transit of Rs 27.82 million (2014: Rs 44.935 million)	7.1 & 22	586,613	657,794
			<u>1,709,874</u>	<u>1,566,757</u>
7.1	This includes imported finished goods amounting to Rs 134.730 million (2014: Rs 184.585 million).			
8	TRADE DEBTS		30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Related parties - considered good			
	- Archroma Turkey Kimya		3,408	-
	- PT Archroma Indonesia		-	4,718
	- Archroma (Thailand) Limited		4,907	7,279
	- Archroma Germany GmbH		-	7,467
	- Archroma Argentina SAS		3,976	-
	- Archroma Japan K.K.		-	1,274
	- Archroma France SAS		-	1,857
	- Archroma Hong Kong (Private) Limited		3,708	3,888
	- Archroma Singapore (Pte) Limited		59,858	40,679
	- Archroma Chemicals China Limited		1,943	-
	- Archroma India (Private) Limited		1,524	10,661
	- PT Archroma Specialties		4,819	-
			<u>84,143</u>	<u>77,823</u>
	Others - considered good:			
	- Secured		122,339	65,915
	- Unsecured		2,526,893	1,886,917
			<u>2,733,375</u>	<u>2,030,655</u>
	Others - considered doubtful		390,992	120,715
			<u>3,124,367</u>	<u>2,151,370</u>
	Less: Provision for impairment against trade debts	8.1	(390,992)	(120,715)
			<u>2,733,375</u>	<u>2,030,655</u>
8.1	Reconciliation of provision for impairment against trade debts			
	Opening provision		120,715	108,253
	Acquisition through business combination		287,211	-
	Charge for the period - net of reversal		-	12,462
	Write-off during the year		(16,934)	-
	Closing provision		<u>390,992</u>	<u>120,715</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

8.2 The aging of the trade debts receivable from related parties as at the balance sheet date is as under:

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not past due		56,826	77,823
Past due 1-60 days		27,317	-
Total		<u>84,143</u>	<u>77,823</u>
9 LOANS AND ADVANCES			
Considered good - secured			
Current portion of loans and advances			
Amounts due from:			
- Executives		9,152	14,205
- Employees		3,165	2,502
	5	<u>12,317</u>	<u>16,707</u>
Considered good - unsecured			
Advances for supplies and services			
		3,977	6,165
		<u>16,294</u>	<u>22,872</u>
10 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits		55,817	12,229
Short-term prepayments		12,582	7,265
		<u>68,399</u>	<u>19,494</u>
11 OTHER RECEIVABLES			
Due from the Government:			
- Sales tax		2,001,962	1,565,113
- Others (rebates)		2,737	3,797
		<u>2,004,699</u>	<u>1,568,910</u>
Indent commission due from:			
- Related parties - group companies	11.1	1,520	4,244
- Others		600	1,244
Receivable from Gratuity fund (related party)	25.1.3	86,439	-
Receivable from provident fund (related party)		514	29,520
Others		11,738	3,771
		<u>2,105,510</u>	<u>1,607,689</u>

11.1 The names of group companies and the corresponding amounts due from them in respect of indenting commission are as follows:

	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Archroma Management GmbH	965	1,493
P.T. Archroma Indonesia	14	122
Archroma India (Pvt) Limited	132	65
Archroma Thailand	-	78
Archroma Hong Kong	409	155
Archroma Singapore (Pte) Limited	-	2,331
	<u>1,520</u>	<u>4,244</u>

11.1.1 The above balances are current and not past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

12	CASH AND BANK BALANCES	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	With banks in current accounts	44,771	19,962
	Cash in hand	4,042	3,094
	Cheques in hand	302,741	383,713
		<u>351,554</u>	<u>406,769</u>
13	SHARE CAPITAL		
13.1	Authorised capital		
	2015 2014 (Number of shares)		
	<u>50,000,000</u> <u>50,000,000</u> Ordinary shares of Rs 10 each	<u>500,000</u>	<u>500,000</u>
13.2	Issued, subscribed and paid-up capital		
	2015 2014 (Number of shares)	2015 (Rs '000)	2014 (Rs '000)
	7,441,639 7,441,639 Ordinary shares of Rs. 10 each issued for consideration other than cash	74,416	74,416
	26,676,242 26,676,242 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	266,763	266,763
	<u>34,117,881</u> <u>34,117,881</u>	<u>341,179</u>	<u>341,179</u>
13.3	Archroma Textiles S.a.r.l., Luxembourg held 25,588,533 (2014: 25,588,533) ordinary shares of Rs 10 each at 30 September 2015.		
14	DEFERRED TAXATION - NET	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	<i>Deferred tax liabilities arising on taxable temporary differences:</i>		
	Accelerated tax depreciation allowance and others	384,890	86,808
	Employees retirement benefits - net	10,881	-
		<u>395,771</u>	<u>86,808</u>
	<i>Deferred tax assets arising on deductible temporary differences:</i>		
	Provision for impairment against trade debts	116,151	31,265
	Provision for slow moving inventory items	2,200	-
	Other long term employee benefits	2,215	-
	Obligation under Finance Lease	11,856	-
	Employees retirement benefits - net	-	10,590
		<u>132,422</u>	<u>41,855</u>
		<u>263,349</u>	<u>44,953</u>
15	OTHER LONG TERM EMPLOYEE BENEFITS		

This represent long service awards operated by the Parent Company for eligible employees. The Parent Company's obligation is determined by the Groups' actuary using projected unit credit method. Remeasurement amounting to Rs. 7.009 million (2014: Rs. Nil) has been recognised in consolidated profit and loss account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2015	2014	2015	2014	2015	2014
	----- (Rupees in '000) -----					
Not later than one year	17,666	-	4,226	-	13,440	-
Later than one year and not later than five years	42,656	-	5,345	-	37,311	-
	60,322	-	9,571	-	50,751	-
Less: Current portion shown under current liabilities					13,440	-
					37,311	-

The lease rentals carry markup ranging from 6 months KIBOR +1% to 6 months KIBOR + 1.5%, with a floor of 10% and ceiling of 22%. The said markup rates are revised on a biannual and quarterly basis, and payable monthly in arrears by the Parent Company.

These assets has been leased from various financial institutions under leasing arrangements for three, four and five years as the case may be. After the completion of the term of the lease, the assets are to be transferred to the Company upon the payment of 20% and 25% of the cost of the asset. For Ijarah arrangements entered during the year, the Company intends to acquire such assets at the end of lease term and has consequently recorded such arrangements under IAS 17 "Leases".

17 TRADE AND OTHER PAYABLES

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Creditors		550,286	300,158
Accrued liabilities	17.1	463,234	304,321
Bills payable:			
- Related Parties		274,882	107,154
- Others		801,485	688,585
Export commission payable to Archroma Management GmbH		38,504	16,194
Unclaimed dividend		32,466	27,188
Workers' Profit Participation Fund	17.2	39,317	12,608
Workers' Welfare Fund		109,064	43,802
Royalty payable to Archroma Management GmbH		7,294	20,770
Payable to employees cooperative society (related party)	17.3	17,946	13,332
Employee retirement benefits	25.2	29,098	-
Royalty Payable		18,692	-
Deduction from employees against leased vehicles		6,082	-
Others		8,414	6,613
		2,396,764	1,540,725

17.1 Included in accrued liabilities is an amount of Rs 47.836 million (30 September 2014: Rs 69.044 million) in respect of employees compensated absences of Parent Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

17.2 Workers' Profit Participation Fund	Note	30 September 2015	30 September 2014 (Rs '000)
Balance at 1 January		12,608	14,187
Acquisition through business combination		30,498	-
Allocation for the year / period	27	<u>75,497</u>	<u>66,111</u>
		118,603	80,298
Interest on funds utilised in the Group's business	29	<u>3,425</u>	<u>1,497</u>
		122,028	81,795
Less: Amounts paid to and on behalf of the fund		<u>82,711</u>	<u>69,187</u>
Balance at 30 September		<u>39,317</u>	<u>12,608</u>

17.3 This represent amount with respect to voluntary contributions made by labour employees in terms of Bye Laws of Archroma Employees Co-operative Credit Society Limited payable by the Parent Company.

18 MARK-UP ACCRUED		30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Mark-up accrued on:			
Secured short-term loans		-	15,080
Short-term running finances utilised under mark-up arrangements		17,864	9,911
Short term borrowing under Export Refinance Scheme		<u>1,608</u>	<u>-</u>
		<u>19,472</u>	<u>24,991</u>
19 SHORT-TERM BORROWINGS - SECURED			
From banking companies			
Short-term loans	19.1	-	525,000
Short-term running finances utilised under mark-up arrangements	19.2	1,208,426	367,577
Short term borrowing under Export Refinance Scheme	19.3	435,000	-
Running finance under FE-25 Export and Import Scheme	19.4	-	-
Short term running finance from bank	19.5	<u>55,314</u>	<u>-</u>
		<u>1,698,740</u>	<u>892,577</u>

19.1 The facilities for short term loans are available for Parent Company from a commercial bank amounted to Rs. 800 million. (2014: Rs. 1,400 million). The rates of mark-up on these finances range from 7.96 % to 10.51 % per annum (2014: 10.47 % to 11.6 % per annum). The whole facility is unavailed at the year end (2014: Rs. 875 million). This also include Short term loan obtained by ATCPPL, Subsidiary Company, from an associated undertaking amounting to Nil was secured against hypothecation of stock in trade and trade receivables and carried interest @ 8.2% per annum that matured on 11 May 2015.

19.2 Short term running finance facilities are available for Parent Company from various commercial banks, under mark-up arrangements, amounting to Rs. 1,800 million (2014: Rs. 1,800 million), These facilities have various maturity dates upto 31 May 2016. These arrangements are secured against a pari passu charge of hypothecation of the Parent Company's stock-in-trade and trade debts with minimum 16.5% margin. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 3 month KIBOR + 0.8 % per annum calculated on a daily product basis, that is payable monthly and quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 591.57 million (2014: 1,275 million).

19.3 The Parent Company has borrowed short term running finance under the Export Refinance Scheme of the State Bank of Pakistan (SBP). The facility available is for an amount of Rs. 435 million (2014: Rs. 1,000 million). The rate of mark-up on this facility was 4.5 % per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

19.4 The Parent Company has also borrowed short term running finance under Foreign Exchange Circular No.25 dated 20 June 1998 of the SBP for the purpose of meeting import requirements. The facility available is for amounts aggregating to Rs. 800 million (2014: Rs. 800 million) The rates of mark-up on these finances range from 2.66% to 2.67%.

19.5 The Subsidiary Company has obtained the facilities for short term running finances available from a bank amounting to Rs. 600 million (2014: Rs. 300 million). These are secured against hypothecation charge over stock-in-trade and trade debts. The rates of mark-up is 3 month KIBOR + 0.035% per annum (2014: 10.25% to 12.37% per annum) and the facilities expire by 31 December 2015.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

Parent Company

20.1.1 Octroi levies amounting to Rs. 31.319 million are in dispute with a contractor. A petition has been filed by the Parent Company in the Court challenging the above levies which was decided in favor during the year ended 31 December 2012. However, an appeal has been filed by the counter party which is pending for hearing. Group management is confident that the decision will be in their favour, accordingly no provision has been made in these consolidated financial statements in respect of the aforesaid amount.

20.1.2 During the year ended 31 December 2007, damages and compensation case was filed in the Civil Court, Lahore against Parent Company and one of its affiliates for claim of USD 148,509 and Rs. 41.1 million on account of short supplies and late shipment. The Parent Company acted as an indenting agent for this supply. Group management is confident that the matter will be decided in their favour and it will not be exposed to any loss on account of this claim. Accordingly, no provision has been made in these consolidated financial statements in respect of claim.

20.1.3 During the year ended 31 December 2009, the Parent Company had received notices from the sales tax authorities demanding payment of Rs 233.424 million on account of sales tax along with the default surcharges on supply of the products to its customers as zero rated by the Parent Company from June 2007 to June 2009. Group management has filed a case in the High Court of Sindh against which the Court has issued restrained orders to the authorities from proceeding with the matter till the decision of the suit. Management of Parent Company is confident, based on the legal advice, that the matter will be decided in their favour as the zero rating status of the supplies is available in view of S.R.O. 163(1)/2011 dated 2 March 2011. Accordingly, management is of the opinion that it will not be exposed to any loss on account of this action. Therefore, no provision has been made in these consolidated financial statements in this respect.

20.1.4 During the year ended 31 December 2013, a group of shareholders of the Parent Company filed a suit for recovery of Rs. 522 by claiming that Clariant Pakistan Limited (now Archroma Pakistan Limited) sold assets to Clariant Chemical Pakistan (Private) Limited on non-arms length basis and that the assets were under priced. The shareholders filed a stay application against the Parent Company on 1 November 2013. The stay application was decided in the favour of the Parent Company vide order dated 5 June 2015. The petition is under review of the Honourable High Court of Sindh. Management is confident that the case will be decided in their favour Accordingly, no provision has been made in these consolidated financial statements in respect of this case.

20.1.5 During the year, Government has passed a new law "Gas Infrastructure Development Cess Act 2015", by virtue of which all prior enactments have been declared infructuous. The said Act levies GIDC at Rs. 200/MMBTU on captive power consumption effective 1 July 2011 and at Rs. 100/MMBTU on industrial connection from the date of passing that Act. Certain companies have obtained a stay order on the retrospective application of the Act from The Honourable High Court of Sindh and also contesting the case. In view of uncertainties regarding applicability of the Act retrospectively, Group management has therefore not recognised provision approximately amounting to Rs. 48.73 million pertaining to period from 1 July 2011 to 30 September 2014 in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

20.2 Commitments

Parent Company

20.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 10.760 million (2014: Rs. 20.985 million). The amounts payable over the next five years and are as follows:

Year	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not later than one year	4,002	7,539
Later than one year but not later than five years	6,758	13,446
	<u>10,760</u>	<u>20,985</u>

20.2.2 Commitments for rentals under operating lease agreements in respect of rented property amounted to Rs. 50.209 million (2014: Rs. 17.161 million). The amounts payable over the next five years and onwards are as follows:

Year	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
2014 - 2015	-	660
2015 - 2016	9,020	3,976
2016- 2017	11,625	4,261
2017- 2018	6,139	4,154
2019 and onwards	23,425	4,110
	<u>50,209</u>	<u>17,161</u>

20.2.3 Commitments for ljarah rentals in respect of ljarah transactions amounted to Rs 36.513 million (2014: Rs 74.439 million).

	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not later than one year	20,249	28,723
Later than one year but not later than five years	16,264	45,716
	<u>36,513</u>	<u>74,439</u>

20.2.4 Commitments for capital expenditure as at 30 September 2015 aggregated Nil (2014: Rs 12.993 million).

20.2.5 The Parent Company has provided bank guarantees of Rs 88.532 million (2014: Rs 56.766 million) in favour of various parties.

20.2.6 The Parent Company has provided post dated cheques amounting to Rs. 148.88 million (2014: Rs. 201.938 million) in favour of the Collector of Customs and which are, in the normal course of business, to be returned to the Parent Company after fulfillment of certain conditions.

Subsidiary Company

20.2.7 Outstanding commitments under letters of credit amounting to Rs. 37.129 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

21. NET SALES

	Textile		Emulsion		Paper		Others		Total	
	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014
(Rupees in '000)										
Sales										
Local	7,112,685	5,190,877	1,146,614	950,598	233,198	181,072	305,548	412,462	8,798,045	6,735,009
Export	1,006,250	885,458	-	1,633	1,634	768	-	-	1,007,884	887,859
Total sales	8,118,935	6,076,335	1,146,614	952,231	234,832	181,840	305,548	412,462	9,805,929	7,622,868
Discounts and commission	567,605	442,814	23,534	16,331	196	198	-	-	591,335	459,343
Sales tax	174,981	114,790	170,778	140,860	33,939	26,351	6,272	9,247	385,970	291,248
	742,586	557,604	194,312	157,191	34,135	26,549	6,272	9,247	977,305	750,591
Net sales	7,376,349	5,518,731	952,302	795,040	200,697	155,291	299,276	403,215	8,828,624	6,872,277

22. COST OF GOODS SOLD

	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Raw and packing materials consumed		4,425,830	3,590,900
Stores, spares and supplies consumed		49,329	57,977
Salaries, wages and benefits	22.1	367,510	254,673
Fuel and power		131,157	99,371
Legal and professional charges		60	496
Royalty		18,034	12,052
Traveling and entertainment		1,601	8,489
Communication		25,966	20,999
Rent, rates and taxes		11,939	8,938
Insurance		6,942	17,163
Repairs and maintenance		33,446	36,121
Depreciation and amortisation	3.2 & 4	149,308	90,716
Printing and stationery		4,382	3,815
Miscellaneous		750	-
Opening stock of work-in-process		80,729	97,541
Closing stock of work-in-process	7	(96,964)	(80,729)
Cost of goods manufactured		5,210,019	4,218,522
Opening stock of finished goods		657,794	618,845
Finished goods purchased		941,058	772,474
Included under distribution and marketing expenses:		80,196	
Cost of samples issued	23	(8,580)	(4,163)
Cost of shortages and breakages	23	(973)	(137)
Rebate on exports		(1,068)	(1,914)
Closing stock of finished goods	7	(582,958)	(657,794)
		6,295,488	4,945,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22.1 Staff retirement benefits

Salaries, wages and benefits include Rs 13.509 million and Rs 13.544 million (2014: Rs 34.466 million and Rs 5.344 million) in respect of defined benefit scheme and defined contribution plan respectively.

23 DISTRIBUTION AND MARKETING EXPENSES	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Salaries and benefits	23.1	250,715	154,207
Traveling and entertainment		58,447	53,202
Repairs and maintenance		13,788	10,980
Business event participation		17,495	17,861
Rent, rates and taxes		25,775	18,850
Communication		10,912	8,268
Printing and stationery		26,509	14,635
Insurance		5,067	4,096
Legal and professional charges		13,215	8,775
Fuel and power		23,271	11,782
Depreciation and amortisation	3.2	14,315	9,787
Outward freight and handling		170,891	125,266
Shortages and breakages	22	973	137
Samples issued	22	8,580	4,163
Fees and subscription		194	1,370
Books and periodicals		85	69
Service charges		1,183	-
Indenting commission expense		696	-
		642,111	443,448

23.1 Staff retirement benefits

Salaries and benefits include Rs. 4.010 million and Rs 12.213 million (2014: Rs 14.513 million and Rs 5.789 million) in respect of defined benefit scheme and defined contribution plan respectively.

24 ADMINISTRATIVE EXPENSES		30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Salaries and benefits	24.1	170,629	93,645
Traveling and entertainment		3,460	796
Repairs and maintenance		6,711	4,054
Rent, rates and taxes		12,228	11,803
Communication		6,338	4,954
Printing and stationery		4,176	1,883
Insurance		877	421
Legal and professional charges		17,577	2,086
Fuel and power		2,214	456
Depreciation and amortisation	3.2	8,481	1,848
Fees and subscription		2,059	1,830
Books and periodicals		249	131
Provision against slow moving stocks		2,793	-
Others		35	-
		237,827	123,907

24.1 Staff retirement benefits

Salaries and benefits include Rs. 5.319 million and Rs 7.342 million (2014: Rs 4.582 million and Rs 3.291 million) in respect of defined benefit scheme and defined contribution plan respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

25 STAFF RETIREMENT BENEFIT

25.1 Defined benefit plan - approved gratuity fund - Parent Company

25.1.1 Salient features

The Parent Company offers an approved gratuity fund for all eligible employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Parent Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in mutual fund units, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

25.1.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at 30 September 2015 by the Ultimate Parent Company's appointed actuary. The information provided in notes 25.1.3 to 25.1.13 has been obtained from the actuarial valuation carried out as at 30 September 2015. The following significant assumptions have been used for valuation of this scheme:

	30 September 2015	30 September 2014
<i>Financial assumptions</i>		
a) Expected rate of increase in salary level	9.0%	13.5%
b) Discount rate	13.0%	13.0%
c) Expected return on plan assets	13.0%	13.0%
d) Price inflation	8.0%	-
<i>Demographic assumptions</i>		
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Low	Low

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

25.1.3 Amounts recognised in the balance sheet:	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Present value of defined benefit obligation	25.1.4	655,608	664,254
Less: Fair value of plan assets	25.1.5	(742,047)	(664,254)
Surplus		(86,439)	-
25.1.4 Movement in present value of defined benefit obligation:			
Obligation at the beginning of the year		664,254	554,973
Current service cost		23,245	25,088
Interest cost		88,636	53,705
Benefits paid		(35,927)	(8,309)
Actuarial (gain) / loss		(84,600)	38,797
Obligation at the end of the year		655,608	664,254
25.1.5 Movement in fair value of plan assets:			
Fair value at the beginning of the year		664,254	554,973
Return on plan assets		98,705	55,489
Company contributions		15,622	53,562
Benefits paid		(35,927)	(8,309)
Actuarial (loss) / gain		(607)	8,539
Fair value at the end of the year		742,047	664,254
25.1.6 Movement in the net defined benefit liability / (asset)			
Opening balance		-	-
Net periodic cost for the year		(13,176)	23,304
Contribution paid during the year		15,622	(53,562)
Re-measurements recognized in other comprehensive income during the year		83,993	30,258
Closing balance		86,439	-
25.1.7 Amounts recognised in total comprehensive income:			
The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:			
<i>Component of defined benefit costs recognised in profit and loss account</i>			
- Current service cost		23,245	25,088
- Net interest		(10,069)	(1,784)
		13,176	23,304
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>			
Actuarial loss / (gain) on defined benefit obligation for the year			
- Loss / (gain) due to change in experience adjustments		84,600	(38,797)
Actuarial (gain) / loss on fair value of plan assets during the year			
- (Gain) / loss due to change in experience adjustments		(607)	8,539
Net re-measurement recognised in other comprehensive income		83,993	(30,258)
Total defined benefit cost recognised in profit and loss account and other comprehensive income		97,169	(6,954)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

25.1.8 Actual return on plan assets during the year was Rs. 151.66 million (30 September 2014: Rs. 64.028 million).

25.1.9 Sensitivity analysis

The impact of 0.5% change in following variables on defined benefit obligation is as follows:

	Change in assumption (Percentage) %	Increase / Decrease in assumption (Rupees in '000)
Discount rate	0.5%	45,893

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

25.1.10 The weighted average duration of the defined benefit obligation is 15 years.

25.1.11 Plan assets comprise of the following:

	30 September 2015 (Rs '000)	Percentage composition	30 September 2014 (Rs '000)	Percentage composition
Term finance certificates	42,026	5.66%	97,736	14.71%
Sukuk certificates	27,372	3.69%	-	0.00%
Investments in units of mutual funds	668,594	90.10%	543,422	81.81%
Balances with banks	4,055	0.55%	23,096	3.48%
	742,047	100.00%	664,254	100.00%

25.1.12 As per the actuarial recommendations, the expected return on plan assets was taken as 13% (2014:13.5%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

25.1.13 Based on actuarial advice, the Parent Company intends to charge an amount of Rs 14.412 million in the the year ending 30 September 2016.

25.2 Defined benefit plan - staff gratuity fund - ATCPPL, Subsidiary Company

The Subsidiary Company operates gratuity scheme for employees completing 5 years of services.

Financial assumptions

Rate of discount
Expected rate of salary increase

Demographic assumptions

Mortality rate
Rates of employee turnover

The amounts recognized in balance sheet are as follows:

Present value of defined benefit obligation
Fair value of plan assets

30 September 2015 (Percentage)
9.25%
9.25%
SLIC (2001-05) Moderate
(Rupees in '000)
110,312
(81,214)
29,098

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

Movement in net defined benefit liability

Acquisition through business combination	28,830
Charge for the period	1,720
Re-measurement: Actuarial (gain) / loss recognized in other comprehensive income	(1,452)
Closing balance	<u>29,098</u>

30 September
2015
(Rs '000)

28,830
1,720
(1,452)
29,098

Movement in present value of defined benefit obligation

Acquisition through business combination	107,381
Service cost	1,275
Interest cost	1,656
Present value of defined benefit obligation at end of period	<u>110,312</u>

107,381
1,275
1,656
110,312

Movement in fair value of plan assets

Acquisition through business combination	78,551
Interest income on plan assets	1,211
Re-measurements: Return on plan assets over interest income gain / (loss)	1,452
Fair value of plan assets at end of the period / year	<u>81,214</u>

78,551
1,211
1,452
81,214

Amounts recognized in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

Component of defined benefit costs recognized in profit and loss account

Current service cost	1,275
Net interest cost	
- Interest cost on defined benefit obligation	1,656
- Interest income on plan assets	(1,211)
	<u>1,720</u>

1,275

1,656
(1,211)
1,720

Net re-measurement recognized in other comprehensive income

(1,452)

Total defined benefit cost recognized in profit and loss account and other comprehensive income

268

(Rupees in '000)

Sensitivity analysis

The impact of 0.5% change in following variables on defined benefit obligation is as follows:

	Change in assumption (Percentage) %	Increase / Decrease in assumption (Rupees in '000)
Discount rate	0.5%	1,573

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability. Duration of Subsidiary Company Gratuity plan liability is around 15 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

26 Defined contribution plan - Employees Provident Fund

Parent Company

The Board of Trustees of the Provident Funds have decided to merged the "Senior Provident Fund" and Junior Provident Fund" under a consolidated Provident Fund namely "Employees Provident Fund".

The following information is based upon the latest audited financial statements of the provident fund as at 30 June 2015 and as at 30 June 2014:

	30 June 2015 (Rs '000)	30 June 2014 (Rs '000)
Size of the Fund	489,628	415,491
Cost of investments made	191,646	356,708
Fair value of investments	204,352	388,302
Percentage of investment made	41.74%	93.46%

Investments out of the provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

Subsidiary Company

The Subsidiary Company has set up provident fund for its permanent employees and the contributions were made by the Subsidiary Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the period ended 30 September 2015 was Rs. 1.160 million. The net assets based on audited financial statements of provident fund as at 31 December 2014 were Rs. 184.226 million out of which 77% were invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value and cost of investments of provident fund as at 31 December 2014 was Rs. 141.92 million and Rs. 141.92 million respectively. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

The breakup value of the investments is as follows:

	2014 (Rupees)
Special saving certificates	-
Pakistan Investment Bond	141,920,950
	<u>141,920,950</u>

26.1 The break-up of investments is as follows:

	30 June 2015 Rupees in '000	30 June 2015 Percentage	30 June 2014 Rupees in '000	30 June 2014 Percentage
Certificate of Investments	25,350	12.40%	12,596	3.20%
Debts Securities	5,618	2.75%	6,474	1.70%
Investment in Units of mutual funds	117,090	57.30%	311,812	80.30%
Sukuk Certificates	56,294	27.55%	57,420	14.80%
	<u>204,352</u>	<u>100.00%</u>	<u>388,302</u>	<u>100.00%</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

27 OTHER EXPENSES	Note	30 September 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
Auditors' remuneration	27.1	3,168	1,703
Workers' Profit Participation Fund	17.2	75,497	66,111
Provision for impairment of trade debts		-	12,462
Workers' Welfare Fund		30,863	26,208
Donations	27.2	500	1,100
Others		-	3,481
		110,028	111,065
27.1 Auditors' remuneration			
Audit fee		2,408	1,000
Fee for half yearly review		585	585
Special certifications and sundry services		100	100
Out of pocket expenses		75	18
		3,168	1,703
27.2 None of the directors or his spouse have any interest in any of the donees.			
28 OTHER INCOME			
<i>Income from non-financial assets</i>			
Negative goodwill written off on acquisition of Subsidiary Company	1.4	142,652	-
Indenting commission - net of payment of Rs 1.989 million (2014: Rs 4.105 million)		3,015	5,339
Export rebate		1,217	-
Sale of scrap		15,963	8,494
Gain on disposal of operating fixed assets		160	56
Others		8,254	-
		171,261	13,889
<i>Income from financial assets</i>			
Income from investment		-	4,133
		171,261	18,022
29 FINANCE COSTS			
Interest on:			
Workers' Profit Participation Fund	17.2	3,425	1,497
Mark-up on :			
- Finance lease obligation		3,054	-
- Running finance under FE-25 Export and Import Scheme		337	-
- Short-term running finances		51,232	22,543
- Export refinance facility		1,609	-
- Short-term loans		29,906	18,212
- Deposits by employees cooperative society		1,200	1,432
Exchange loss / (gain) - net		21,383	(50,142)
Bank charges and other costs		22,221	13,836
		134,367	7,378

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

30 TAXATION - NET

	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Current - for the period	359,830	297,244
- for prior years	-	(60,000)
Deferred	(21,748)	(31,984)
	<u>338,082</u>	<u>205,260</u>

30.1 Relationship between income tax expense and accounting profit

	30 Sept. 2015 (Effective tax rate %)	Nine months ended 30 Sept. 2014 (Effective tax rate %)	30 Sept. 2015 (Rs '000)	Nine months ended 30 Sept. 2014 (Rs '000)
Profit before taxation			<u>1,580,064</u>	<u>1,258,668</u>
Tax at the enacted tax rate	32.00	33.00	505,621	415,360
Effect of change in tax rate	1.02	0.00	16,112	-
Tax effect of rebate / credits	(1.28)	(1.08)	(20,151)	(13,581)
Tax effect on exports under Final Tax Regime	(7.66)	(7.43)	(121,062)	(93,554)
Tax effect of Items that are not deductible in determining taxable profit - permanent differences	0.00	0.33	-	4,112
Effect of change in prior years' tax	0.11	(4.77)	1,761	(60,000)
Others including the impact of allocation ratio of NTR and FTR and tax rebates	(2.80)	(3.74)	(44,199)	(47,077)
	<u>21.39</u>	<u>16.31</u>	<u>338,082</u>	<u>205,260</u>

30.2 Parent Company (ARPL)

30.2.1 Income tax assessments of the Parent Company have been finalized upto and including tax year 2015 on the basis of the tax return filed under section 120 of the Income Tax Ordinance 2001 (the Ordinance). However, the return may be selected for detailed audit within five years from the date of filing of return and the Income Tax Commissioner may amend the assessment if any objection is raised in the audit.

The ARPL has filed the appeal before the learned Appellate tribunal Inland Revenue (ATIR) against the appellate order passed by the CIR(A) for the tax year 2009. The income tax department has also filed an appeal before the learned ATIR against the decision of the learned CIR(A) on remanding back of issues for certain disallowed expenses.

Tax year 2013 of the ARPL was selected for tax audit under Section 177 of the Ordinance by the Commissioner Inland Revenue (CIR), Audit Division, Large Taxpayers Unit, Karachi. The CIR concluded the audit proceedings and passed an order that amended the assessment under section 122 of the Ordinance. The ARPL has filed appeal against the amended assessment order before the learned Commissioner Inland Revenue (Appeals) [CIR(A)], Karachi. On the appeal filed by the ARPL, the learned CIR(A) has confirmed the above actions of the CIR. The ARPL preferred an appeal before the ATIR which is pending for adjudication. The income tax department has also filed an appeal before the learned ATIR against the decision of the learned CIR(A) on remaining back of the issues of exchange loss and claim of shortage and breakage expense which were disallowed by taxation authority without considering the details and documentary evidences submitted during the proceedings of the amended assessment for the tax year 2009.

Both the appeals have been heard by the learned ATIR, however, the decision is yet to be received.

The cases of the ARPL for the tax year 2011 and 2014 have been selected for audit and the audit proceedings are still in progress.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

30.2.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors of ARPL have recommended sufficient cash dividend for the year ended 30 September 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these consolidated financial statements for the year ended 30 September 2015.

30.3 Subsidiary Company (ATCPPL)

Income tax assessments of the Subsidiary Company have been finalized upto and including the tax year 2014. However, the Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit. During the period, an assessment order in respect of tax year 2013 was issued by Deputy Commissioner Inland Revenue creating a tax demand of Rs. 20 million which has been paid by the Subsidiary Company during the period. The Subsidiary Company filed an appeal against the order before Commissioner of Income Tax-(Appeals) on 21 April 2015. The decision of this appeal was made on 23 July 2015. However, ATCPPL has preferred second appeal before the appellate tribunal inland Revenue against the actions of the Commissioner Of Income tax-(Appeals) which is pending for hearing.

31 EARNINGS PER SHARE

31.1 Basic

Profit after taxation attributable to ordinary shareholders

	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
	1,241,982	1,053,408
	(Number of shares)	(Number of shares)
	34,117,881	34,117,881
	(Rupees)	(Rupees)
	36.40	30.88

31.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 September 2015 and 30 September 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

32 SEGMENT INFORMATION

	Textile		Emulsions		Paper		*Others		Total	
	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014
Net sales	7,376,349	5,518,731	952,302	795,040	200,697	155,291	299,276	403,215	8,828,624	6,872,277
Segment results based on 'management approach'	1,597,898	1,175,200	175,836	137,502	65,098	39,445	10,308	-	1,849,140	1,352,147
Other operating expenses - WPPF & WWF									(106,360)	92,319
Income from investments									-	4,133
Assets charged to profit and loss for internal reporting purposes based on group guidelines									(1,607)	2,085
Operating profit									1,741,173	1,266,046
Finance costs									(134,367)	7,378
Profit before taxation									1,606,806	1,258,668
32.1 Segment assets	7,535,399	4,000,267	475,689	476,400	52,096	41,410	-	-	8,063,184	4,518,077
Unallocated									1,008,281	2,210,567
32.2 Segment liabilities	2,012,606	1,262,718	126,448	268,808	16,222	8,689	-	-	9,071,465	6,728,644
Unallocated									2,155,276	1,540,215
32.3 Fixed capital expenditures	27,157	209,273	25	-	-	-	-	-	27,182	209,273
Unallocated									3,032	6,684
									30,214	215,957
32.4 Depreciation	147,798	100,663	21	14	16	13	-	-	147,835	100,690
Unallocated									24,158	1,661
									171,993	102,351

* This represent revenue from non-core business activities of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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32.5 Geographical information

The Group's gross revenue from external customers by geographical location is detailed below:

Domestic sales
Export sales

30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
8,798,045	6,735,009
1,007,884	887,859
9,805,929	7,622,868

The Group exports its products to numerous countries.

32.6 As at 30 September 2015, all non-current assets of the Group are located in Pakistan.

32.7 31.22% and 20.73% (collectively 51.95%) of the Parent Company's gross sales for the year ended 30 September 2015 (30 September 2014: 26.45% and 13.26% (collectively 39.71%)) were made to two distributors. The segment wise sales to these two distributors is as follows:

	Textile		Emulsions		Paper		Total	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
	-----%							
Distributor 1	31.22	26.45	-	-	-	-	31.22	26.45
Distributor 2	20.73	13.26	-	-	-	-	20.73	13.26

33 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives		Total	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
	----- (Rupees in '000) -----							
Short-term employee benefits								
Managerial remuneration (including and leave pay)	18,961	12,267	9,365	6,020	176,834	107,926	205,160	126,213
Bonus	6,055	5,505	2,931	2,617	16,417	12,563	25,403	20,685
Housing and utilities	8,918	5,916	5,117	3,311	96,122	59,360	110,157	68,587
Medical	136	42	210	73	8,995	3,540	9,341	3,655
Post employment benefits								
Retirement benefits	5,260	3,271	2,617	1,605	40,453	26,885	48,330	31,761
	39,330	27,001	20,240	13,626	338,821	210,274	398,391	250,901
Number of persons	1	1	1	1	161	122	163	124

33.1 The remuneration for Executives also includes Rs 11.418 million (2014: Rs 7.658 million) paid to 1 (2014: 1) alternate Director.

33.2 The aggregate amount charged in these consolidated financial statements for fee to non-executive directors was Rs 0.100 million (2014: Rs. 0.075 million).

33.3 The Chief Executive Officer is provided with free furnished accommodation. In addition, the Chief Executive Officer, Directors and certain Executives are also provided with free use of the Group cars, residential equipment, reimbursement of utilities and club memberships in accordance with their entitlements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

34 TRANSACTIONS WITH RELATED PARTIES

	Ultimate Parent Company		Other Related Parties		Key Management Personnel	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
	----- (Rupees in '000) -----					
Sales	-	-	522,082	588,944	-	-
Purchases of goods and machinery	-	146,382	510,240	148,980	-	-
Indenting commission earned	-	-	4,258	8,916	-	-
Export commission paid	-	12,176	23,705	-	-	-
Royalty and technical fee	-	12,052	14,615	-	-	-
Other charges	-	-	84,000	-	-	-
Dividend paid	639,713	1,279,420	-	-	-	-
Transaction with key management personnel:						
- Salaries, benefits and compensation	-	-	-	-	84,313	57,659
- Post employment benefits	-	-	-	-	13,383	8,180

The Group enters into transactions with related parties for the sale of its products, purchase of goods, indenting business and rendering of certain services.

Consideration for purchase and sales of goods and for services is determined with mutual agreement considering the nature and level of such goods and services. In the case of indenting business, the Group acts only as an agent for the supplier for which it receives indenting commission.

In addition, royalty for the use of technical know-how is also paid to Archroma Management, Reinach, Switzerland on the sales of such branded locally manufactured products as are included in the royalty agreement duly registered with the State Bank of Pakistan.

Balance outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes. All balances are interest free, unsecured and repayable on demand.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.

There are no transactions with key management personnel other than those under their terms of employment. These transactions are disclosed in notes 3.4 and 33 to the consolidated financial statements. Particulars of transactions with Workers' Profit Participation Fund and staff retirement benefit funds are disclosed in notes 17.1, 25, 27 and 29 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

35	CAPACITY AND PRODUCTION	Note	30 September 2015	Nine months ended 30 September 2014
	Parent Company (ARPL)		(Tonnes)	(Tonnes)
	Actual production		34,449	25,624
	The capacity is indeterminable because of multi-product plants involving varying processes of manufacture.			
	The Parent Company's production was according to market demand.			
	Subsidiary Company (ATCPPL)			
	Total installed capacity		24,750	
	Actual production		15,457	
	Production is demand driven, hence, the variance in installed capacity and actual production is mainly attributed to reduced demand.			
36	STAFF STRENGTH		2015	2014
	ARPL, Parent Company		No. of employees	No. of employees
	Number of employees as at 30 September		216	216
	Average number of employees during the year / period		216	216
	ATCPPL, Subsidiary Company			
	Number of employees as at 30 September		108	
	Average number of employees during the year / period		123	
37	CASH GENERATED FROM OPERATIONS		30 September 2015	Nine months ended 30 September 2014
			(Rs '000)	(Rs '000)
	Profit before taxation		1,580,064	1,258,668
	Adjustments for non-cash charges and other items:			
	Depreciation / amortisation		171,993	102,351
	Gain on disposal of operating fixed assets		(160)	(56)
	Provision for staff gratuity		13,176	23,304
	Interest / mark-up expense		43,604	40,755
	Gain on bargain purchase		(142,652)	-
	Provision against slow moving inventory		2,793	-
	Working capital changes	37.1	325,454	(482,203)
			1,994,272	942,819

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

37.1 Working capital changes	Note	30 September 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
(Increase) / decrease in current assets			
Stores and spares		(13,657)	(499)
Stock-in-trade		(143,117)	(124,108)
Trade debts		(977,468)	(170,996)
Loans and advances		6,578	(5,371)
Trade deposits and short-term prepayments		(48,905)	5,450
Other receivables		(411,382)	(168,887)
		<u>(1,587,951)</u>	<u>(464,411)</u>
Increase / (decrease) in current liabilities			
Trade and other payables - net		<u>1,913,405</u>	<u>(17,792)</u>
		<u>325,454</u>	<u>(482,203)</u>
38 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:			
Cash and bank balances	12	351,554	406,769
Short-term running finances utilised under mark-up arrangements	19	(1,208,426)	(367,577)
Short term running finance from bank		(55,314)	-
		<u>(912,186)</u>	<u>39,192</u>
39 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets and financial liabilities			
Financial assets			
Loans and receivables			
Loans		26,504	39,752
Deposits		75,379	14,868
Trade debts		2,733,375	2,030,655
Other receivables		100,811	38,779
Cash and bank balances		351,554	406,769
		<u>3,287,623</u>	<u>2,530,823</u>
Financial liabilities			
Financial liabilities at amortised cost			
Short-term loans		-	525,000
Liabilities against assets subject to finance lease		50,751	-
Short term borrowing under Export Refinance Scheme		435,000	-
Short-term running finances utilised under mark-up arrangements		1,208,426	367,577
Short term running finance from bank		55,314	-
Mark-up accrued		19,472	24,991
Trade and other payables		<u>2,269,544</u>	<u>1,484,315</u>
		<u>4,038,507</u>	<u>2,401,883</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are exposed to a variety of financial risks namely credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Group is not exposed to any price risk as it does not hold any investments exposed to price risk. The Group has established adequate procedures to manage each of these risks as explained below:

40.1 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk arises from bank balances, cheques in hand, deposits and credit exposures to customers, including trade debts and other receivables. Out of the total financial assets of Rs. 3,287.62 million (2014: Rs 2,530.823 million), the financial assets that are subject to credit risk amounted to RsRs. 3,283.58 million (2014: Rs 2,527.729 million).

The total bank balance of Rs. 44.771 million (2014: Rs 19.962 million) have been placed with banks having short-term credit rating ranging from A1+ to A-1+. Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. 86% of cheques in hand reported on balance sheet have been subsequently cleared.

Deposits are provided to counterparties as security for continued provision of services to the Group. Management does not expect to incur material losses as such amounts are provided based on agreement with counterparties and are refundable upon termination of related services.

Management does not expect to incur losses in other receivable and loans as significant amount in other receivable is due from provident fund, related party and loans are secured against provident fund balance of respective employees.

The most significant financial asset exposed to credit risk is the trade debts of the Group. For trade debts, individual credit limits are assigned to customers based on the recommendations from respective business unit heads keeping in view their payment history, financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. The concentration of credit risk lies in the top 5 (2014: 5) customers which constitute 44.56% (2014: 55.57%) of the Company's trade debts.

The breakup of amount due from customers other than related parties as disclosed in note 8 to these financial statements is presented below:

	2015 (Rs '000)	2014 (Rs '000)
Due from customers other than related parties		
Direct customers	1,878,582	778,027
Distributors	1,161,642	1,174,805
	<u>3,040,224</u>	<u>1,952,832</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

Out of the total trade debts of Rs. 2,733.38 million (2014: Rs. 2,151.37 million), the Group has made a provision for Rs 390.992 million (2014: Rs. 120.715 million) as the amounts being doubtful of recovery from customers. The aging profile of trade debts overdue but not impaired has been as follows:

	30 September 2015 Gross amount	30 September 2015 Impairment	30 September 2014 Gross amount	30 September 2014 Impairment
	----- (Rupees in '000) -----			
Not yet Due	1,991,574	-	1,696,389	-
Upto 3 months	651,397	-	285,759	-
3-6 Months	90,404	-	48,506	-
6-12 Months	17,977	17,977	20,744	20,744
Over 1 year	373,015	373,015	22,996	22,996
	<u>3,124,367</u>	<u>390,992</u>	<u>2,074,395</u>	<u>43,740</u>

40.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the Group's liabilities based on contractual maturities is as follows:

	30 September 2015				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	----- (Rupees) -----				
Financial liabilities					
Trade and other payables	2,237,078	-	(2,237,078)	(2,237,078)	-
Short term borrowings	1,643,426	(1,643,426)	-	-	-
Liabilities against assets subject to finance lease	50,751,045	-	(60,322,052)	(17,666,052)	(42,656,000)
	<u>54,631,549</u>	<u>(1,643,426)</u>	<u>(62,559,130)</u>	<u>(19,903,130)</u>	<u>(42,656,000)</u>
	31 September 2014				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	----- (Rupees) -----				
Financial liabilities					
Trade and other payables	1,507,372	-	(1,507,372)	(1,507,372)	-
Short term borrowings	892,577	(892,577)	-	-	-
	<u>2,399,949</u>	<u>(892,577)</u>	<u>(1,507,372)</u>	<u>(1,507,372)</u>	<u>-</u>

40.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

40.3.1 Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company primarily has foreign currency exposures in US Dollars (USD) and Euro. The details of balances are as follows:

	30 September 2015			
	(USD '000)	(EUR '000)	(CHF '000)	(JPY '000)
Trade debts	10,522	-	-	-
Trade payables	(235,523)	(23,909)	(1)	(5,353)
Other payables	(706)	-	-	-
Net foreign currency exposure	<u>(225,707)</u>	<u>(23,909)</u>	<u>(1)</u>	<u>(5,353)</u>
	30 September 2014			
	(USD '000)	(EUR '000)	(CHF '000)	
Trade debts	14	-	-	
Trade payables	(66)	(5)	(2)	
Net foreign currency exposure	<u>(52)</u>	<u>(5)</u>	<u>(2)</u>	

At 30 September 2015, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollar, Euro and Swiss Franc with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 263.64 million (30 September 2014: Rs 0.062 million).

40.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from short and long term borrowings from banks.

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instrument is:

	Carrying amount 2015 (Rs '000)	Carrying amount 2014 (Rs '000)
Fixed rate instruments		
Financial liabilities	<u>435,000</u>	<u>-</u>
Variable rate instruments		
Financial liabilities	<u>1,259,178</u>	<u>892,577</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the profit and loss account. Therefore a change in interest rates at the reporting date would not affect the profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and the profit by Rs. 8.939 million (2014: Rs. 5.980 million) with the corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

40.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates. As at 30 September 2015 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

40.5 Capital risk management

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

41 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Parent Company in its meeting held on 17 December, 2015 has proposed a cash dividend in respect of the year ended 30 September 2015 of Rs 25 per share (2014: cash dividend of Rs 25). Further, the Board has also announced appropriation of Rs 265 million (2014: Rs 180 million) from unappropriated profit to revenue reserves. These appropriations will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended 30 September 2015 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending 30 September 2016.

42 CORRESPONDING FIGURES

Corresponding figures have been restated / rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications / restatements in these consolidated financial statements. The comparative period reported in consolidated profit and loss account, consolidated other comprehensive income and consolidated cash flow statement are for the nine months period ended 30 September 2014 and represent financial information of the Parent Company.

43 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on 17 December, 2015 by the Board of Directors.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

Notice of Meeting

NOTICE is hereby given that the Twentieth Annual General Meeting of Archroma Pakistan Limited will be held at the Company's Registered Office at 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi on Friday, 29 January 2016 at 10:00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and approve the Audited Financial Statements for the year ended 30 September 2015 alongwith the Directors' Report thereon. Committee has recommended the name of Messrs KPMG Taseer Hadi & Co., Chartered Accountants, the retiring auditors, who have also offered themselves for re-appointment.
2. To approve 250% final cash dividend (Rs: 25/- per share), as recommended by the Directors.
3. To approve appointment of external auditors for the year 2016 and to fix their remuneration. The Audit
4. To transact any other ordinary business with the permission of the Chair.

By order of the Board



M Veqar Arif
Director / Company Secretary

Karachi: 5th January 2016

NOTES:

1. The Share Transfer Books of the Company will remain closed from 22nd January 2016 to 29th January 2016 (both days inclusive). Transfers received in order by the Company's Share Registrar, M/s. FAMCO Associates (Pvt) Limited, 8-F, Next to Hotel Faran, Nursery, Block- 6, P.E.C.H.S Shakra-e-Faisal, Karachi, by 21st January 2016 will be in time to entitle the transferees for the dividend and to attend and vote at the Annual General Meeting.
2. A member entitled to attend and vote at the meeting may appoint proxy to attend and vote instead of him/her. A proxy need not be a member of the company. Proxies, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the Meeting.
3. Shareholders who shares are deposited with Central Depository Company (CDC) are requested to bring their Original National Identity Card and account number in CDC for verification.
4. **CNIC / NTN Number on Dividend Warrant (Mandatory).**

As already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 19(I) / 2014 dated 10th January 2014 read with Notification S.R.O. 831(1) / 2012 dated July 5, 2012 require that the Dividend Warrant (s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

5. **Deduction of Income Tax From Dividend Under Section 150 the Income tax Ordinance, 2001 (Mandatory)**
 - (i) Pursuant to the provisions of the Finance Act 2015 effective July 1, 2015, the rates of deduction of income tax from dividend payments under the income Tax Ordinance have been revised as follows:

Notice of Meeting

- a) Rate of tax deduction for filer of income tax return 12.5%
 b) Rate of tax deduction for non-filer of income tax return 17.5%

To enable the company to make tax deduction in the amount of cash dividend @ 12.5% instead of 17.5%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%.

- (ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold share jointly are requested to provide shareholding proportions of Principal shareholding and joint-holder(s) in respect of shares held by them to our Share registrar, in writing as follows:

Company name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must be provided to our share Registrar FAMCO Associates (Pvt) Limited, 8-F Next to Hotel Faran, Nursery Block 6, P.E.C.H.S, Shahrah-e-Faisal Karachi as soon as possible. Otherwise it will be assumed that the share are equally held by Principal shareholder and Joint Holder(s).

- (iii) For any query/problem/information, the investors may contact the Company Secretary at phone: 021-35123261 and email address: vaqar.arif@archroma.com and /or FAMCO Associates (Pvt) Ltd. At phone: 021-34380101-5 and email address: info.shares@famco.com.pk
- (iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Pvt) Ltd. The shareholders while sending CNIC copies or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

6. Consent for Electronic Transmission of Audited Financial Statements & Notices (Optional)

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice for Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notices through e-mail. In order to avail this facility a Standard Request Form is available at the Company's website.

7. Dividend Mandate (Optional)

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 18 of 2012 dated June 05, 2012, it is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, direct the Company to pay dividend through his/her/its bank account.

Further, transfer of shares may exercise option for dividend mandate by using the revised "Form of Transfer Deed". The revised form of transfer deed will enable the transferees to receive cash dividend directly in their bank accounts, if such transferee provides particulars of its bank account which he/she/it desires to be used for credit of cash dividend.

8. Payment of Cash Dividend Electronically (Optional)

The SECP has initiated e-dividend mechanism through its letter No.8(4) SM/CDC/2008 dated April 05, 2013. In order to avail benefits of e-dividend (such as instant credit of dividends, no chances of dividend warrants getting lost in post, undelivered or delivered to the wrong address etc.), shareholders are hereby advised to provide detail of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address.

The Company has placed the Annual Report 2015 on its website www.archroma.com.pk

/ PATTERN OF SHAREHOLDINGS

As at 30 September 2015

Form 34

No. of Shareholders	Shareholding			Shares held
552	1	-	100	25,478
575	101	-	500	171,742
271	501	-	1,000	213,022
413	1,001	-	5,000	968,415
87	5,001	-	10,000	635,906
29	10,001	-	15,000	361,871
15	15,001	-	20,000	252,634
4	20,001	-	25,000	90,361
9	25,001	-	30,000	252,773
1	30,001	-	35,000	31,137
3	35,001	-	40,000	117,400
4	40,001	-	45,000	170,638
3	45,001	-	50,000	145,800
1	50,001	-	55,000	52,450
1	55,001	-	60,000	60,000
2	60,001	-	65,000	123,600
1	65,001	-	70,000	68,550
1	75,001	-	80,000	75,200
1	85,001	-	90,000	89,000
2	90,001	-	95,000	184,400
1	95,001	-	100,000	100,000
1	105,001	-	110,000	108,000
1	110,001	-	115,000	110,401
1	115,001	-	120,000	120,000
1	125,001	-	130,000	127,550
1	140,001	-	145,000	140,580
1	175,001	-	180,000	177,406
1	195,001	-	200,000	196,045
1	215,001	-	220,000	217,000
1	280,001	-	285,000	284,266
1	285,001	-	290,000	289,720
1	805,001	-	810,000	808,357
1	1,755,001	-	1,760,000	1,759,646
1	25,585,001	-	25,590,000	25,588,533
<u>1,989</u>				<u>34,117,881</u>

Shareholders Category	No. of Shareholder	No. of Shares	Percentage
Associated Companies, undertakings, related parties holding 10%.	1	25,588,533	75.00
Directors, Chief Executive Officer, and their spouse and minor children.	-	-	-
NIT and ICP	1	700	0.00
Banks Development Financial Institutions, Non Banking Financial Institutions.	5	418,968	1.23
Insurance Companies	10	1,377,208	4.04
Modarabas and Mutual Funds	7	2,075,616	6.08
General Public :			
a. Local	1,913	4,117,856	12.07
b. Foreign			
Others	52	539,000	1.58
Total	<u>1,989</u>	<u>34,117,881</u>	<u>100.00</u>
Shareholders holding 10% or more voting interest			
Archroma Textiles S.a.r.l., Luxemburg	1	25,588,533	75.00

There was no trading in the shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year.

/ PATTERN OF SHAREHOLDINGS

Information as required under Code of Corporate Governance as at September 30, 2015

Shareholder's category	Number of shareholder	Number of share held
I. Associated Companies, Undertakings and Related Parties (name wise details)		
ARCHROMA TEXTILES S.A.R.L.	1	25,588,533
Total :	1	25,588,533
ii. Mutual Funds (name wise details)		
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	1,790
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	50,000
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	2,000
CDC - TRUSTEE LAKSON EQUITY FUND	1	108,000
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,759,646
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	13,600
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1	140,580
Total :	7	2,075,616
iii. Directors, Chief Executive Officer, and their spouse and minor children.		
	-	-
Total :	-	-
iv. Executives		
	-	-
Total :	-	-
v. Public Sector Companies and Corporations		
	1	808,357
Total :	1	808,357
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
	17	1,211,625
Total :	17	1,211,625
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)		
ARCHROMA TEXTILES S.A.R.L.	1	25,588,533
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,759,646
Total :	2	27,348,179

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FORM OF PROXY

Please quote Folio
Number

I/We _____

of _____

being a member of ARCHROMA PAKISTAN LIMITED, hereby appoint _____

of _____

or failing him/her _____

of _____

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held on Friday, 29 January 2016 at 10:00 a.m. and at any adjournment thereof.

Revenue Stamp

Signed by the said _____

Witness 1

Signature _____

Name _____

CNIC No. _____

Address _____

Witness 2

Signature _____

Name _____

CNIC No. _____

Address _____

Place: _____

Date _____

NOTES:

1. This form of proxy duly completed, must be deposited at the Company's Registered Office at 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi not later than 48 hours before the meeting.
2. In pursuance of Circular No. 1 of 2000 of Securities and Exchange Commission of Pakistan (SECP) dated 26 January 2000, the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their original National Identity Card (NIC) or Passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and NIC numbers must be mentioned on the form, alongwith attested copies of the NIC or the Passport of the beneficial owner and the proxy.



www.archroma.com

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