



/ ANNUAL REPORT 2018



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Purpose

We touch and color people's lives every day, everywhere.

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!

Proposition

We deliver specialized performance and color solutions to meet customers' needs in their local markets and achieve a fair value for our shareholders and stakeholders in return.

COMPANY INFORMATION

Chairman	<ul style="list-style-type: none">• Dr S Mubarak Ali	
Board of Directors	<ul style="list-style-type: none">• Hans Lourens• Marcos Furrer• Mujtaba Rahim• M Z Moin Mohajir• Roland Waibel• Shahid Ghaffar• Yasmin Peermohammad	(Alternate: Naveed Kamil) (Alternate: M Veqar Arif)
Company Secretary	<ul style="list-style-type: none">• M Veqar Arif	
Management Committee	<ul style="list-style-type: none">• Mujtaba Rahim• Qazi Naeemuddin• Muhammad Altaf	<ul style="list-style-type: none">• M Veqar Arif• Naveed Kamil• Muhammad Haroon
Audit Committee	<ul style="list-style-type: none">• M Z Moin Mohajir• Hans Lourens• Shahid Ghaffar• M Irfan Lakhani	- Chairman (Alternate: Naveed Kamil) - Secretary
Human Resources and Remuneration Committee	<ul style="list-style-type: none">• Yasmin Peermohammad• Mujtaba Rahim• Hans Lourens	- Chairman (Alternate: Naveed Kamil)
Bankers	<ul style="list-style-type: none">• Bank Al Habib 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	
Factories	<ul style="list-style-type: none">• Petaro Road, Jamshoro, Sindh• LX-10, LX-11 Landhi Industrial Area Karachi	
Sales & Marketing Offices	<ul style="list-style-type: none">• Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore• Canal Road, Abdullah Pur, Faisalabad• House # 78, Block S, Masoom shah road Gulistan Chowk New Multan	
Website	<ul style="list-style-type: none">• www.archroma.com.pk	
E-mail	<ul style="list-style-type: none">• archroma.pakistan@archroma.com	

Brand & Performance Textile Specialties



From fiber to finish, Archroma's Brand & Performance 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.

Packaging & Paper Specialties



Archroma's Packaging & Paper Specialties 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.

Coating, Adhesives & Sealants



From paints, adhesives and construction to the textile, leather and paper industries, Archroma's Coating, Adhesives & Sealants 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 Coating, Adhesives & Sealants 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.

/ Chairman's Review



I am pleased to share the key financial results and overall performance of the Board and effectiveness of its role in achieving the Company's objectives. The Board exercised its professional duties with integrity, honesty and diligence. I, as Chairman of the Board, ensured that the board meetings are held in a professional manner focusing on achieving the goals in the best interest of the Company.

Despite of awful challenges , the Company continued focus on strategic priorities , operational excellence and continued to move robustly and has surpassed preceding records by attaining highest ever sales of Rs. 15 Billion. The margins were affected owing to inflation and devaluation of rupee. During the period under review, we transpired that Company was able to increase export sales by 54%.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the fields of business, finance and regulations. It represents a reasonable balance of executive, non-executive and independent directors having strong financial and analytical abilities, core competencies and knowledge to lead the company.

For the financial year ended September 30, 2018, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans.

The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities.

The Board met the duties as required under the Companies Act, 2017 and Listed Companies (Code of Corporate Governance), Regulations 2017.

A handwritten signature in black ink, appearing to read 'S. Mubarak Ali'.

Dr. S. Mubarak Ali
Chairman

Dated: 30 October 2018

DIRECTORS REPORT

Report of the Board of Directors for the year ended 30 September 2018

The Directors are pleased to present their report together with the audited financial statements of the Company for the year ended 30 September 2018.

Board Changes

The shareholders at Extraordinary General Meeting held on 30 March 2018 elected eight Directors Messrs. Mujtaba Rahim, Dr S Mubarik Ali, Hans Lourens, M Veqar Arif, Rahat Kaunain Hassan, Roland Waibel, Shahid Ghaffar and Marcos Furrer for the term of three years commencing from 1st April 2018.

Consequent to the resignation of Ms. Rahat Kaunain Hassan from the Board, Ms. Yasmin Peermohammad has been appointed in place with effect from 30 July 2018.

Mr. Veqar Arif resigned and Mr. M Z Moin Mohajir joined the Board as on 30 October 2018. However Mr. Veqar Arif will continue to act as an alternate to Roland Waibel.

The Board welcomed the new member and appreciated the valuable contribution of the outgoing member while she was on the Board of Directors and its committee.

Business Overview

In spite of highly challenging economic and business situation in the country, the Company net sales increased by 2,047 million as compared to previous year. The net sales increase to Rs. 14,290 million as compared to Rs. 12,242 million in the previous year.

Although, the economic conditions, increasing raw material prices coupled with imposition of regulatory duties on raw materials and unprecedented 18% depreciation of rupee in a single fiscal year against dollar, created hurdles for the management to maintain sustainable growth and profitability for shareholders. As compared to previous year, the profitability for the year has been impaired by increase in royalty by Rs. 487 million and exchange loss of Rs. 235 million.

The Management kept strong focus on net working capital, strengthening its commercial strategy through customer centric approach and efficiency improvement of both the plants.

Composition of Board

Total numbers of directors:

a)	Male	07
b)	Female	01

Composition:

i)	Independent Directors	03
ii)	Nonexecutive Directors	04
iii)	Executive Director	01

Principal Business Activities

Company is engaged in the field of specialty chemicals and is engaged in the manufacturing, sales and indenting business of Chemicals, Dyestuffs and Coating adhesives & Sealants.

Future Outlook

We expect that prevailing economic uncertainties in country will settle down in the new fiscal year and management hope to leverage through our Commercial and Operational Excellence initiative to ensure sustainable growth.

To maintain leading position in Chemical industry your company continuously reviewing and investing in its Human Resources, sustainable innovation solutions and expansions programs. The Company has invested PKR 327 million in break through innovation of Aniline-free liquid Indigo dye for sustainable Denim production. This is the first aniline-free (below limit of detection) plant in the world. With this latest edition, Archroma confirms and reinforces its position as the exclusive worldwide denim chemicals and dyes supplier that offers full package with recognized unique eco-advanced solutions from fiber to garment. This will further enhance our local and export sales.

Internal Controls

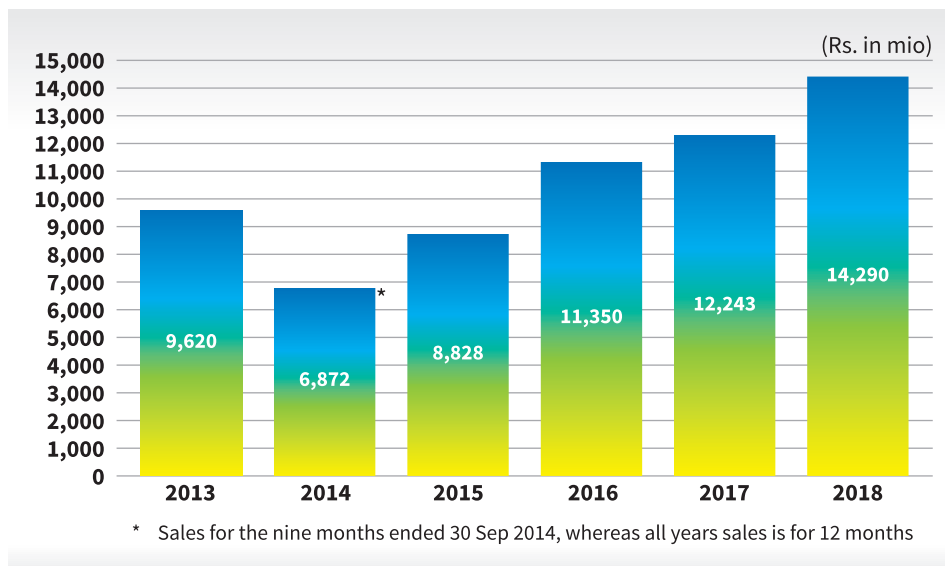
The Company has employed an effective system of internal control to carry on the business of the Company in an orderly manner, safeguard its assets and secure the accuracy and reliability of its record. The Management supervision and reviews are an essential element of the system of internal controls. The Management has delegated the function of detailed examination and special reviews to the team of internal audit.

The Board reviews the Company's financial operations and position at regular intervals by means of interim accounts, report, profit forecasts, budgetary control, other financial and statistical information. Analysis of budgetary control is in use and the Board reviews material variance and calls for explanation.

Net Sales

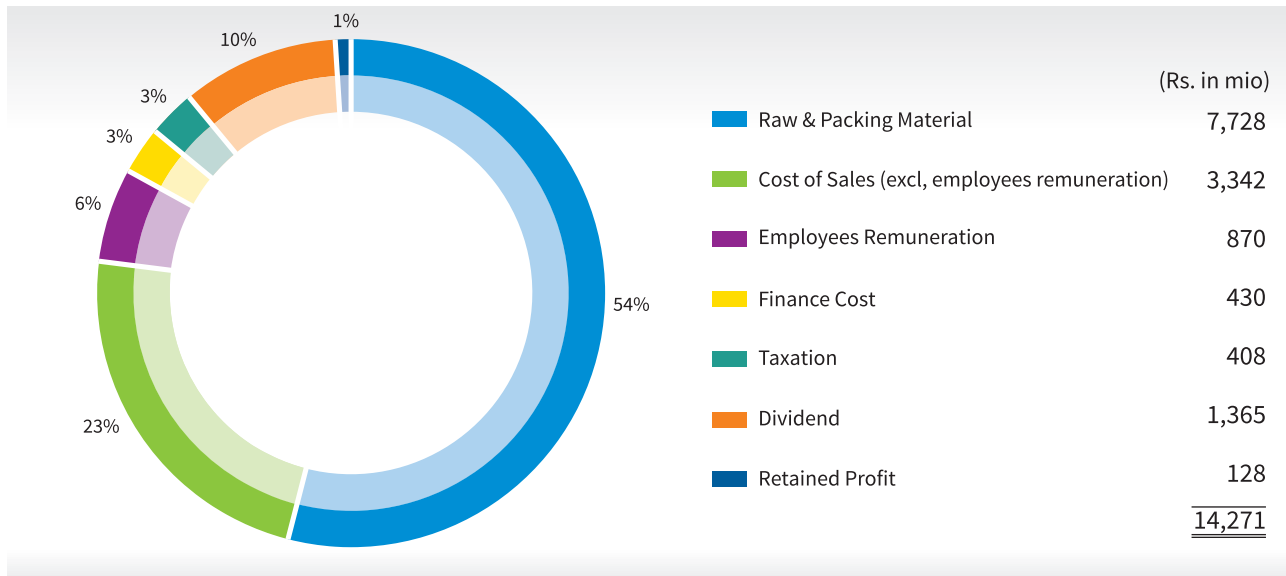
The Company maintained its growth momentum exhibited a substantial increase of 17% over the preceding financial year.

Archroma makes a positive contribution across all segments. From Brand & Performance Textile Specialties to Paper Specialties and Coating, Adhesives & Sealants we are creating powerful new process. Favorable sales growth recorded in the business line Packaging & Paper Specialties at 51%, Brand & Performance Textile Specialties at 16%.



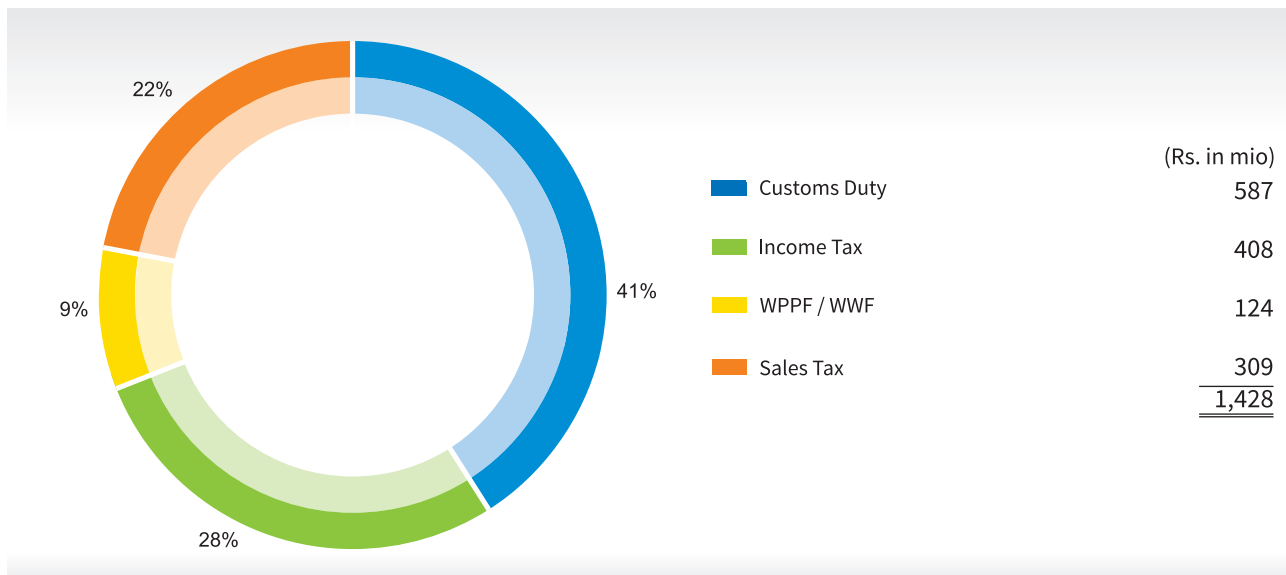
/ DIRECTORS REPORT

Distribution of Revenue - 2018



Contribution to National Exchequer

During the year Company is a noteworthy contributor to the national economy and has contributed Rs. 1,428 million to the national exchequer on account of sales tax, income tax and other levies. Moreover, valuable foreign exchange to the tune of Rs. 2,543 million was also generated by your Company for the Country from export during the year under review.



Earnings Per share

The profit for the year stood at Rs. 1,536 million (last year Rs. 1,621 million). On this basis the earnings per share for the year has decrease to Rs. 45.03 as compared to last year's earnings per share of Rs. 47.53.

Appropriation of Profit

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

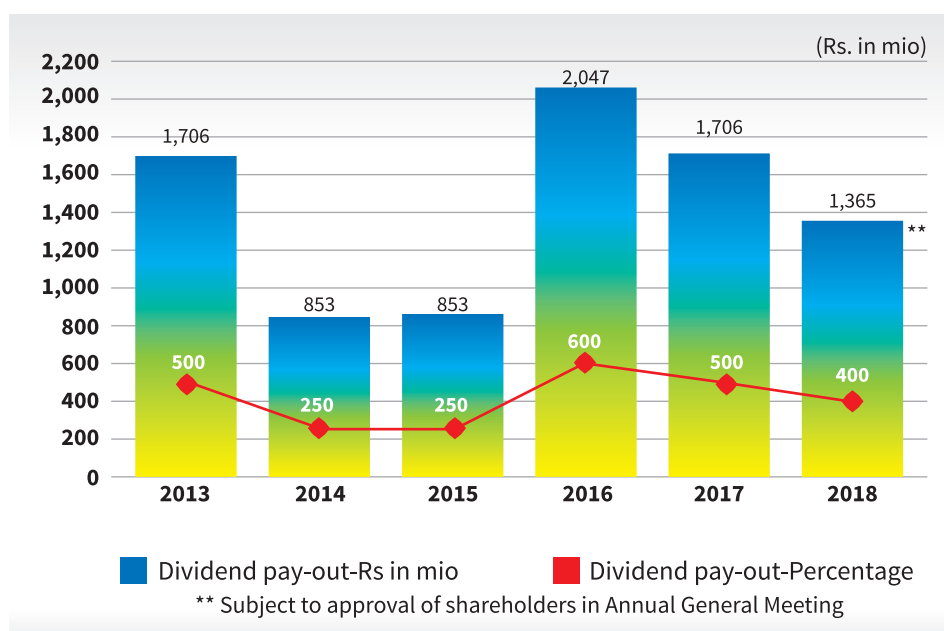
	(Rupees in mio)
Total comprehensive income for the period	1,493
Unappropriated profit brought forward	02
Profit available for appropriation	1,495

Appropriation:

Proposed 400% final cash dividend To be paid after approval in the Annual General Meeting	1,365
Transferred to Revenue Reserves	128
Unappropriated profit carried forward	02

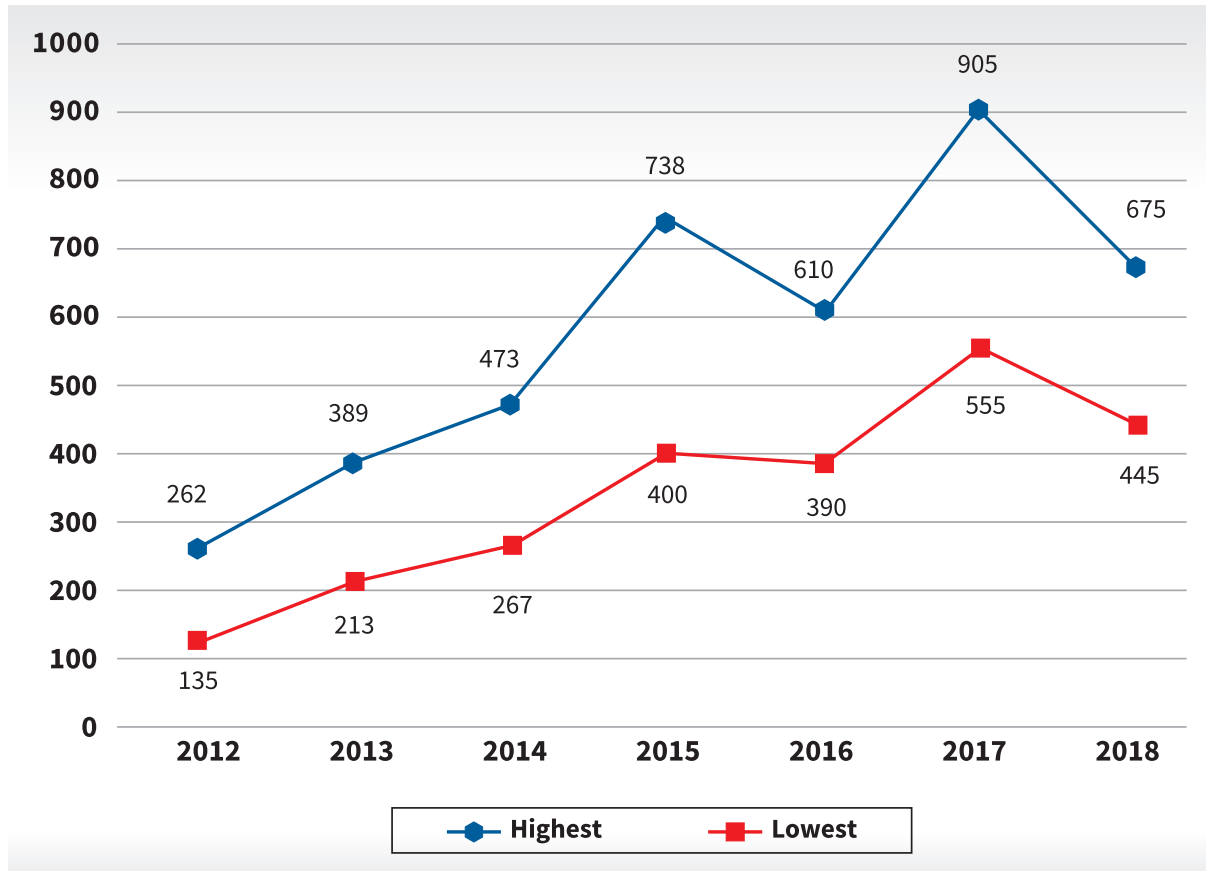
Dividend

The Board of Directors of the Company at its meeting held on 30 October 2018 has proposed a final cash dividend @ Rs.40/- per share for the year ended 30 September 2018.



Share Price

Share price in the stock market moves due to various factors such as Company's performance, general market sentiments, economic events and interest rates etc. The Company's share price has touched the peak of Rs. 675 whereas, the lowest recorded price was Rs.445 on the Pakistan Stock Exchange Ready Board quotations.



Risk & Uncertainties

Challenges like adverse foreign exchange parities, significant competition in some products categories and other high cost doing business are the risks associated with Company's operation.

Social Contribution

The Company believes that every entity needs to contribute to the well being of its surrounding communities for a better and prospering nation. The successful and sustainable business requires fulfilling our social responsibilities and to be more responsive, more flexible and more open to the society's expectations.

Our ideology leads to empower youth through educational programs, environment protection, enhancing peoples' lives and respecting our planet as a good corporate citizen.

Community Development

We installed a clean water supply line at Jamshoro with which we provide approximately 435,000 liters per day, totally free of cost to neighboring community costing Rs. 4.8 million approximately per annum to the Company.

Filtration plant and supply system built by Archroma Pakistan Limited has a capacity of providing 30,000 gallons drinking waters per day to Chakar Khan Village. Water treatment plant providing clean and safe drinking water to about 800 inhabitants.



Education

Since decades, Archroma Center of Excellence is passing the torch of learning to the next generation. The Company has embarked on the mission to develop skilled-youth through educational and training programs. So far, 185 batches comprising of 5,395 students has been trained by the Archroma. During the period under review, Company has incurred Rs.11 million for complementary training of students and technicians.



Academic Linkages

Archroma built strong academic linkages with educational institutions. We also participated in conferences with a focus to strengthen research outcomes in textile sector.

3rd International Textile Conference

Archroma participated in a big way at the 3rd International Textile Conference organized by the Textile Department, NED University of Engineering & Technology, Karachi in January. Our stall was center of attraction. Our textile expert team was invited as guest speakers to present new developments within the textile sector. Later, the international speakers visited Archroma Center of Excellence and were impressed by the research facilities.



Academicians from University of Manchester, UK and NED University visiting our Printing section

Dyeing Workshop at Karachi University

Our partner, Ethical Affair organized a workshop on Dyeing process in the Chemistry Department of Karachi University in June. Students were taught to create their own dyeing designs on self-help basis using knowledge of fabrics, dyes in proportion and preparing finished item.



1st International Conference on Sustainable Textiles

University of Engineering & Technology (UET) hosted 1st International Conference on Sustainable Textiles in May at Faisalabad campus. At this occasion, the grand finale of national competition titled "Color Communication" was held between Pakistani students which was part of a global competition.

We also organized a brand competition in line with the same parameters. It complimented the international conference and added diversity to the event.



Brand Competition winners - Rashid Textiles receiving trophy from Mr. Mujtaba Rahim, CEO, Archroma Pakistan

Green Office

Our offices are "Green Office" certified by WWF. We embarked upon organic waste management project and the natural composting unit produces quality plant feed for our green areas. It is an example of best practice in re-cycling and re-use.



Tree Plantation Drive

To combat challenges of global warming and to reduce environmental degradation, Archroma has adopted tree plantation as its permanent project. Each year we chose a specific site and carry out massive tree plantation. This year Jamshoro was our chosen site. Two plantation drives were successfully done - first one in spring at our factory and the second one in monsoon at District Police Office and Jamshoro Chamber of Commerce & Industry. More than 100 trees were planted. We are also developing a green belt to give a new look to the area. We are also serving the International initiative of sustainable neighborhood campaign



Spring Tree Plantation Drive at the International Forests Day
Mr. Naeem Qureshi, President, National Forum for Environment & Health, his team and Archroma global and local team posing before starting tree plantation at Jamshoro site.



Monsoon Tree Plantation Drive
Police Officers join hands with Archroma team to plant sapling at the District Police headquarters, Jamshoro

Blood Donation Camp

Every year, our employees team donate blood to needful charitable medical institutions. Authorised representatives from various institutions also visited our sites and held an awareness session on the importance of blood donation and despairing plight of children who are in need of blood from donors. Our employees responded with enthusiasm and we were able to provide sizeable assistance to the institutions.



Citywide Partnership for Sustainable Water Use and Water Stewardship in Karachi

In line with our Memorandum of Understanding with WWF Pakistan, stakeholders from civil society joined in at an interactive session to discuss the situation of acute water shortage in the city and proposed to WWF ways and means on problem solving methodologies. Since WWF liaisons with city administration, the proposals and recommendations raised would be given good weightage. The session was held at Archroma Center of Excellence wherein we invited representatives of different organizations, journalists and water specialists. Archroma is striving to achieve improvements in water management.

In addition, Archroma also joined with Think Tank teams of NGOs and specialized professionals who are working on water shortage issues.



Promoting Entrepreneurship amongst women working in textile sector

Archroma encourages female entrepreneurs to learn new techniques now available at our Textile Applications Labs. We have been providing hands-on experience to young entrants in this field. We provide training on textile fabrics relating to dyeing, printing and preparing innovative articles. Three sessions have been held in 2018 which were attended by young female entrepreneurs. A separate session was held for students at Karachi University.



A student analyzing the result of new dyeing techniques at Archroma Textile Applications Lab

We were conferred with an award on Community Development & Services recognition of our continuous services towards corporate social responsibility.

Donations

Archroma provided financial support by donations to various charitable, educational & medical organizations. During the period under review our Company donated amount worth Rs. 1. million

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 (IFRS), as applicable in Pakistan, have been followed in preparation of the Company's financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control of the Company is sound in design and has been effectively implemented and monitored: and
- There are no significant doubts upon the Company's ability to continue as a going concern.
- Key operating and financial data of last six years in summarized form is annexed (page 45).
- Outstanding taxes and levies have been adequately disclosed in the annexed audited Financial Statements.
- 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.

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 four Directors had already completed Directors training program. In addition one Director meet the criteria of exemption under Code of Corporate Governance.

Audit Committee

An Audit Committee was set up by the Board since the enforcement of the Code of Corporate Governance. The committee was reconstituted during the year after resignation of Ms. Rahat Kaunain Hassan from the board. At present all three members of the committee are non-executive directors. The chairman of Audit Committee is independent director.

The terms of reference of the Audit Committee are those as specified in the Code of Corporate Governance. In addition the Audit Committee is free to ask for any information and explanation in order to satisfy itself regarding the financial statements and internal controls.

The committee met at least once in a quarter to review the financial statements and any major judgmental area with reference to Company's business. The Audit Committee gives its recommendation to the Board for the approval of financial statements which are duly endorsed by the CEO and CFO.

Human Resource & Remuneration (HR&R) Committee

The Board in accordance with the Code of Corporate Governance has also constituted HR&R Committee, comprising of three Directors. The terms and reference of the committee includes but not limited to those as mentioned in the Code of Corporate Governance.

Attendance of Board and Committee Meetings

During the period under review Board and Committee meetings held and attendance by each Director is as follows:

Name of Directors	Category	Board of Directors	Audit Committee	HR - R
		4 - Meetings	4 - Meetings	1 - Meeting
		Attended	Attended	Attended
Dr. S. Mubarik Ali	Non-Executive	4	1	1
Mujtaba Rahim	Executive	4	-	1
Roland Waibel (Alternate: M. Veqar Arif)	Non-Executive	1	-	-
M. Veqar Arif	Executive	3	-	-
Thomas Winkler	Non-Executive	-	-	1
Hans Lourens (Alternate: Naveed Kamil)	Non-Executive	3	4	-
Marcos Furrer	Non-Executive	-	-	-
Rahat Kaunain Hassan	Independent	2	2	-
M Z Moin Mohajir	Independent	-	-	-
Shahid Ghaffar	Independent	3	3	-
Yasmin Peermohammad	Independent	2	-	-

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

Gratuity and Provident Funds

The value of investments of Gratuity and Provident funds based on the latest audited accounts at 30 June 2018 and at 30 June 2017 are as follows.

	2018	2017
	(Rupees in mio)	
Gratuity Fund	862	975
Employees Provident Fund	643	674

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, 24 Production sites and having a presence in over 35 countries come together in a new Company to better meet customer needs in the local & global markets having registered office located in Luxembourg, headquartered in Reinach, Switzerland.

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.

E-mail

archroma.pakistan@archroma.com

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.

Remuneration Policy of Non-Executive Directors

Non-executive directors including the independent directors are entitled for fee for attending the board meetings.

DIRECTORS 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.

The Audit Committee has recommended the retiring auditors, Messrs. KPMG Taseer Hadi & Co. Chartered Accountants for their reappointment.

Key Operating & Financial Data

Key Operating and Financial data for last six years shown on page 45.

Pattern of Shareholding

A Statement of the pattern of shareholding is shown on page 104.

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, we would like to record our 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
Chief Executive Officer



M. Veqar Arif
Director

Karachi: 30th October, 2018

بورڈ آف ڈائریکٹرز کی رپورٹ برائے سالِ مختتمہ ۳۰ ستمبر ۲۰۱۸

کمپنی کے ڈائریکٹرز مشترکہ طور پر اپنی رپورٹ بمعہ کمپنی کے ”جاچ شدہ مالی بیانیہ“ برائے سال، اختتام پذیر ۳۰ ستمبر ۲۰۱۸ء پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

بورڈ میں تبدیلیاں

شیر ہولڈرز نے ایک غیر معمولی اجلاس عام، منعقدہ ۳۰ مارچ ۲۰۱۸ء میں آٹھ افراد کو بطور ڈائریکٹرز تین سالہ مدت کے لئے منتخب کیا جس کا آغاز یکم اپریل ۲۰۱۸ء سے ہوا، جن میں محبتی رحیم، ڈاکٹر ایل مبارک علی، ہانس لارینس، محمد وقار عارف، راحت کونین حسن، رولنڈ ویٹیل، شاہد غفار اور مارکوس فیورر شامل ہیں۔

محترمہ راحت کونین حسن کے بورڈ سے استعفیٰ کے نتیجے میں، محترمہ یاسمین بیگم کی ۳۰ جولائی ۲۰۱۸ء سے ان کی جگہ تقرری کر دی گئی ہے۔

مورخہ ۳۰ اکتوبر ۲۰۱۸ء کو جناب وقار عارف نے بورڈ سے استعفیٰ دیا جبکہ جناب ایم زیڈ معین مہاجر نے بورڈ میں شمولیت اختیار کی تاہم جناب وقار عارف جناب رولنڈ ویٹیل کے متبادل کے طور پر بورڈ میں خدمات جاری رکھیں گے۔

بورڈ نئے اراکین کو خوش آمدید کہتا اور رخصت ہونے والے اراکین کی گراں قدر خدمات و تعاون کو سراہتا ہے کہ جب وہ بورڈ آف ڈائریکٹرز اور اس کی کمیٹی میں شامل تھے۔

عمومی جائزہ کاروبار

ملک کے بہت کٹھن معاشی و کاروباری حالات کے باوجود کمپنی کی خالص سیلز میں گزشتہ سال کے مقابلے میں 2,047 ملین کا اضافہ ہوا۔ گزشتہ سال کی خالص سیلز 12,242 ملین کے مقابلے میں اس سال کی خالص سیلز 14,290 ملین رہی۔ تاہم محض ایک مالیاتی سال میں معاشی صورتحال، خام مال کی قیمتوں میں اضافے پر نافذ کی گئی ریگولیٹری ڈیوٹیز اور ڈالر کے مقابلے میں روپے کی قدر و قیمت میں بے مثل ۱۸ فیصد کمی شیر ہولڈرز کے لئے پائیدار نمو اور فائدہ مندی کو برقرار رکھنے میں انتظامیہ کے لئے رکاوٹ کا باعث بنی۔ گزشتہ سال کے مقابلے میں، اس سال منافع بخشی میں رویا لٹی کے مبلغ 487 ملین کے اضافے اور روپے کے تبادلے کے نقصان مبلغ 235 ملین کے باعث کمی واقع ہوئی۔

انتظامیہ نے مربوط سلسلہ وار سرمائے پر اپنی بھرپور توجہ مرکوز رکھی۔ اپنی تجارتی حکمت عملی کو صارفین کی خصوصی شمولیت اور کارکردگی میں بہتری کے ذریعے مستحکم کیا۔

بورڈ کی ساخت

ڈائریکٹرز کی کل تعداد:

07 (الف): حضرات:

01 (ب) خواتین:

ترتیب:

03 (i) انڈیپنڈنٹ ڈائریکٹرز:

04 (ii) نان ایگزیکٹو ڈائریکٹرز:

01 (iii) ایگزیکٹو ڈائریکٹرز:

تجارتی سرگرمیاں

کمپنی مخصوص کیمیکلز کے شعبہ سے وابستہ ہے اور ڈائری اسٹف، کوئنگ ایڈیسیو اور سیلیٹس کی تیاری، فروخت اور کیمیکلز سے متعلق درآمدی و برآمدی کاروبار سے وابستہ ہے۔

ہم توقع رکھتے ہیں کہ ملک کی موجودہ غیر یقینی معاشی صورتحال نے مالیاتی سال میں حل ہو جائے گی اور انتظامیہ پر امید ہے کہ وہ اپنے کاروباری اور فعالیتی اقدامات کے ذریعے پائیدار نمو کو حاصل کر لے گی۔

کیمیائی صنعت میں آپ کی کمپنی اپنی برتر حیثیت کو برقرار رکھنے کے لئے شعبہ افرادی قوت، نئے جدید پائیدار اور توسیعی پروگرامز میں متواتر نظر ثانی اور سرمایہ کاری کر رہی ہے۔ جدید پائیدار ڈینم مصنوعات کی تیاری کے لئے کمپنی پیشرفت کرتے ہوئے Aniline-Free مائیٹ انڈیگو ڈائی کو جدید تر کرنے کے ضمن میں مبلغ 327 ملین روپے کی سرمایہ کاری کر چکی ہے۔ یہ دنیا کا واحد Aniline-Free پلانٹ ہے۔ اس نئے جدید ترین اضافے کی بدولت آر کرمانے فائبر سے کپڑے کے شعبے میں دنیا بھر میں بلا شرکت غیرے شناخت شدہ پکچرز کی بے مثال جدید ماحولیاتی ہم آہنگی کی پیشکش کے ذریعے بحیثیت ڈینم کیمیکلز کے سپلائر اپنی حیثیت کو بھرپور قوت سے دوبارہ مستحکم کیا ہے۔ یہ امر ہماری مقامی اور برآمدی فروخت میں مزید اضافے کا باعث بنے گا۔

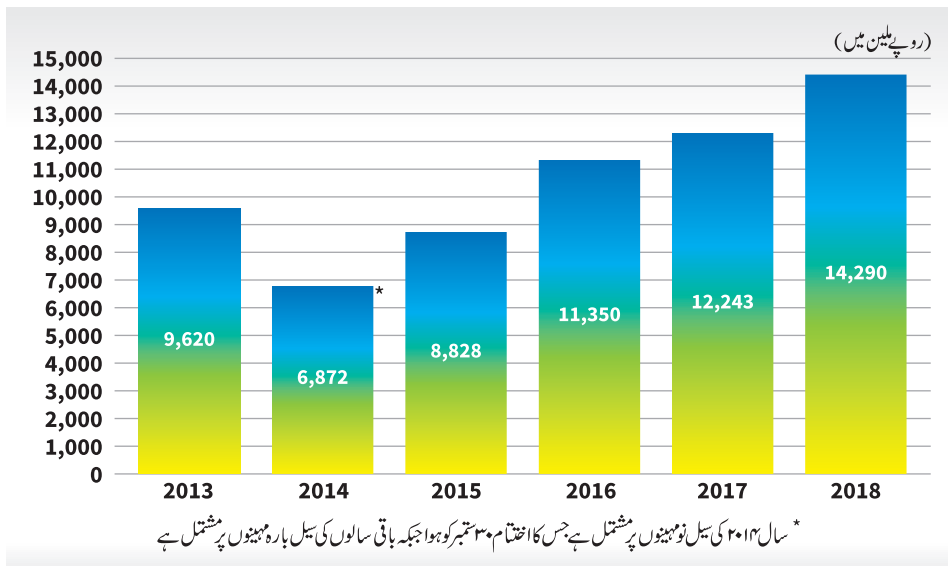
انٹرنل کنٹرولز

کمپنی اپنے جملہ امور کی بخوبی انجام دہی، سہولت کے قابل اعتماد ہونے اور درستی سمیت اپنے اثاثہ جات کی منظم و مربوط انداز میں حفاظت کے لئے انٹرنل کنٹرولز کے ایک موثر یہ عمل نظام سے مستفید ہو رہی ہے۔ انتظامیہ کی موثر نگرانی اور از سر نو جانچ کو انٹرنل کنٹرولز کے نظام میں ایک لازمی عنصر کی حیثیت حاصل ہے۔ انتظامیہ اس سلسلے میں جملہ امور اور تفصیلات اور خصوصی جائزہ انٹرنل آڈٹ کے اراکین کے سپرد کر چکی ہے۔ بورڈ مناسب و باقاعدہ وقفہ جات میں کمپنی کی حیثیت اور مالیاتی امور جیسا کہ درمیانی مدت کے کھاتہ جات، رپورٹ، منافع کے تخمینہ جات سمیت دیگر مالیاتی اور شماریاتی معلومات وغیرہ کا تنقیدی جائزہ لیتی رہتی ہے۔ بجٹ کو کنٹرول رکھنے سے متعلق تجزیہ جات مستعمل ہیں اور بورڈ میٹنگ میں تغیر و تبدیلی کے حوالے سے جائزہ لینا رہتا اور وضاحت طلب کرتا ہے۔

نیٹ سیلز

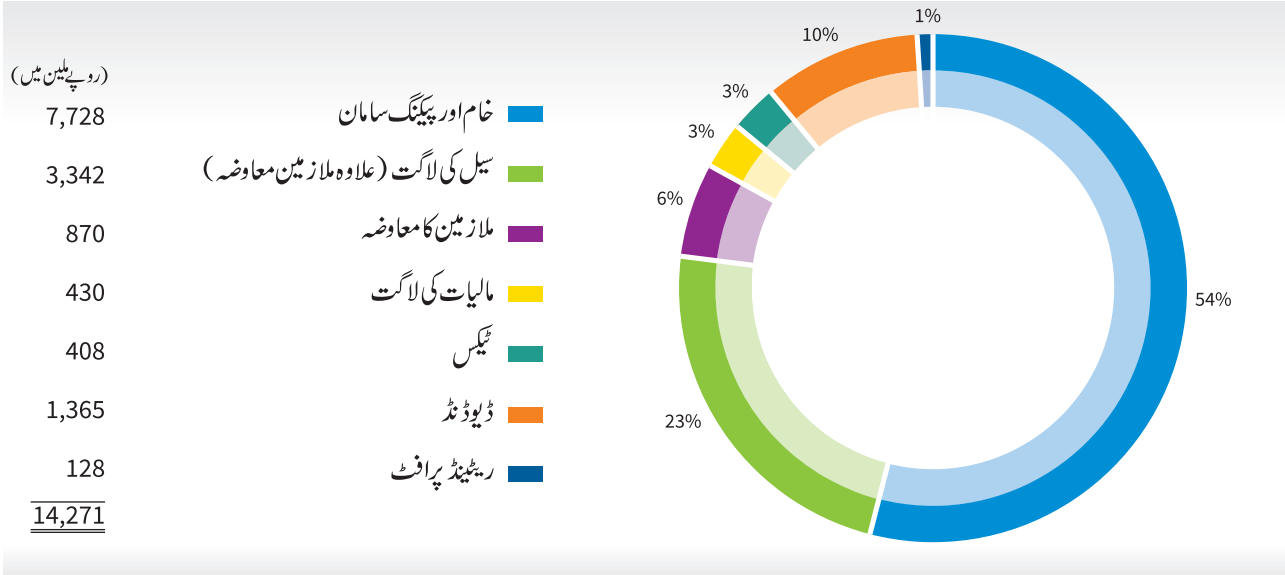
گزشتہ مالیاتی سال کے مقابلے میں کمپنی نے اپنی نمو کی رفتار کو برقرار رکھا اور اس میں خاصی بڑی ۷۱ فیصد کی مقدار سے اضافہ دیکھنے میں آیا۔

آ کرمانے تمام شعبہ جات میں ایک مثبت شراکت داری نبھائی۔ برانڈ اینڈ پرفارمنس ٹیکسٹائل اسپیشلیٹیز سے لے کر پیپرائنڈ کوٹنگ اسپیشلیٹیز، کوٹنگ، ایڈ ہسپو اینڈ سیلینٹس تک ہم قومی طریقہ کار کو وجود میں لارہے ہیں۔ بزنس لائن پیپرائنڈ چیکنگ اسپیشلیٹیز کی سیل میں ۵۱ فیصد اور برانڈ اینڈ پرفارمنس ٹیکسٹائل اسپیشلیٹیز میں ۱۶ فیصد کا اضافہ ریکارڈ کیا گیا۔



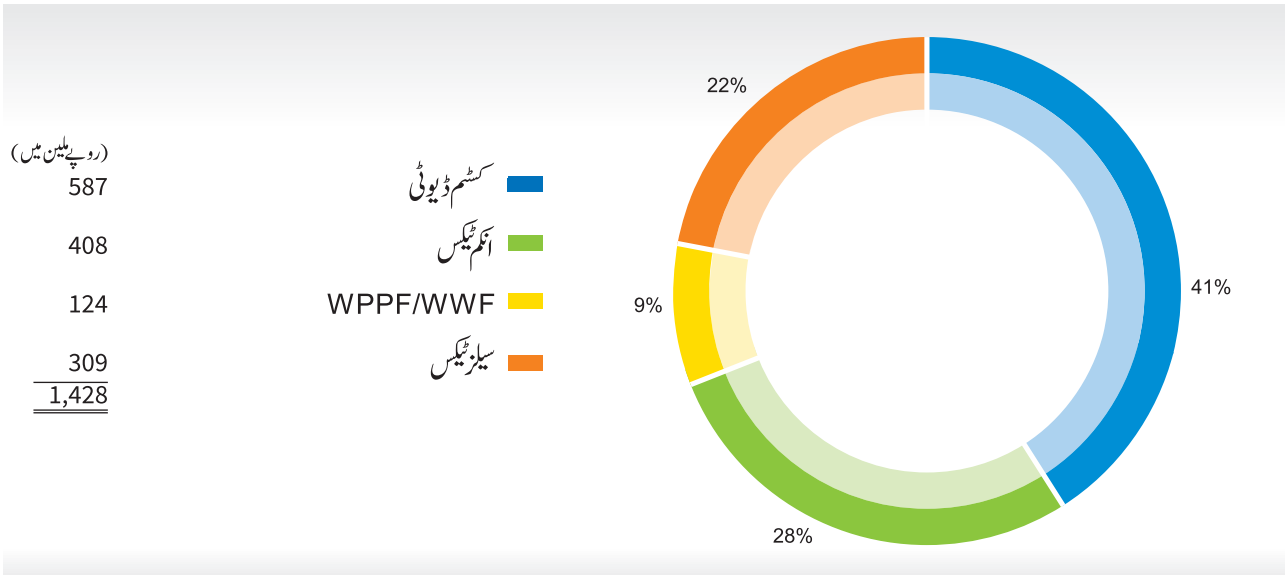
ڈائریکٹرز رپورٹ

آمدن کی تقسیم - ۲۰۱۸ء



قومی خزانے میں حصہ

سال کے دوران کمپنی نے قومی معیشت میں ایک قابل ذکر حصہ ادا کیا اور سیلز ٹیکس، انکم ٹیکس اور دیگر محصولات کی مد میں قومی خزانے میں 1,428 ملین روپے ادا کیے۔ مزید یہ کہ آپ کی کمپنی نے زیر جائزہ سال کے دوران برآمد سے ملک کے لیے 2,543 ملین روپے کا قابل قدر بیرونی زرمبادلہ پیدا کیا۔



فی حصص منافع

سال کے لیے منافع 1,536 ملین روپے رہا (گزشتہ سال 1,621 ملین روپے)۔ اس بنیاد پر سال کے لیے فی حصص منافع گزشتہ سال کے منافع فی حصص 47.53 روپے سے کم ہو کر 45.03 روپے رہا۔

منافع کی مد بندی

کمپنی کے منافع کی مجوزہ مد بندی درج ذیل کے مطابق ہے:

(روپے ملین میں)

1,493

02

1,495

مجموعی انکم اس مدت کے لیے

غیر مد بند منافع سامنے لایا گیا

منافع دستیاب برائے مد بندی

مد بندی:

1,365

128

02

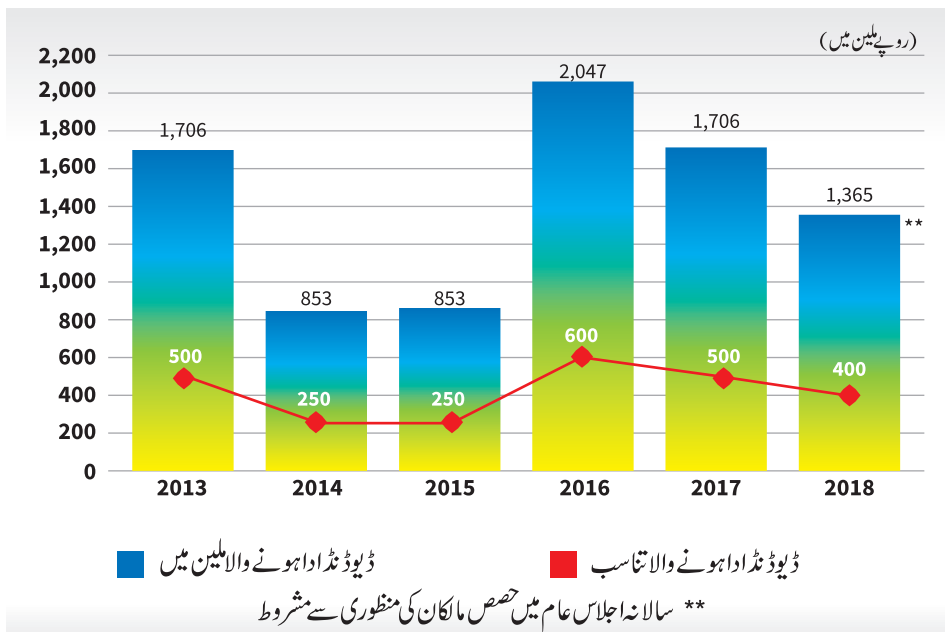
مجوزہ ۴۰۰ فیصد حتمی نقد ڈیوڈنڈ
سالانہ اجلاس عام میں منظوری کے بعد قابل ادائیگی

ریونیوزڈ خازن منتقل شدہ

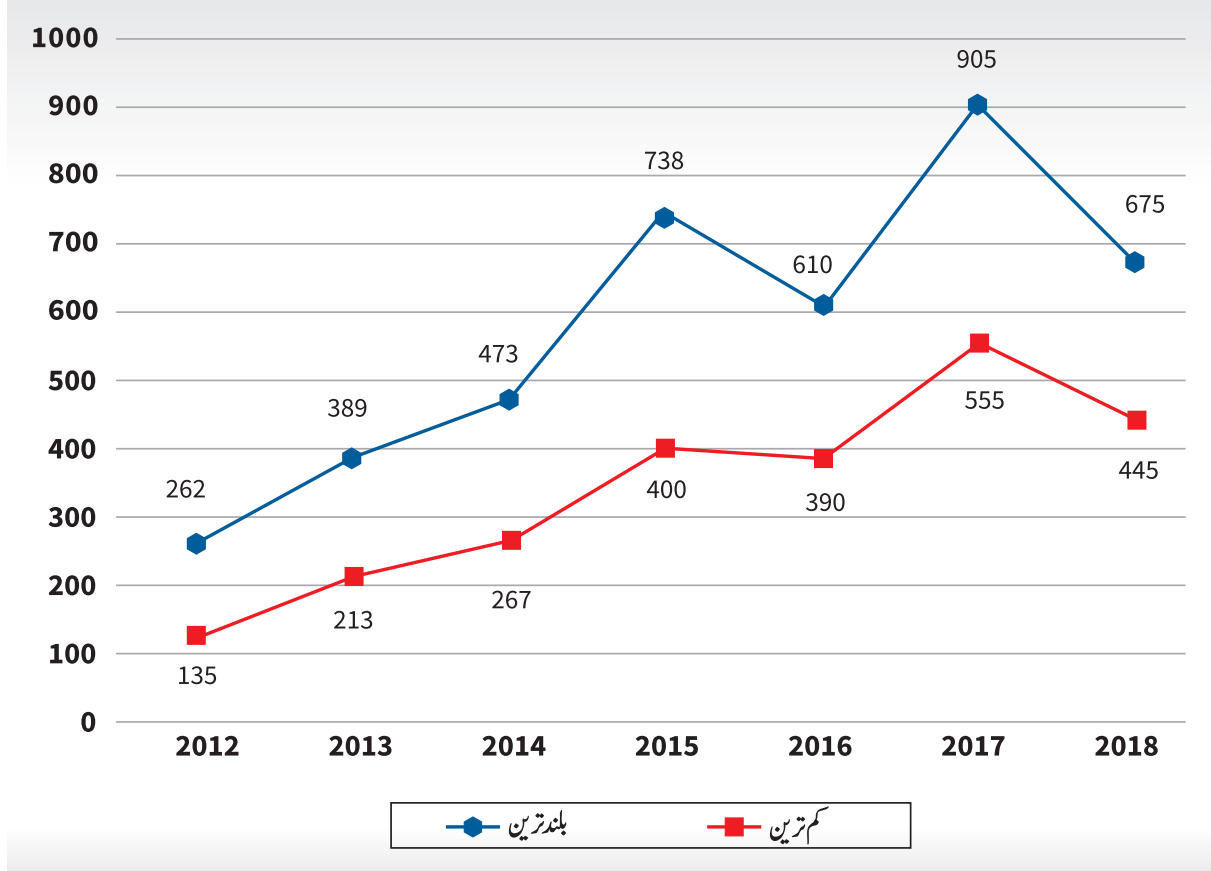
غیر مد بند منافع

ڈیوڈنڈ

کمپنی کے بورڈ آف ڈائریکٹرز نے ۳۰ اکتوبر ۲۰۱۸ کو منعقدہ اجلاس میں ۳۰ ستمبر ۲۰۱۸ کو ختم ہونے والے سال کے لیے فی حصص ۴۰ روپے حتمی نقد ڈیوڈنڈ تجویز کیا ہے۔



اسٹاک مارکیٹ میں حصص کی قیمت مختلف وجوہات جیسا کہ کمپنی کی کارکردگی، عام مارکیٹ کی رائے، معاشی واقعات اور شرح سود کی بناء پر حرکت کرتی ہے۔ کمپنی کے حصص کی قیمت پاکستان اسٹاک ایکسچینج ریڈی بورڈ کوٹیشن پر مبلغ 675 روپے تک پہنچی جبکہ کم سے کم قیمت مبلغ 445 روپے رہی۔



خطرے کا امکان اور غیر یقینی صورت حال

غیر ملکی زرمبادلہ کے فریقین کے چیلنج، اہم و بڑی تعداد میں کچھ مصنوعات کے زمرے میں مسابقت و مقابلے کا رجحان اور دیگر بلند کاروباری لاگت جیسے عوامل وہ خطرات ہیں جو کمپنی کے امور کے ساتھ جڑے ہوئے ہیں۔

سماجی تعاون و شراکت داری

کمپنی سمجھتی ہے کہ ہر ادارے کو ایک بہتر اور خوشحال قوم کے لیے اپنے آس پاس طبقات کی بہبود پر کام کرنا چاہیے۔ ایک کامیاب اور پائیدار کاروبار کو سماجی ذمہ داریاں ادا کرنی چاہیے اور اسے معاشرے کی توقعات پر پورا اترنے کے لیے زیادہ جوابدہ اور زیادہ جگہ دار ہونا چاہیے۔

ہمارا نظریہ تعلیمی پروگرامز، ماحولیاتی تحفظ، لوگوں کی زندگی بہتر کرنے اور ایک اچھے کارپوریٹ شہری ہونے کے ناطے اپنے سیارے کا خیال رکھنے کے ذریعے نوجوانوں کو بااختیار بنانا ہے۔

سماجی ترقی

جامشورو میں ہم نے ایک صاف پانی کی سپلائی لائن نصب کی ہے جس کے ذریعے ہم تقریباً 435,000 لیٹر پانی روزانہ کی بنیاد پر فراہم کر رہے ہیں جو ماحقہ آبادی کو قطعی طور پر مفت دیا جاتا ہے جس کے اخراجات کمپنی تقریباً 4.8 ملین سالانہ ادا کرتی ہے۔

آرکرو پاکستان لمیٹڈ کی جانب سے تعمیر کردہ فلٹریشن پلانٹ اور سپلائی کا نظام جو کہ چاکر خان گاؤں کو ہر روز 30,000 گیلن پینے کا پانی فراہم کرنے کی صلاحیت رکھتا ہے، جو تقریباً 800 باشندوں کو صاف اور محفوظ پانی فراہم کر رہا ہے۔



تعلیم

عرصہ دس سال سے ”آرکرو ماسینٹر آف ایکسی لینس“ نسل نو میں علم کی روشنی پھیلا رہا ہے۔ کمپنی اس بات کے لئے پر عزم ہے کہ تعلیمی و تربیتی پروگراموں کے ذریعے ہنرمند نوجوانوں کو تیار کیا جائے۔ اب تک آرکرو ماسینٹر آف ایکسی لینس پر مشتمل 185 بچوں کی تربیت کر چکی ہے۔ زیر جائزہ سال کے دوران کمپنی طلبہ اور ٹیکنیشنز کی اعزازی ٹریننگ پر 11 ملین روپے خرچ کر چکی ہے۔



تعلیمی روابط و اشتراک

آرکرو مانے دیگر تعلیمی اداروں سے مضبوط و مؤثر تعلیمی روابط قائم کئے ہیں۔ ہم ٹیکسٹائل کے شعبے میں کانفرنسوں میں بھی شرکت کرتے ہیں جس میں ٹیکسٹائل شعبے سے متعلق مستحکم و مؤثر تحقیقات پر توجہ مرکوز کی جاتی ہے۔

تیسری بین الاقوامی ٹیکسٹائل کانفرنس

آرکرو مانے ایک بہتر انداز میں تیسری بین الاقوامی ٹیکسٹائل کانفرنس میں شرکت کی جس کا انعقاد ”ٹیکسٹائل ڈپارٹمنٹ“ NED یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی کی جانب سے ماہ جنوری میں کراچی میں کیا گیا تھا۔ جہاں ہمارا اسٹال کانفرنس میں شریک افراد کی خصوصی توجہ کا مرکز رہا۔ ہماری ”ٹیکسٹائل ماہرین“ کی ٹیم کو بطور مہمان خصوصی مدعو کیا گیا جنہوں نے ٹیکسٹائل سیکٹر سے متعلق جدید اصلاحات پیش کیں۔ بعد ازاں بین الاقوامی مقررین نے ”آرکرو ماسینفر آف ایکسی لینس“ کا دورہ کیا اور وہ تحقیق سے متعلق سہولیات کو دیکھ کر بہت متاثر ہوئے۔



مانچسٹر یونیورسٹی، یو کے اور این ای ڈی یونیورسٹی کے طلبہ پرنٹنگ سیشن کا دورہ کرتے ہوئے

جامعہ کراچی میں ڈائنگ ورکشاپ کا انعقاد

ہمارے شراکت دار ”Ethical Affair“ نے ماہ جون میں ڈائنگ پراسس کے عنوان سے جامعہ کراچی کے کیمسٹری ڈپارٹمنٹ میں ایک ورکشاپ کا انعقاد کیا جس میں طلباء کو اپنی مدد آپ کے تحت اپنے ”ڈائنگ ڈیزائنز“ تخلیق کرنے، فیبرک اور ڈائز تانسب و توازن سے متعلق آگاہی فراہم کی گئی تاکہ وہ نفسی و اعلیٰ اشیاء تیار کر سکیں۔



”سسٹین ایبل ٹیکسٹائلز“ پر پہلی بین الاقوامی کانفرنس کا انعقاد

یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی (UET) نے پہلی بین الاقوامی کانفرنس ”سسٹین ایبل ٹیکسٹائلز“ کے عنوان سے ماہ مئی میں فیصل آباد کیمپس میں منعقد کی۔ اس موقع پر پاکستانی طلباء کے درمیان ایک عظیم الشان قومی مقابلہ بعنوان ”کلر کیونٹیشن“ منعقد کیا گیا جو کہ بین الاقوامی مقابلے کا حصہ تھا۔ ہم نے یکساں عوامل کو لے کر ایک ”برانڈ کمپیشن“ بھی منعقد کیا جسے بین الاقوامی کانفرنس میں سراہا گیا اور جس نے تقریب میں ایک نئی سمت اجاگر کی۔



برانڈ کمپیشن جیتنے والی ٹیم ”راشد ٹیکسٹائلز“ کے عہدیدار جناب مجتبیٰ رحیم، چیف ایگزیکٹو آفیسر آکر و پاکستان سے ٹرافی وصول کر رہے ہیں۔

گرین آفس

ہمارے دفاتر ”گرین آفس“ ہیں جو WWF سے تصدیق شدہ ہیں۔ ہم نے نامیاتی ویسٹ مینجمنٹ پروجیکٹ اور نیچرل کمپوزنگ یونٹ شروع کیے جو ہمارے سرسبز جگہوں کے لیے پودوں کی معیاری خوراک تیار کرتے ہیں۔ پیری سائیکلنگ اور دوبارہ استعمال کے سلسلے میں ہماری اچھی مثال ہے۔



شجرکاری مہم

عالمی درجہ حرارت میں اضافے کے مسئلے کے حل اور ماحولیات کی تباہی و پامالی کو کم کرنے کے لئے آرکرومانے ”شجرکاری“ کو اپنا مستقل منصوبہ بنا لیا ہے۔ ہر سال ہم مخصوص مقامات کا انتخاب کر کے وہاں بڑی تعداد میں درخت لگا رہے ہیں۔ رواں سال ہم نے جامشورو کا علاقہ منتخب کیا۔ دو ”شجرکاری مہمات“ کامیابی کے ساتھ پایہ تکمیل کو پہنچیں۔ پہلی مہم موسم بہار میں اپنی فیکٹری میں جبکہ دوسری مہم ڈسٹرکٹ پولیس آفس اور جامشورو چیئرمین آف کامرس اینڈ انڈسٹری میں مون سون میں انجام دی گئی جس میں 100 سے زائد درخت لگائے گئے۔ علاقے کو مزید خوشنما و جاذب نظر بنانے کے لئے ہم ایک سبزہ زار بھی بنا رہے ہیں۔ ہم بین الاقوامی تجویز کردہ معیارات کے مطابق مستحکم و پائیدار ایک دوسرے سے قریب رہنے والے لوگ اور علاقوں کیلئے مہم بھی چلا رہے ہیں۔



جنگلات کے عالمی دن کے موقع پر موسم سرما میں ”شجرکاری مہم“ کے دوران جناب نسیم قریشی (صدر نیشنل فورم برائے ماحولیات اور صحت) اپنی ٹیم کے ہمراہ، جبکہ آرکرومانگلوہیل اور اس کے مقامی رضا کاروں کا جامشورو میں شجرکاری مہم کے آغاز سے قبل خصوصی پوز۔



مون سون شجرکاری مہم

پولیس افسران آرکرومانے کے رضا کاروں کے ہمراہ ڈسٹرکٹ پولیس ہیڈ کوارٹرز جامشورو میں پودا لگا رہے ہیں۔

عطیہ خون کیمنپ

ہر سال ہمارے ملازمین ضرورت مند فلاجی طبی اداروں کو خون کا عطیہ کرتے ہیں۔ مختلف اداروں کے مجاز نمائندگان ہمارے آفس کا دورہ کرتے اور آگاہی اجلاس منعقد کر کے انہیں ناامیدی میں مبتلا بچوں کیلئے خون عطیہ کرنے سے متعلق شعور آگاہی فراہم کرتے ہیں۔ ہمارے ملازمین گرمجوشی و پرعزیمی کے ساتھ تعاون کرتے ہیں اور ہم اداروں کو بہت وسیع تعداد میں خون کا عطیہ فراہم کرتے ہیں۔



کراچی بھر میں پانی کے استعمال اور محافظت و نگرانی کے لئے شراکت داری

WWF پاکستان کے ساتھ ایک مفاہمت کی یادداشت کے تحت سول سوسائٹی کے اسٹیک ہولڈر نے ایک متعامل اجلاس میں شرکت کی جس میں شہر میں پانی کی شدید کمی کو زیر بحث لایا گیا اور مسائل کے حل کے لئے WWF کے تجویز کردہ طریقہ کار کو اختیار کرنے پر زور دیا گیا۔ جب سے WWF اور شہری انتظامیہ کے درمیان رابطہ و تعلق استوار ہوا ہے، تجاویز و سفارشات کو اہمیت دی جا رہی ہے۔ اجلاس کا انعقاد ”آرکرو ماسینٹر آف ایکسی لینس“ میں ہوا جس میں ہم نے مختلف اداروں کے نمائندگان، صحافی حضرات اور پانی کے ماہرین کو مدعو کیا۔ آرکرو ماسینٹر آف ایکسی لینس کے لئے WWF نے ایکسپلٹ سٹریٹجی کے تحت سول سوسائٹی کے اسٹیک ہولڈر نے ایک متعامل اجلاس میں شرکت کی جس میں شہر میں پانی کی شدید کمی کو زیر بحث لایا گیا اور مسائل کے حل کے لئے WWF کے تجویز کردہ طریقہ کار کو اختیار کرنے پر زور دیا گیا۔ جب سے WWF اور شہری انتظامیہ کے درمیان رابطہ و تعلق استوار ہوا ہے، تجاویز و سفارشات کو اہمیت دی جا رہی ہے۔ اجلاس کا انعقاد ”آرکرو ماسینٹر آف ایکسی لینس“ میں ہوا جس میں ہم نے مختلف اداروں کے نمائندگان، صحافی حضرات اور پانی کے ماہرین کو مدعو کیا۔ آرکرو ماسینٹر آف ایکسی لینس کے لئے WWF نے ایکسپلٹ سٹریٹجی کے تحت سول سوسائٹی کے اسٹیک ہولڈر نے ایک متعامل اجلاس میں شرکت کی جس میں شہر میں پانی کی شدید کمی کو زیر بحث لایا گیا اور مسائل کے حل کے لئے WWF کے تجویز کردہ طریقہ کار کو اختیار کرنے پر زور دیا گیا۔ جب سے WWF اور شہری انتظامیہ کے درمیان رابطہ و تعلق استوار ہوا ہے، تجاویز و سفارشات کو اہمیت دی جا رہی ہے۔

مزید یہ کہ آرکرو ماسینٹر آف ایکسی لینس کے تحت سول سوسائٹی کے اسٹیک ہولڈر نے ایک متعامل اجلاس میں شرکت کی جس میں شہر میں پانی کی شدید کمی کو زیر بحث لایا گیا اور مسائل کے حل کے لئے WWF کے تجویز کردہ طریقہ کار کو اختیار کرنے پر زور دیا گیا۔ جب سے WWF اور شہری انتظامیہ کے درمیان رابطہ و تعلق استوار ہوا ہے، تجاویز و سفارشات کو اہمیت دی جا رہی ہے۔



خواتین کی ٹیکسٹائل شعبے میں کاروباری صلاحیت کی حوصلہ افزائی:

آکروما کام کرنے والی خواتین کو اپنی ”ٹیکسٹائل اپلیکیشن لیب“ میں جدید تکنیک سیکھنے کے لئے حوصلہ افزائی کرتا ہے۔ ہم اس شعبے میں نئے آنے والوں کو عملی تجربہ فراہم کرتے ہیں۔ ہم ٹیکسٹائل فیبرکس سے متعلق امور جیسا کہ رنگائی، چھپائی اور جدید مصنوعات تیار کرنے کے لئے تربیت فراہم کرتے ہیں۔ ۲۰۱۸ء میں اس سلسلے میں تین سیشن منعقد کئے گئے جس میں نئی آنے والی نوجوان خواتین نے شرکت کی جبکہ طالبات کے لئے ایک علیحدہ سیشن کا انعقاد جامعہ کراچی میں کیا گیا۔



ایک طلبہ آکروما ٹیکسٹائل اپلیکیشن لیب میں جدید ڈائنگ تکنیک کے نتائج کا جائزہ لے رہی ہے۔

ہمیں ہماری مسلسل سماجی ترقی اور تجارتی ذمہ داریوں کی ادائیگی اور خدمات کے اعتراف میں ایک ایوارڈ سے بھی نوازا گیا ہے۔

عطیات

آکروما متعدد خیراتی، تعلیمی اور طبی اداروں کے ساتھ عطیات کے ذریعے مالی تعاون کرتی ہے۔ زیر جائزہ مدت کے دوران کمپنی نے ایک ملین روپے کی رقم عطیہ کی۔

کارپوریٹ گورننس

کمپنی نے کوڈ آف کارپوریٹ گورننس کے تمام شرائط جیسا کہ لسٹنگ ریگولیشنز کی شرط ہے، تعمیل کی ہے۔ اس کے مطابق ڈائریکٹرز مندرجہ ذیل امور کی تصدیق کرتے ہیں:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشواروں میں اس کے معاملات کی نوعیت، آپریشنز کا نتیجہ، کیش فلوز اور ایکویٹی میں تبدیلیاں سب شفاف طریقے سے پیش کیے گئے ہیں۔
- کمپنی کے اکاؤنٹ کے درست گوشوارے مرتب کیے جا چکے ہیں۔
- کمپنی کے مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیاں تسلسل کے ساتھ کام میں لائی گئیں اور حساب کتاب کے اندازے معقول اور محتاط فیصلے کی بنیاد پر کیے گئے ہیں۔
- انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS)، جیسا کہ پاکستان میں قابل اطلاق ہیں، کی کمپنی کے مالیاتی گوشوارے تیار کرنے میں تعمیل کی گئی ہے اور ان سے کسی بھی انحراف کی صورت میں اسے اچھی طرح سے ظاہر اور واضح کیا گیا۔
- کمپنی کا اندرونی کنٹرول سسٹم انتہائی مربوط ہے اور اس کا اطلاق اور نگرانی مؤثر طریقے سے کی گئی ہے: اور
- کمپنی کی کاروبار چلانے اور منافع کمانے کی صلاحیت پر کوئی شبہات نہیں ہیں۔
- گزشتہ چھ سال کا اہم آپریننگ اور فنانشل ڈیٹا تلخیص کی صورت میں منسلک ہے (صفحہ ۴۵)۔
- غیر ادا شدہ ٹیکسز اور محصولات منسلک آڈٹ شدہ مالیاتی گوشواروں میں اچھے طریقے سے ظاہر کر دیے گئے ہیں۔
- کارپوریٹ گورننس، جیسا کہ لسٹنگ ریگولیشنز میں بیان کیے گئے ہیں، کہ بہترین طریقوں سے کوئی انحراف نہیں کیا گیا ہے۔

اخلاقیات اور کاروباری طریقوں (ضابطہ اخلاق) کا بیان

بورڈ، سینئر مینجمنٹ اور دیگر ملازمین کی دیانتداری کی تائید کرنے کے سلسلے میں پیشہ ورانہ معیارات اور کارپوریٹ اقدار رو بہ عمل لانے کے لیے بورڈ نے ایک ضابطہ اخلاق جاری کیا ہے جس میں قابل قبول اور ناقابل قبول رویوں کی وضاحت کی گئی ہے۔ اسے کمپنی کی ویب سائٹ پر بھی رکھا گیا ہے۔

ڈائریکٹرز ٹریننگ پروگرام

بورڈ آف ڈائریکٹرز کی تربیت بورڈ کی ذمہ داری کو پورا کرنے اور کسی کمپنی کی کارکردگی میں واضح بہتری لانے کے لیے مددگار ہوتی ہے۔ ہر بورڈ کا کمپنی کی نگرانی بشمول اسٹیک ہولڈرز کی ذمہ داری کے حوالے سے ایک منفرد کردار ہوتا ہے۔ چنانچہ اس کو ذہن میں رکھتے ہوئے اور ضابطے کی شرائط کے مطابق چار ڈائریکٹرز اب تک ڈائریکٹرز ٹریننگ پروگرام مکمل کر چکے ہیں۔ مزید یہ کہ ایک ڈائریکٹر کارپوریٹ گورننس کے ضابطے کے تحت اسٹیٹی کی کسوٹی پر پورا اترتا ہے۔

آڈٹ کمیٹی

کارپوریٹ گورننس کے نفاذ کے بعد سے ہی بورڈ کی جانب سے ایک ”آڈٹ کمیٹی“ تشکیل دے دی گئی ہے۔ کمیٹی کو سال کے دوران محترمہ راحت کونین حسن کے بورڈ سے استعفیٰ کے باعث دوبارہ سے بنایا گیا۔ اس وقت تمام اراکین کمیٹی نان ایگزیکٹو ڈائریکٹرز ہیں جبکہ آڈٹ کمیٹی کے چیئرمین ایک انڈیپنڈنٹ ڈائریکٹر ہیں۔

آڈٹ کمیٹی کے ٹرمز آف ریفرنسز وہی ہیں جو کارپوریٹ گورننس کے قواعد و ضوابط میں بیان کئے گئے ہیں۔ مزید یہ کہ آڈٹ کمیٹی اس امر میں باختیار و آزاد ہے کہ وہ خود کو مطمئن کرنے کے لئے داخلی دسترس اور مالیاتی بیانیوں سے متعلق کسی بھی قسم کی معلومات اور وضاحتیں طلب کر سکے۔

یہ کمیٹی کم از کم ایک بار سہ ماہی میں مالیاتی گوشواروں کا جائزہ لینے اور کمپنی کے کاروبار کے حوالے سے کوئی بھی بڑا فیصلہ کرنے کے موقع پر ملاقات کرتی ہے۔ آڈٹ کمیٹی مالیاتی گوشواروں کی منظوری کے لیے بورڈ کو اپنی سفارشات بھیجتی ہے جو سی ای او اور سی ایف او کی طرف سے اچھی طرح سے توثیق شدہ ہوتی ہیں۔

انسانی وسائل اور اجرت (HR&R) کمیٹی

بورڈ نے کارپوریٹ گورننس کے ضابطے کے مطابق HR&R کمیٹی بھی تشکیل دی ہے جو تین ڈائریکٹرز پر مشتمل ہے۔ اس کمیٹی کی شرائط و حدود میں وہی شامل ہیں لیکن صرف انہی تک محدود نہیں ہیں جو کوڈ آف کارپوریٹ گورننس میں مذکور ہیں۔

بورڈ اور کمیٹی کے اجلاسوں میں حاضری

زیر جائزہ سال کے دوران مندرجہ ذیل کے مطابق اجلاس ہوئے اور ڈائریکٹرز کی حاضری رہی:

HR-R	آڈٹ کمیٹی	بورڈ آف ڈائریکٹرز	عہدہ	ڈائریکٹرز کے نام
1-اجلاس	4-اجلاس	4-اجلاس		
1	1	4	نان ایگزیکٹو	ڈاکٹر ایس مبارک علی
1	-	4	ایگزیکٹو	مجتبیٰ رحیم
-	-	1	نان ایگزیکٹو	رولاند ویبل (متبادل ایم وقار عارف)
-	-	3	ایگزیکٹو	ایم وقار عارف
1	-	-	نان ایگزیکٹو	تھامس ڈنکر
-	4	3	نان ایگزیکٹو	ہانس لارنس (متبادل نوید کمال)
-	-	-	نان ایگزیکٹو	مارکوس فیورر
-	2	2	آزاد	راحت کونین حسن
-	-	-	آزاد	ایم زیڈ عین مہاجر
-	3	3	آزاد	شاہد غفار
-	-	2	آزاد	یاسین پیر محمد

ان ڈائریکٹرز کو غیر حاضری کی چھٹی دی گئی تھی جو بورڈ کے اجلاسوں میں شرکت نہیں کر سکتے تھے اور ان کی نمائندگی ان کے متبادل نے کی۔

ڈائریکٹرز رپورٹ

گریجویٹی اور پراویڈنٹ فنڈ

گریجویٹی اور پراویڈنٹ فنڈز کی سرمایہ کاری کی ویلیو کا انحصار تازہ آڈٹ شدہ اکاؤنٹس پر ۳۰ جنوری ۲۰۱۷ اور ۳۰ جون ۲۰۱۸ پر مندرجہ ذیل کے مطابق ہے:

2018	2017
(روپے بلین میں)	
862	975
643	674

گریجویٹی فنڈ

ملازمین کا پراویڈنٹ فنڈ

سرمایہ کاری کی ویلیو میں حاصل شدہ منافع شامل ہے۔

ہولڈنگ کمپنی

آرکروما ٹیکسٹائلز ایس۔ اے۔ آر۔ ایل (آرکروما) ایک عالمی کمپنی ہے جو رنگ اور مخصوص کیمیکلز فراہم کر رہی ہے۔ ایک ایسی کمپنی جو تین ہزار ملازمین پر مشتمل ہے۔ 24 پیداواری سائٹس اور 35 ملکوں میں اپنی موجودگی کے ساتھ صارفین کی مقامی اور بین الاقوامی مارکیٹ میں ضروریات کی تکمیل کے لئے کوشاں ہے۔ جس کا رجسٹرڈ آفس لگومبرگ میں ہے جبکہ ہیڈ کوارٹر پیچ سوئٹزر لینڈ میں واقع ہے۔

ویب سائٹ

تمام اسٹیک ہولڈرز اور عام افراد آرکروما پاکستان لمیٹڈ کی ویب سائٹ کا وزٹ کر سکتے ہیں www.archroma.com.pk کہ جس پر سرمایہ کاروں کے لئے منتخب حصے اور متعلقہ معلومات دستیاب ہیں۔

ای میل

archroma.pakistan@archroma.com

واقعات مابعد

کوئی نمایاں تبدیلی یا معاہدے جو کمپنی کی مالیاتی پوزیشن کو متاثر کر سکیں، کمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان واقع نہیں ہوئے۔

نان ایگزیکٹو ڈائریکٹرز کی معاوضہ پالیسی

بورڈ میٹنگ میں شرکت کرنے والے نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کو فیس ادا کی جاتی ہے۔

ڈائریکٹرز رپورٹ

مالیاتی گوشوارے اور آڈیٹرز

کمپنی کے مالیاتی گوشوارے KPMG تاثیر ہادی اینڈ کو۔ چارٹرڈ اکاؤنٹینٹس کے آڈیٹرز نے بغیر کسی تبدیلی آڈٹ کے اور ان کی تصدیق کی۔ آڈٹ کمیٹی نے رخصت پانے والے آڈیٹرز میسرز۔ KPMG تاثیر ہادی اینڈ کو۔ چارٹرڈ اکاؤنٹینٹس کو دوبارہ تعیناتی کی تجویز دی ہے۔

اہم آپریٹنگ اور فنانشل ڈیٹا

گزشتہ چھ سال کے لیے اہم آپریٹنگ اور فنانشل ڈیٹا صفحہ نمبر ۴۵ پر دکھایا گیا ہے۔

حصص کی ملکیت کا نمونہ

حصص کی ملکیت کے نمونے کا ایک اسٹیٹمنٹ صفحہ نمبر ۱۰۴ پر دکھایا گیا ہے۔ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے ازواج اور چھوٹے بچوں نے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں کی۔

اعتراف

بورڈ اپنے اسٹاف ممبرز اور ملازمین کی انتہائی مشکل حالات میں بھی بہترین کارکردگی پر شکریہ ادا کرتا ہے اور پر امید ہے کہ ہم مستقبل میں اپنے تمام مقاصد کو حاصل کر لیں گے۔

بورڈ کی جانب سے ہم اپنے تمام قابل قدر شیئرز، ہولڈرز، صارفین، سپلائرز، کنٹریکٹرز، بینکرز اور دیگر اسٹیک ہولڈرز اور ان کی معاونت، اعتماد اور بھروسہ مندی کے حوالے سے ممنونیت کا اظہار کرتے ہیں۔ ان تمام ملازمین کا شکریہ ادا کرتے ہیں کہ جن کی وفاداری، وابستگی اور انتھک محنت کی وجہ سے کمپنی اپنے مقاصد کے حصول میں کامیاب ہوئی۔

بورڈ کی جانب سے۔



ایم وقار عارف
(ڈائریکٹر)



مجتبیٰ رحیم
(چیف ایگزیکٹو آفیسر)

کراچی۔ ۳۰ اکتوبر ۲۰۱۸ء

/ AWARDS AND ACCREDITATIONS

Corporate Awards

Archroma secured a strong position at all major national and group sector awards:

Corporate Excellence Award

Archroma Pakistan once again achieved another milestone by winning the prestigious "Corporate Excellence Award" in the Chemical Category at the 33rd Corporate Excellence Awards Ceremony held in Karachi on 27th February 2018. The nationwide contest was organized by Management Association of Pakistan. Archroma was honored with this prestigious recognition for the 7th time consecutively in a row. Winning the highly popular corporate sector Award is a recognition of our good financial and managerial practices.



Mr. Mujtaba Rahim, CEO, Archroma Pakistan receiving the Corporate Excellence Award from Dr. Ishrat Hussain, Ex-Governor, State Bank of Pakistan

Top 25 Companies Award

Archroma Pakistan Limited has kept up with its tradition of being among the top performers. Archroma Pakistan has been honored for the 15th time with Top 25 Companies Award from 2001.

The award is validating the well planned corporate business strategy of the management of Archroma Pakistan Limited based on prudence and cautiousness and which is proactively aligned to meet challenges even in the difficult operating environment.

This most prestigious recognition was awarded by Pakistan Stock Exchange on 27th December 2017 declaring Archroma amongst Pakistan's top 25 companies for the year 2016. Archroma also enhanced its positioning from 5th to 4th place as top performance companies.

/ AWARDS AND ACCREDITATIONS

Employer of the Year Award & CEO of the Year Award - 2017

Archroma Pakistan won the most sought for national Award as " Employer of the Year 2017 " in the Multinationals Category conferred by Employers Federation of Pakistan. The criteria covered adherence to International labor standards, non discrimination, good governance and transparency of human resources & labor management, adopting best practices In occupational safety and corporate social responsibility initiatives.

Our CEO, Mr. Mujtaba Rahim was also declared " CEO OF THE YEAR 2017 " as a recognition of his leadership in Archroma.

Both the awards have been won consecutively for three years in a row - 2015 , 2016 & 2017.



Women Empowerment Award

Archroma has achieved many milestones in the field of female empowerment within and outside organizational level. We have a policy on providing equal opportunity to our female employees with the resultant that their representation is marked at senior management cadre. Archroma secured 2nd position for the 3rd time in a row.



/ AWARDS AND ACCREDITATIONS

Corporate Social Responsibility Award

At the 10th International CSR Summit, organized by National Forum for Environment & Health (NFEH) on 18th January 2018 at Islamabad, Archroma was declared winner of Corporate Social Responsibility Award for the year 2018.

Archroma has a robust CSR agenda specially designed towards Education and Community development.

Occupational Health & Safety Award Overall Diamond Winner

Archroma was declared Overall Diamond Winner for "Award on Best Practices in Occupational Health & Safety - 2017" in a national contest organized by Employers Federation of Pakistan in collaboration with International Labor Organization at the occasion of International Safety Day on 7th May 2018 at Hotel Marriott, Karachi.

Annual Environment Excellence Award

As a regular contestant, Archroma has always emerged a winner in Environment & Safety Awards. We were declared amongst Top Ten Companies to receive 15th Annual Environment Excellence Award for the year 2018 in recognition of our effective implementation of environmental management systems. The contest was organized by National Forum for Environment & Health wherein 138 companies participated. The Award was presented at a well-attended Annual Conference on Climate Change & Waste on 17th July 2018.

Fire & Safety Award

The management places utmost emphasis on protecting the life and property belonging to the Company from fire hazards. The efforts of the Company towards this end recognized by National Forum for Environment & Health (NFEH) and Fire Protection Association of Pakistan (FPAP) in form of Fire and Safety Award - 2018 awarded to our company.



Corporate Social Responsibility Award



Occupational Health & Safety Award



Annual Environment Excellence Award



Fire & Safety Award

/ AWARDS AND ACCREDITATIONS



Our Landhi Site, Karachi completed 1 Million safety working hours

Archroma Global Award

Global Archroma Awards honor employees for their contribution towards success of the company. Awards are a recognition of individuals and teams who have made significant impact on the business with a particular reference to interdisciplinary teamwork. Flying Horse team of Pakistan bagged the highest score at the global level. For the year 2018 Archroma Pakistan shined with the following awards at global level.

Out of Five Global Award categories, we received two top performer Awards.

- 1. Mr. Veqar Arif & Team (Operational Excellence Award)**
- 2. Mr. Qazi Naeemuddin & Team (Innovation & Sustainability Award)**

Archroma Pakistan also received runners-up in three categories.

- 1. Mr. Shahid Ali & Team (Innovation & Sustainability Award)**
- 2. Ms. Iffat Zahra & Team (Operational Excellence Award)**
- 3. Mr. Aamir Shamsi & Team (Business Win Award)**

NEW DENISOL® PURE INDIGO 30 liq

Break new ground with Aniline-Free* Indigo for denim.



Archroma moves forward with full scale production of its new Aniline-Free Denisol® Pure Indigo in Pakistan.

Archroma, a global leader in color and specialty chemicals towards sustainable solutions, announced that the production of its new aniline-free* Denisol® Pure Indigo has been accelerated due to the high demand encountered on the market. Denisol® Pure Indigo is generating a strong interest in the denim industry and that the plant had been able to start production at maximum capacity to meet the demand.

Denisol® Pure Indigo 30 liq allows a cleaner way to produce the traditional, iconic indigo blue color that consumers associated with denim and jeans.

The Archroma site in Jamshoro - Pakistan was earmarked to produce Denisol® Pure Indigo owing to its state-of-the-art sustainable facilities – the site made headlines in 2012 being what Archroma believed to be the industry's first zero liquid discharge plant.

"True to our commitment towards continuous innovation, Archroma challenges the status quo in the deep belief that we can make our industry sustainable. Denisol® Pure Indigo is result of our efforts to challenge accepted technologies in order to find a better way to advance sustainability, and it is therefore extremely exciting to see that brands, retailers and manufacturers are eager to offer a more sustainable denim to consumers. We owe the successful launch of Denisol® Pure Indigo to the shared vision of the textile value chain to preserve our planet and its people, after all - **it's our nature**".

Denim is one of the most important textile exports of Pakistan and we are proud to be associated with our partners in their success. Our plant has a sizeable capacity to meet their demand. We are fully convinced that the new innovation, Denisol® Pure Indigo, will further enhance the sustainability and the value of denim fashion in flourishing local and export trends. Brand owners, retailers as well as end consumers will benefit from these cleaner production ethics".

Archroma is a recognized leader in integrated solutions, offering best-in-class auxiliaries for bespoke process packages.

NEW DENISOL® PURE INDIGO 30 liq

Archroma's new aniline-free* indigo dye, Denisol® Pure Indigo 30 liq, reduces risk when producing the traditional, iconic indigo blue that consumers associate with denim and jeans.



ANILINE FREE*



ØZDHC COMPLIANT



bluesign® APPROVED



GOTS APPROVED



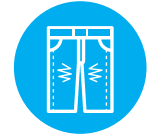
C2C CERTIFIED



IMPACT ON WASTEWATER



PREMIUM QUALITY



FASHION EFFECTS

During production, some of the aniline stays locked into the indigo pigment and is difficult to wash off the fabric. The remainder of the aniline impurity, approximately 300 metric tons, is discharged during dyeing. This can be an issue as aniline is toxic to aquatic life. In addition, exposure levels to factory workers can be high.

The toxic chemical is therefore starting to feature on the restricted substance lists (RSL) of some major clothing brands and retailers.

For designers and brand owners who long for authentic indigo inspiration, the new Denisol® Pure Indigo 30 liq now also makes it possible to produce indigo-dyed denim without high levels aniline impurities.

From fiber to finish, Archroma offers a scope of possibilities for effects and colors, from the authentic roots of indigo to the most innovative and eco-advanced solutions.



APPROACHING DENIM WITH A CLEAR MIND



- 2009 Archroma launches Advanced Denim, a dyeing technology for minimal water consumption
- 2014 Archroma introduces eco-advanced manufacture of pre-reduced indigo solution in a “zero liquid discharge” plant
- 2018 Archroma launches groundbreaking aniline-free* pre-reduced indigo solution



The Archroma Way: Safe, efficient and enhanced. It's our nature.

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Key features:

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- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
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- Online Quizzes



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*Mobile apps are also available for download for android and ios devices

SIX YEARS AT A GLANCE

	2018	2017	2016	2015	2014	2013
	----- (Rupees '000) -----					
Property, plant and equipment	1,952,688	1,744,273	1,815,404	1,934,400	1,021,329	907,724
Net current assets excluding bank borrowings	5,342,225	5,005,403	4,176,773	4,397,248	4,049,494	3,942,669
Total assets employed	7,294,913	6,749,676	5,992,177	6,331,648	5,070,823	4,850,393
Share capital	341,179	341,179	341,179	341,179	341,179	341,179
Revenue reserves and unappropriated profit	4,464,033	4,676,467	5,046,233	4,291,729	3,837,067	4,509,214
Bank borrowings	2,489,701	1,732,030	604,765	1,698,740	892,577	-
Total funds employed	7,294,913	6,749,676	5,992,177	6,331,648	5,070,823	4,850,393
Net sales	14,290,089	12,242,715	11,350,227	8,828,624	6,872,277	9,620,351
Profit before taxation	1,943,980	2,240,384	2,320,392	1,580,064	1,258,668	2,414,320
Profit after taxation	1,536,276	1,621,473	1,720,031	1,241,982	1,053,408	1,904,814
Cash dividend - %	400	500	600	250	250	500
Earnings per share - Rupees	45.03	47.53	50.41	36.40	30.88	55.83
Break-up value per share - Rupees	140.84	147.07	157.91	135.79	122.46	142.2
Current Ratio	1.52	1.78	2.33	1.73	2.27	3.57
Assets Turnover	1.30	1.26	1.31	0.98	1.02	1.48
Return on Assets %	17.73	22.98	26.72	17.47	18.71	37.21
Return on Equity %	40.45	44.65	43.07	34.11	30.12	49.78
Pay-out Ratio after tax	88.82	105.20	119.02	68.68	80.96	89.56

STATEMENT OF COMPLIANCE

Statement of Compliance with the Code of Corporate Governance

The Company has complied with the requirements of the Regulations In the following manner:

1. The total number of directors are eight as per the following:

Male	07
Female	01

2. The composition of board is as follows:

Independent Directors

Mr. M Z Moin Mohajir
Mr. Shahid Ghaffar
Ms. Yasmin Peermohammad

Non-Executive Directors

Mr. Hans Lourens (Alternate Mr. Naveed Kamil)
Mr. Marcos Furrer
Mr. Roland Waibel (Alternate Mr. M. Veqar Arif)
Dr. S. Mubarik Ali

Executive Director

Mr. Mujtaba Rahim

Casual vacancies were filled up by the Board of Directors in their meetings.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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 dully exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year, orientation program was held for the Board members at their Board of Directors meeting.
10. The board has approved appointment of CFO. Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

/ STATEMENT OF COMPLIANCE

12. The board has formed following committees comprising of members given below:

Audit Committee

- Mr. M Z Moin Mohajir - Chairman
- Mr. Hans Lourens - Alternate Mr. Naveed Kamil
- Mr. Shahid Ghaffar
- Mr. M. Irfan Lakhani - Secretary

HR and Remuneration Committee

- Ms. Yasmin Peermohammad - Chairman
- Mr. Mujtaba Rahim
- Mr. Hans Lourens - Alternate Mr. Naveed Kamil

13. The terms of reference of the aforesaid committees have been formed, documented, approved by the Board and communicated to the committees for compliance.

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

Audit Committee	Four quarterly meetings during the financial year ended September 30, 2018
HR and Remuneration	One meeting during the financial year ended September 30, 2018

15. The board has set up an effective internal audit function.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

On behalf of the Board of Directors



Dr. S. Mubarik Ali
Chairman

Karachi
Dated: 30th October, 2018



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

**To the members of Archroma Pakistan Limited
Review Report on Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of **Archroma Pakistan Limited** ("the Company") for the year ended 30 September 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

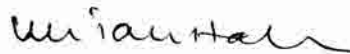
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2018.

Date: 30 October 2018

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT
To the members of Archroma Pakistan Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Archroma Pakistan Limited** (the Company), which comprise the statement of financial position as at 30 September 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



KPMG Taseer Hadi & Co.

Following are the Key audit matters:

S No.	Key audit matters	How the matters were addressed in our audit
1.	<p>Revenue recognition</p> <p>Refer notes 5.15 and 25 to the Company's financial statements.</p> <p>Revenue is recognized from sale of goods in accordance with applicable accounting standards and measured net of discounts and commissions. Further, export sales comprise of 8.9% of total sales and more than 50% of export sales are made to related parties.</p> <p>We identified revenue recognition as key audit matter because revenue is one of the key performance indicators and there is a potential risk that revenue transactions including related discounts and commissions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in relation to recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of the Company's sale of goods process and testing the design, implementation and operating effectiveness of the relevant key controls over revenue recognition including accruals of discounts and commissions and timing of its recognition; • assessing the appropriateness of the Company's accounting policies for revenue recognition including those relating to discounts and commissions including its compliance with applicable accounting standards; • obtaining and inspecting a sample of contracts with customers to understand the conditions required for discounts and commissions and testing, on a sample basis, the amounts of discounts and commissions recognized by agreeing to individual customer agreements; and • comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue including accruals of related discounts and commissions have been recognized in the appropriate accounting period.



KPMG Taseer Hadi & Co.

S No.	Key audit matters	How the matters were addressed in our audit
2.	<p>Valuation of Trade Debtors</p> <p>Refer notes 5.5 and 10 to the Company's financial statements. The Company has material amounts of trade debts that are past due but not impaired.</p> <p>We identified the recoverability of trade debtors as a key audit matter because estimating the recoverable amount of trade debts involves inherent uncertainty and significant management judgment.</p>	<p>Our audit procedures in this area, amongst others, included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit review), debt collection process and making allowances for doubtful debts calculations; • testing the accuracy of trade receivable aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to evaluate whether the balances appearing in the aging report were classified within appropriate ageing bracket; • assessing the appropriateness of assumptions and estimates made by management for provision against doubtful debts by comparing, on a sample basis, historical cash collections, actual write offs and cash receipts from customers subsequent to the financial year end with the underlying documentation; and • assessing the historical accuracy of provisions for bad debt recorded by examining the utilization or release of previously recorded provisions.
3.	<p>Valuation of Stock-in-trade</p> <p>Refer notes 5.4 and 9 to the</p>	<p>Our audit procedures in relation to valuation of stock in trade, amongst others, included the following:</p>



KPMG Taseer Hadi & Co.

S No.	Key audit matters	How the matters were addressed in our audit
	<p>Company's financial statements.</p> <p>Inventory forms a significant part of the Company's total assets. Inventories comprise of raw material, work in process and finished goods which are stated at lower of cost and estimated net realizable value. Certain raw materials are purchased from related parties.</p> <p>We identified the valuation of stock-in-trade as a key audit matter as it directly affects the profitability of the Company and determining an appropriate write-down as a result of provisions for expired and obsolete / slow moving inventories involves significant management judgment and estimation.</p>	<ul style="list-style-type: none"> • obtaining an understanding of controls over purchases, valuation of stock in trade including creation of provision for expired including slow moving / obsolete items and testing, on a sample basis, their design, implementation and operating effectiveness; • comparing on a sample basis specific purchases (including those from related party) with underlying supporting documents / agreements, if any. • comparing calculations of the allocation of directly attributable costs with the underlying supporting documents; • obtaining an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales and their basis; • testing, on a sample basis, management's assessment of the NRV of inventories by comparing to its recent sales prices and executed purchase orders for future sales, if any; • testing the accuracy of inventory aging report, on a sample basis, by comparing individual balances in the report with underlying documentation and evaluating reasonableness of provisions with reference to its



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S No.	Key audit matters	How the matters were addressed in our audit
		<p>historical accuracy; and</p> <ul style="list-style-type: none"> • comparing on a sample basis specific provision for expired and slow-moving inventory with underlying documentation.
4.	<p>Capitalization of Property, Plant and Equipment</p> <p>Refer notes 2, 5.1 and 6 to the Company's financial statements.</p> <p>The Company has made significant capital expenditure on Property, Plant and Equipment.</p> <p>We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.</p>	<p>Our audit procedures in relation to capitalization of property, plant and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; • testing, on sample basis, the costs incurred on assets with supporting documentation and contracts; • assessing the nature of costs incurred for the capital expenditure through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; and • inspecting supporting documents for the date of capitalization when the asset was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the



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S No.	Key audit matters	How the matters were addressed in our audit
		calculation of related depreciation.

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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



KPMG Taseer Hadi & Co.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



KPMG Taseer Hadi & Co.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.




KPMG Taseer Hadi & Co.

The engagement partner on the audit resulting in this independent auditor's report is **Moneeza Usman Butt.**

Date: 30 October 2018

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants

BALANCE SHEET

As at 30 September 2018

	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
ASSETS			
Non - current assets			
Property, plant and equipment	6	1,952,688	1,744,273
Long term loans	7	573	1,791
Long term deposits		6,155	5,387
Long term prepayments		1,858	4,067
		1,961,274	1,755,518
Current assets			
Stores and spares	8	45,436	40,243
Stock-in-trade	9	2,694,526	2,107,644
Trade debts	10	3,733,326	3,165,832
Loans and advances	11	3,416	8,661
Trade deposits and short-term prepayments	12	48,425	59,073
Other receivables	13	1,770,487	1,954,007
Taxation - net		172,033	72,031
Cash and bank balances	14	532,105	587,885
		8,999,754	7,995,376
TOTAL ASSETS		10,961,028	9,750,894
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 50,000,000 (30 September 2017: 50,000,000) ordinary shares of Rs. 10 each			
Share capital			
Issued, Subscribed and Paid-up capital	15	341,179	341,179
General reserves			
Revenue reserve		2,968,000	2,808,000
Unappropriated profit		1,496,033	1,868,467
Shareholders' equity		4,805,212	5,017,646
LIABILITIES			
Non - current liabilities			
Deferred taxation - net	16	127,456	152,903
Deferred liabilities	17	14,164	13,956
Liabilities against assets subject to finance lease	18	22,886	44,447
Liabilities against diminishing musharika finance	19	69,184	37,826
		233,690	249,132
Current liabilities			
Trade and other payables	20	3,293,095	2,666,660
Unclaimed dividend		65,465	44,790
Mark-up accrued	21	40,444	11,262
Short-term borrowings	22	2,489,701	1,732,030
Current portion of liabilities against assets subject to finance lease	18	17,368	21,933
Current portion of liabilities against diminishing musharika finance	19	16,053	7,441
		5,922,126	4,484,116
		6,155,816	4,733,248
Contingencies and commitments	23		
TOTAL EQUITY AND LIABILITIES		10,961,028	9,750,894

The annexed notes 1 to 45 form an integral part of these financial statements.


Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2018

	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Sales		15,204,083	13,226,370
Trade discounts and commission		604,638	693,719
Sales tax		309,356	289,936
		913,994	983,655
Net sales	24	14,290,089	12,242,715
Cost of goods sold	25	10,345,397	8,377,749
Gross profit		3,944,692	3,864,966
Distribution and marketing expenses	26	906,629	841,291
Administrative expenses	27	498,733	490,662
Other expenses	29	189,219	178,610
		1,594,581	1,510,563
Other income	30	23,808	21,464
		2,373,919	2,375,867
Finance costs	31	429,939	135,483
Profit before taxation		1,943,980	2,240,384
Taxation - net	32	407,704	618,911
Profit for the year		1,536,276	1,621,473
Other comprehensive income			
<i>Items that will never be reclassified to profit and loss account:</i>			
Remeasurement of post-employment obligations		(55,520)	71,491
Related tax thereon		12,704	(15,657)
		(42,816)	55,834
Total comprehensive income for the year		1,493,460	1,677,307
		(Rupees)	(Rupees)
Earnings per share (basic and diluted)	33	45.03	47.53

The annexed notes 1 to 45 form an integral part of these financial statements.


Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

CASH FLOW STATEMENT

For the year ended 30 September 2018

	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	2,232,554	2,281,463
Staff gratuity contribution paid		(19,718)	(210,676)
Other long term employee benefits paid		(882)	-
Mark-up paid		(358,178)	(123,663)
Income taxes paid		(520,449)	(640,139)
Movement in long term loans		1,218	4,347
Movement in long term deposits and prepayments		1,441	(4,514)
Net cash generated from operating activities		1,335,986	1,306,818
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(433,309)	(126,619)
Proceeds from disposal of operating fixed assets		12,092	4,966
Net cash used in investing activities		(421,217)	(121,653)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against finance lease obligations		(26,126)	(17,674)
Payments against diminishing musharika finance		(16,875)	(5,080)
Short-term borrowings - proceeds		900,000	500,000
Short-term borrowings - repayments		(500,000)	-
Dividend paid		(1,685,219)	(2,039,306)
Net cash used in financing activities		(1,328,220)	(1,562,060)
Net decrease in cash and cash equivalents		(413,451)	(376,895)
Cash and cash equivalents at beginning of the year		(644,145)	(267,250)
Cash and cash equivalents at end of the year	40	(1,057,596)	(644,145)

The annexed notes 1 to 45 form an integral part of these financial statements.


Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2018

	Issued, subscribed and paid-up capital	General reserves		Total
		Revenue reserves	Unappro- priated profit	
------(Rupees in '000)-----				
Balance as at 30 September 2016	341,179	3,248,000	1,798,233	5,387,412
Transaction with owners in the capacity as owners directly recorded in equity - distribution				
- Final dividend at 600% (i.e. Rs. 60 per share) for the year ended 30 September 2016	-	-	(2,047,073)	(2,047,073)
<i>Total comprehensive income for the year ended 30 September 2017</i>				
Profit for the year	-	-	1,621,473	1,621,473
Other comprehensive income - remeasurement of post-employment obligation - net of tax	-	-	55,834	55,834
Total comprehensive income for the year ended 30 September 2017	-	-	1,677,307	1,677,307
Transfer from revenue reserve appropriated subsequent to year end	-	(440,000)	440,000	-
Balance as at 30 September 2017	341,179	2,808,000	1,868,467	5,017,646
Transaction with owners in the capacity as owners directly recorded in equity - distribution				
- Final dividend at 500% (i.e. Rs. 50 per share) for the year ended 30 September 2017	-	-	(1,705,894)	(1,705,894)
Total comprehensive income for the year ended 30 September 2018				
Profit for the year	-	-	1,536,276	1,536,276
Other comprehensive income - remeasurement of post-employment obligation - net of tax	-	-	(42,816)	(42,816)
Total comprehensive income for the year ended 30 September 2018	-	-	1,493,460	1,493,460
Transfer to revenue reserve appropriated subsequent to year end	-	160,000	(160,000)	-
Balance as at 30 September 2018	341,179	2,968,000	1,496,033	4,805,212

The annexed notes 1 to 45 form an integral part of these financial statements.


Mujtaba Rahim
Chief Executive Officer


M Veqar Arif
Director and Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

1. THE COMPANY AND ITS OPERATIONS

Archroma Pakistan Limited (the 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, Karachi, Pakistan. The Company is listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Archroma Textiles S.a.r.l., (Holding Company) incorporated in Luxembourg, headquartered in Reinach, Switzerland which holds 75 percent of the share capital of the Company. At the reporting date, Mr. Ann Lavrysen is the Chief Executive Officer of the Holding Company and its latest financial statements have been prepared on going concern basis on which Group auditor have expressed unmodified opinion.

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

The manufacturing facilities and sales offices of the Company are situated at the following locations:

Factories

- Petaro Road, Jamshoro, Sindh
- LX-10, & LX-11 Landhi Industrial Area Karachi, Sindh

Sales offices

- Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore
- Canal Road, Abdullah Pur, Faisalabad
- House # 78, Block S, Masoom Shah Road Gulistan Chowk New Multan

2. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

The financial position and performance of the Company was particularly affected by the following events and transactions during the reporting period:

- a) The Company has expanded its Indigo plant in the factory located at Jamshoro and has incurred capital expenditure amounting to Rs. 327 million in aggregate in this respect. The addition of this plant has increased the textile dyes production capacity of the Company by 6,000 tons per annum.
- b) Due to devaluation of Pak Rupees during the year, the Company suffered exchange loss amounting to Rs. 251.6 million for liabilities denominated in US Dollars, Euro, Japanese Yen and Swiss Francs.
- c) Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified to conform to the requirements of the Act. (refer note 44 to financial statements).
- d) For detailed discussion about the Company's performance and financial position please refer to the Directors' report accompanied in the annual report of the Company for the year ended 30 September 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as stated otherwise.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless stated otherwise.

3.4 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 judgments, estimates and assumptions that affect the application of the Company's accounting 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 recognized 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. Information about judgments made by the management in the application of approved accounting standards, as applicable in Pakistan that have the most significant effects on the amount recognized in the financial statements and information about assumptions and estimation uncertainties with significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next year are described in the following notes:

- i) estimation of useful lives and residual values of operating fixed assets (notes 5.1 and 6.1);
- ii) estimation in writing down items of stores and spares to their net realisable value (notes 5.3 and note 8);

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

- iii) estimation in writing down items of stock-in-trade to their net realisable value (notes 5.4 and 9);
- iv) estimation of provision for impairment of trade debts (notes 5.5 and 10);
- v) provision for taxation (notes 5.6 and 32);
- vi) measurement of defined benefit obligation and other long term employment benefits : key actuarial assumptions (notes 5.11 and 28);
- vii) lease classification (notes 5.17 and 18);
- viii) Recognition and measurement of provisions and contingencies (notes 5.13 and 23).

4. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant:

- Disclosure initiative - amendments to 'IAS 7, 'Statement of Cash Flows' became effective during the year requiring entities to explain changes in their liabilities for which cash flows have been or will be classified as financing activities in the Statement of Cash Flows. The amendment resulted in an additional disclosure which has been included in these financial statements.
- The Companies Act, 2017 ('the Act') has also brought certain changes with regards to preparation and presentation of annual financial statements of the Company. These changes include change in nomenclature of primary financial statements and disclosure requirements in the fourth schedule to the Act have been revised resulting in the elimination of duplicative disclosures to align with the IFRSs and incorporation of significant additional disclosures, which have been included in these financial statements.

4.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant:

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 October 2017. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after 1 October 2018, that may have an impact on the financial statements of the Company.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. Management is in the process of assessing implications of this standard on its revenue recognition.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. Management is in the process of assuring implication of this standard on its leases.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale

The above improvements to standards are not likely to have material / significant impact on Company's financial statements.

5. 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.

5.1 Property, plant and equipment

5.1.1 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. Whereas, cost includes expenditures that are directly attributable to the acquisition of the assets. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

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 reporting 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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income as and when incurred.

Gains / losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income 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.

5.1.2 Capital work-in-progress

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

5.1.3 Impairment

The Company assesses at each reporting date whether there is objective evidence that property, plant and equipment may be impaired. If any such indication exists, the recoverable amount is estimated which is the greater of its value in use and its fair value less cost to sell. An impairment loss is recognised, if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in Statement of Profit or Loss and Other Comprehensive Income.

5.1.4 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.

5.2 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 reporting date. Balances considered bad and irrecoverable are written off when identified.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

5.3 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.

5.4 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 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.

5.5 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 patterns. Balances considered bad and irrecoverable are written off when identified.

5.6 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 Statement of Financial Position 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 Statement of Financial Position date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

5.7 Financial instruments

5.7.1 Financial assets

5.7.1.1 Classification

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 'held for trading'.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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

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) financial assets at fair value through profit or loss (b) loans and receivables (c) held to maturity. 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'.

5.7.1.2 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 Statement of Profit or Loss and Other Comprehensive Income.

5.7.1.3 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 Statement of Financial Position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the Statement of Profit or Loss and Other Comprehensive Income in the period in which these arise.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

'Available-for-sale' financial assets are marked to market using the closing market rates and are carried on the Statement of Financial Position 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.

5.7.1.4 Impairment

The Company assesses at each reporting 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 Statement of Profit or Loss and Other Comprehensive Income.

5.7.1.5 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. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counterparties.

5.7.2 Financial liabilities

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

5.7.3 Derecognition

Financial assets are derecognised at the time when the Company's contractual right to the cash flows from the asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control the transferred asset. 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 Statement of Profit or Loss and Other Comprehensive Income.

5.7.4 Fair value measurement

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs.

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For the year ended 30 September 2018

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis making as much use of available and supportable market data as possible).

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

Level 1 : Quoted prices (unadjusted) in active markets for identical asset

Level 2 : Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurs.

5.8 Cash and cash equivalents

For the purpose of the Statement of Cash Flows, 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 that are readily convertible to known amount of cash with insignificant risk of change in value having maturity of three months or less from the date of acquisition and short-term running finances that are repayable on demand and form an integral part of Company's cash management. Short-term running finances are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

5.9 Trade and other payables

Liability for trade and other payables 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.

5.10 Borrowings

Borrowings (including short term borrowing and diminishing musharika financing) are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged , cancelled or expired.

5.11 Staff benefits

5.11.1 Retirement benefits

The Company operates:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

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 Statement of Profit or Loss and Other Comprehensive Income. The latest actuarial valuation was conducted at the Statement of reporting date by the Archroma Group's globally appointed actuary.

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

c) The Company's net obligation in respect of other long-term employee benefits [i.e. long service award (Jubilee Plan)], other than defined benefit obligation, is the amount of future benefit that employees have earned in return for their services 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.

5.11.2 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.

5.12 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 reporting 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 Statement of Profit or Loss and Other Comprehensive Income.

5.13 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 reporting date and adjusted to reflect the current best estimate.

5.14 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the reporting 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.

5.15 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 net of trade discounts, commission and allowances, if any. Revenue comprise the fair value of consideration received or receivable on the following basis:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

- 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 apportion basis on the principal outstanding at the rates applicable.
- Miscellaneous income is recognized on receipt basis.

5.16 Expenses

All expenses are recognized in the Statement of Profit or Loss and Other Comprehensive Income on accrual basis.

5.17 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.

Lease payments under finance lease 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 Statement of Profit or Loss and Other Comprehensive Income, 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 incentives received from the lessor) are charged to Statement of Profit or Loss and Other Comprehensive Income on straight line basis over the period of the lease / ijarah term.

5.18 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.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Operating fixed assets	6.1	1,878,620	1,659,967
Capital work-in-progress	6.5	74,068	84,306
		<u>1,952,688</u>	<u>1,744,273</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

6.2 The depreciation charge for the year has been allocated as follows:

	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Cost of goods sold	25	204,047	214,605
Distribution and marketing expenses	26	26,202	24,849
Administrative expenses	27	20,766	20,178
		251,015	259,632

6.3 Details of property, plant and equipment disposed off / written off during the year having book value of Rs. 500,000 and above:

Description	Mode of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds	Purchaser	Relationship with purchaser
------(Rupees in '000)-----							
Furniture, Fixtures and Equipment							
Gas Genset 450KVA	Company policy	5,303	4,685	618	848	Bismillah Traders	Third party vendor
Vehicles							
Honda Civic VTI	Company policy	2,457	1,147	1,310	1,315	Mr. Mehmood	Employee
Honda Civic VTI	Company policy	2,531	776	1,755	1,887	Mr. Naveed Kamil	Employee
Honda Civic Oriel	Company policy	2,310	621	1,689	1,687	Mr. Bilal Haleem	Ex-Employee
Suzuki Wagon R	Company policy	895	181	714	600	Mr. Kamran Mirza	Ex-Employee
Toyota GLI A/T	Company policy	1,745	414	1,331	1,345	Mr. Rizwan Rana	Ex-Employee
Toyota GLI A/T	Company policy	1,895	266	1,629	1,659	Mr. Kamran Khatri	Ex-Employee
Suzuki Wagon R	Company policy	896	241	655	665	Mr. S Atif	Ex-Employee
		18,032	8,331	9,701	10,006		

6.4 Particulars of immovable property (i.e. land & building) in the name of the Company are as follows:

Locations	Usage of immovable property	Total Area (in Sq. Ft)	Covered Area (in Sq. Ft)
Landhi	Manufacturing Plant	451,920	176,195
Jamshoro	Manufacturing Plant	3,964,204	1,911,313

6.5 Capital work-in-progress

	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Plant and machinery		67,977	69,636
Equipment		6,091	14,670
		74,068	84,306

7. LONG TERM LOANS

Considered good - secured

Due from:			
Executives		1,346	2,969
Employees		1,551	3,104
	7.1	2,897	6,073
Less: Receivable within one year	11	(2,324)	(4,282)
		573	1,791

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

7.2 Reconciliation of carrying amount of loans to executives

	30 September 2018 Executives	30 September 2017 Executives
Opening balance	2,969	9,061
Repayments during the year	(1,623)	(6,092)
Closing balance	1,346	2,969

7.3 The maximum aggregate amount outstanding at the end of any month during the year were Rs. 2.224 million (2017: Rs. 14.11 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

8. STORES AND SPARES	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Stores		34,904	30,994
Spares		10,360	8,742
In transit		172	507
		<u>45,436</u>	<u>40,243</u>
8.1 Provision against slow moving and obsolete stores and spares amounts to Rs. 3.643 (2017: Nil) and written off there against amounting to Nil (2017: Rs. 19.91 million).			
9. STOCK-IN-TRADE		30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Raw and packing materials including goods in transit of Rs. 312.588 million (2017: Rs. 252.64 million)		1,524,421	1,187,285
Work-in-process	25	168,386	55,260
Finished goods including goods in transit of Rs. 49.810 million (2017: Rs. 55.36 million)	9.1 & 25	1,001,719	865,099
		<u>2,694,526</u>	<u>2,107,644</u>
9.1 This includes imported finished goods amounting to Rs. 238.497 million (2017: Rs. 247.29 million).			
9.2 Provision against slow moving and obsolete stock amounts to Rs. 50.916 (2017: Nil) and written off there against amounting to Nil (2017: Rs.79.84 million).			
10. TRADE DEBTS		30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Related parties - considered good and secured			
- Archroma Turkey Chemical Industry and Trade Limited Liability Company		21,785	7,144
- PT Archroma Indonesia		2,010	-
- Archroma (Thailand) Company Limited		28,660	29,843
- Archroma Tianjin Limited		1,765	5,478
- Archroma Shanghai (WFOE)		4,771	-
- Archroma Textile Mexico		18,657	6,697
- Archroma Peru S.A.		42,420	6,602
- Archroma Singapore Pte Limited		88,640	79,415
- Archroma India Private Limited		33,596	2,774
- Archroma U.S. Inc		8,408	2,447
- PT Archroma Specialties, Indonesia		16,373	4,911
		<u>267,085</u>	<u>145,311</u>
Others - considered good:			
- Secured		222,836	388,226
- Unsecured		3,243,405	2,632,295
		<u>3,733,326</u>	<u>3,165,832</u>
Others - considered doubtful		392,526	332,348
		<u>4,125,852</u>	<u>3,498,180</u>
Less: Provision for impairment against trade debts	10.1	(392,526)	(332,348)
		<u>3,733,326</u>	<u>3,165,832</u>
10.1 Reconciliation of provision for impairment against trade debts:			
Opening provision		332,348	389,349
Written-off during the year		-	(72,996)
Charge for the year		60,178	15,995
Closing provision		<u>392,526</u>	<u>332,348</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

10.2 The aging of the trade debts receivable from related parties as at the reporting date is as under:

	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Not past due		220,217	145,311
Past due 1-60 days		46,868	-
Total		267,085	145,311

10.3 The maximum aggregate amount due from the related party at the end of any month during the year are as follows:

- Archroma Turkey Chemical Industry and Trade Limited Liability Company		21,785	7,151
- PT Archroma Indonesia		2,010	1,086
- Archroma (Thailand) Company Limited		67,858	61,958
- Archroma Tianjin Limited		5,766	2,211
- Archroma Shanghai (WFOE)		16,960	-
- Archroma Textile Mexico		48,779	67,035
- Archroma Peru S.A.		42,420	16,863
- Archroma Singapore Pte Limited		120,025	79,478
- Archroma India Private Limited		34,466	8,288
- Archroma U.S. Inc		8,408	-
- PT Archroma Specialties, Indonesia		16,372	4,915

11. LOANS AND ADVANCES

Considered good - secured

Current portion of loans and advances

Amounts due from:

- Executives
- Employees

Considered good - unsecured

Advances for supplies and services

Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
	1,338	2,815
	986	1,467
7	2,324	4,282
	1,092	4,379
	3,416	8,661

11.1 These advances do not carry any mark up arrangement.

12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Deposits

Short-term prepayments

18,357	31,665
30,068	27,408
48,425	59,073

12.1 These trade deposits and prepayments are mainly against rent and insurance. These do not carry any mark up arrangements.

13. OTHER RECEIVABLES

Due from the Government:

- Sales tax
- Others (rebates)

Indenting commission due from:

- Related parties - group companies
- Others

Receivable from gratuity fund (related party)

Receivable from provident fund (related party)

Others

	1,724,254	1,879,631
	-	2,646
	1,724,254	1,882,277
13.1	2,934	3,016
	-	414
28.1.3	-	52,677
	5,348	6,620
13.2	37,951	9,003
	1,770,487	1,954,007

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

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

	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Archroma Management GmbH		2,533	2,345
P.T. Archroma Indonesia		-	174
Archroma India Private Limited		231	197
Archroma (Thailand) Company Limited		-	300
Archroma Hong Kong Private Limited		140	-
Archroma Singapore Pte Limited		30	-
		2,934	3,016
13.1.1 The aging of the indenting commission due from related parties as at the reporting date is as under:			
Not past due		2,396	2,543
Past due more than 1 year		538	473
		2,934	3,016

13.2 This includes an amount of Rs. 2.34 million paid to Sindh High Court (the Court) as per direction of the Nazir of the Court in connection with petition filed by the Company in conjunction with other parties challenging the revision in gas tariff notification dated 30 December 2016. Management expects the case to be decided in Company's favour. Accordingly, the amount paid, being differential of gas tariff as per the revised notification and tariff charged prior to such notification, is recognised as receivable in these financial statements.

14. CASH AND BANK BALANCES	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
With banks in current accounts	14.1	2,622	4,955
Cash in hand		622	293
Cheques in hand		528,861	582,637
		532,105	587,885

14.1 The current accounts are placed with banks under Islamic banking arrangements.

15. SHARE CAPITAL

15.1 Authorised capital

2018	2017		2018 (Rs '000)	2017 (Rs '000)
Number of shares				
50,000,000	50,000,000	Ordinary shares of Rs 10 each	500,000	500,000

15.2 Issued, subscribed and paid-up capital

2018 (Number of shares)	2017		2018 (Rs '000)	2017 (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
34,117,881	34,117,881		341,179	341,179

15.3 Archroma Textiles S.a.r.l., Luxembourg held 25,588,533 (2017: 25,588,533) ordinary shares of Rs 10 each at 30 September 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

16. DEFERRED TAXATION - NET	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
<i>Deferred tax liabilities arising on taxable temporary differences:</i>			
Accelerated tax depreciation allowance and others		240,292	242,388
Employees retirement benefits - net		-	11,631
		240,292	254,019
<i>Deferred tax assets arising on deductible temporary differences:</i>			
Provision for impairment against trade debts		80,881	73,382
Other long term employee benefits		2,591	3,082
Obligation under finance lease		28,714	24,652
Employees retirement benefits - net		650	-
		112,836	101,116
		127,456	152,903
17. DEFERRED LIABILITIES			
Employee retirement benefits	28.1.3	2,842	-
Other long term employee benefits	17.1	11,322	13,956
		14,164	13,956

17.1 This represents long service awards operated by the Company for eligible employees. The Company's obligation is determined by the Archroma Group's globally appointed actuary using projected unit credit method. Remeasurement amounting to Rs. 2.63 million (2017: Rs. 3.57 million) has been recognised in statement of profit and loss during the year.

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Not later than one year	19,947	26,088	2,579	4,155	17,368	21,933
Later than one year and not later than five years	24,477	48,574	1,591	4,127	22,886	44,447
	44,424	74,662	4,170	8,282	40,254	66,380
Less: Current portion shown under current liabilities					(17,368)	(21,933)
					22,886	44,447

The lease rentals carry mark-up at 6 months KIBOR +1%. The said mark-up rates are revised on a biannual basis and lease rentals are payable on monthly basis.

These assets have 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 will be transferred to the Company upon the payment of 20% or 25% of the cost of the asset.

19. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCE

	Due within one year		Due after one year but within 5 years		Total 30 September 2018	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Principal Repayment	16,053	7,441	69,184	37,826	85,237	45,267
Profit	6,377	3,069	10,670	5,935	17,047	9,004
	22,430	10,510	79,854	43,761	102,284	54,271

The Company has obtained various vehicles under diminishing musharika financing arrangement entered into with the Modaraba having various maturity dates up to 15 September 2023 with monthly principal repayments. The financing is secured against the respective vehicles. The rate of profit on the borrowing is 6 months KIBOR + 1% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

20. TRADE AND OTHER PAYABLES	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Creditors		476,642	439,149
Accrued liabilities	20.1	507,091	501,638
Advance from customers		60,092	1,836
Bills payable:			
- Related parties		189,453	278,299
- Others		1,583,511	1,209,746
Export commission payable to Archroma Management Gmbh		-	295
Export commission payable to related parties		29,228	-
Workers' Profit Participation Fund	20.2	58,315	33,281
Workers' Welfare Fund		106,484	113,810
Royalty payable to Archroma Management GmbH		179,040	44,953
Payable to employees cooperative society (related party)	20.3	28,254	24,394
Others		74,985	19,259
		3,293,095	2,666,660

20.1 Included in accrued liabilities is an amount of Rs. 64.323 million (30 September 2017: Rs. 60 million) in respect of employees compensated absences.

20.2 Workers' Profit Participation Fund	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Opening balance		33,281	58,615
Allocation for the year	29	103,612	119,236
		136,893	177,851
Interest on funds utilised in the Company's business	31	4,016	5,346
		140,909	183,197
Less: Amounts paid to and on behalf of the fund		82,594	149,916
Closing Balance		58,315	33,281

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

21. MARK-UP ACCRUED	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Mark-up accrued on:			
Short-term finance facilities		39,396	10,276
Short term borrowing under Export Refinance Scheme		1,048	986
		40,444	11,262
22. SHORT-TERM BORROWINGS - SECURED			
From banking companies - Islamic			
Short-term running facilities under Islamic mode	22.1	1,589,701	705,038
Short term borrowing under Islamic Export Refinance Scheme	22.2	900,000	500,000
Short term Murabaha Loan		-	526,992
		2,489,701	1,732,030

22.1 Short term running facilities are available under Islamic financing from various banks under profit arrangements, amounting to Rs. 3,500 million (2017: Rs. 2,800 million). These facilities have various maturity dates up to 31 March 2019. These arrangements are secured against a pari passu charge of hypothecation on stock-in-trade and trade debts with minimum 16.67% margin. These facilities carry profit ranging from 1 month KIBOR + 0.25% to 3 months KIBOR + 0.4% per annum calculated on a daily product basis and payable quarterly. The aggregate amount of these facilities which have not been availed as at the reporting date amounts to Rs. 1,059.57 million (2017: Rs. 1,067.97 million).

22.2 The Company has availed Islamic Export Refinance facility under the Export Financing Scheme of the State Bank of Pakistan (SBP) amounting to Rs. 900 million (2017: Rs. 500 million). The profit on the facility is 2.5% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

- 23.1.1** Octroi levies amounting to Rs. 31.32 million are in dispute with a contractor. A petition has been filed by the Company in the Session 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.
- 23.1.2** 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 Rs. 41.1 million (USD 148,509) 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 this claim.
- 23.1.3** During the year ended 31 December 2009, the Company had received notices from the sales tax authorities demanding payment of Rs 233.42 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 had filed a case in the High Court of Sindh against which the Court has issued decree dated 04 August 2017 in favour of the Company. In the decree the Court has declared that product will be given the benefit of SRO 163(1)/2011; hence, the impugned letters including demands of defendants are illegal which are set aside and the defendants are directed to consider the refund claims of plaintiff within the parameters of the Law. Subsequently, tax authorities has filed an appeal against the Company in the High Court of Sindh against the decree and order issued in the case, which is still pending for hearing. Management expect that the appeal will also be decided in Company's favour. Accordingly alleged demand has not been recognised in these financial statements.
- 23.1.4** During the year ended 2015, the Government of Pakistan 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. On 26 October 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh and is pending for adjudication. On 31 May 2017, a separate petition filed by another company in the Peshawar High Court challenging the vires of the GIDC Act 2015 was dismissed for the reason that the Act has been passed by the Parliament strictly in accordance with the legislative procedures contained in the Constitution of Pakistan and therefore no procedural defect in the Act which could be made as a ground for its annulment. In view of decision of the High Court of Sindh on 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 with respect to captive power plant installed at Jamshoro.
- 23.1.5** There are certain cases filed by various parties against the former owners of the Company. In case any of such liability materialised, the Clariant Chemical Pakistan (Private) Limited will indemnify the Company against any losses that may arise and accrue to the Company in this regard.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

23.2 Commitments

23.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 0.475 million (2017: Rs. 1.77 million). The amounts payable over the next five years are as follows:

	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Not later than one year	475	1,313
Later than one year but not later than five years	-	464
	<u>475</u>	<u>1,777</u>

23.2.2 Commitments for rentals under operating lease agreements in respect of rented property amounted to Rs. 43.248 million (2017: Rs. 60.42 million). The amounts payable over the next five years and onwards are as follows:

	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Not later than one year	10,417	10,243
Later than one year but not later than five years	23,672	39,738
Later than five years	9,160	10,439
	<u>43,249</u>	<u>60,420</u>

23.2.3 Commitments for ljarah rentals in respect of ljarah transactions amounted to Rs. 0.377 million (2017: Rs. 4.1 million).

	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Not later than one year	377	3,723
Later than one year but not later than five years	-	377
	<u>377</u>	<u>4,100</u>

23.2.4 Commitments for capital expenditure as at 30 September 2018 aggregated Rs. 18.47 million (2017: Rs. 86.19 million).

23.2.5 Commitments under letters of credit for raw materials and spares as at 30 September 2018 amounted to Rs. 666.903 million (2017: Rs. 686.61 million).

23.2.6 Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 30 September 2018 amounted to Rs. 101.22 million (2017: Rs. 101.22 million).

23.2.7 The Company has provided post dated cheques amounting to Rs. 600.99 million (2017: Rs. 298.88 million) in favour of the Collector of Customs and which are, in the normal course of business, to be returned to the Company after fulfilment of certain conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

24. NET SALES

	Brand & Performance Textile Specialties		Coating, Adhesives & Sealants		Packaging & Paper Specialties		Others		Total	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	(Rupees in '000)									
Sales										
Local	10,637,798	9,804,442	1,259,215	1,294,670	472,489	350,076	291,934	130,738	12,661,436	11,579,926
Export	2,434,913	1,607,106	1,811	-	105,923	39,338	-	-	2,542,647	1,646,444
Total sales	13,072,711	11,411,548	1,261,026	1,294,670	578,412	389,414	291,934	130,738	15,204,083	13,226,370
Discounts and commission	593,148	680,174	11,353	13,470	137	75	-	-	604,638	693,719
Sales tax	49,299	41,906	191,211	197,154	68,670	50,876	176	-	309,356	289,936
	642,447	722,080	202,564	210,624	68,807	50,951	176	-	913,994	983,655
Net sales	12,430,264	10,689,468	1,058,462	1,084,046	509,605	338,463	291,758	130,738	14,290,089	12,242,715

25. COST OF GOODS SOLD

	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Raw and packing materials consumed		7,727,700	6,266,995
Stores, spares and supplies consumed		50,312	50,181
Salaries, wages and benefits	25.1	362,537	376,476
Outside service charges		235,830	207,776
Fuel and power		150,906	135,848
Legal and professional charges		3,060	1,697
Royalty	25.2	573,585	86,478
Traveling and entertainment		4,378	4,505
Communication		2,842	2,500
Rent, rates and taxes		5,627	19,675
Insurance		6,048	6,135
Repairs and maintenance		61,009	40,463
Depreciation	6.2	204,047	214,605
Printing and stationery		6,373	6,428
Opening stock of work-in-process		55,260	49,203
Closing stock of work-in-process	9	(168,386)	(55,260)
Cost of goods manufactured		9,281,128	7,413,705
Opening stock of finished goods		865,099	603,140
Finished goods purchased		1,218,153	1,236,207
Included under distribution and marketing expenses:			
Cost of samples issued	26	(4,904)	(5,720)
Cost of shortages and breakages	26	(4,948)	(718)
Rebate on exports		(7,412)	(3,766)
Closing stock of finished goods	9	(1,001,719)	(865,099)
		10,345,397	8,377,749

25.1 Salaries, wages and benefits include Rs. 4.637 million and Rs. 13.47 million (2017: Rs. 18.01 million and Rs. 10.63 million) in respect of defined benefit scheme and defined contribution plan respectively.

25.2 This represents royalty expense payable to Archroma Management GmbH, Reinach, Switzerland one of the being one of the affiliated Group company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

26. DISTRIBUTION AND MARKETING EXPENSES	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Salaries and benefits	26.1	248,694	264,125
Outside service charges		89,153	95,198
Traveling and entertainment		62,768	42,096
Repairs and maintenance		19,084	33,951
Business event participation		10,184	16,738
Rent, rates and taxes		21,187	24,218
Communication		5,639	5,866
Supplies, Printing and stationery		71,731	32,293
Insurance		9,279	7,003
Legal and professional charges		11,339	8,031
Fuel and power		17,062	26,579
Depreciation	6.2	26,202	24,849
Outward freight and handling		301,053	251,270
Shortages and breakages	25	4,948	718
Samples issued	25	4,904	5,720
Fees and subscription		2,585	2,545
Books and periodicals		817	91
		906,629	841,291

26.1 Salaries and benefits include Rs. 2.46 million and Rs. 9.788 million (2017: Rs. 17.49 million and Rs. 10.26 million) in respect of defined benefit scheme and defined contribution plan respectively.

27. ADMINISTRATIVE EXPENSES	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Salaries and benefits	27.1	259,191	268,158
Outside service charges		161,788	148,562
Traveling and entertainment		8,312	6,910
Repairs and maintenance		12,796	9,675
Rent, rates and taxes		8,430	7,925
Communication		7,029	9,374
Printing and stationery		10,104	10,969
Insurance		1,281	955
Legal and professional charges		3,022	2,597
Fuel and power		2,148	2,982
Depreciation	6.2	20,766	20,178
Fees and subscription		3,718	2,239
Books and periodicals		148	138
		498,733	490,662

27.1 Salaries and benefits include Rs. 12.62 and Rs. 9.987 million (2017: Rs. 17.49 million and Rs. 10.43 million) in respect of defined benefit scheme and defined contribution plan respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

28. STAFF RETIREMENT BENEFIT

28.1 Defined benefit plan - approved gratuity fund

28.1.1 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, 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 and term finance certificates 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.

28.1.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at 30 June 2018 and 30 June 2017 by the Archroma Group on global basis. The information provided in notes 28.1.3 to 28.1.13 has been obtained from the actuarial valuation carried out as at 30 June 2018 and 30 June 2017. The following significant assumptions have been used for valuation of this scheme:

	2018	2017
<i>Financial assumptions</i>		
a) Expected rate of increase in salary level	6.50%	6.50%
b) Discount rate	10.0%	9.0%
c) Expected return on plan assets	13.0%	13.0%
d) Price inflation	6.0%	6.0%
<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 2018

28.1.3 Amounts recognised in the Statement of Financial Position:	Note	2018 (Rs '000)	2017 (Rs '000)
Present value of defined benefit obligation	28.1.4	912,549	936,407
Less: Fair value of plan assets	28.1.5	<u>(909,707)</u>	<u>(989,084)</u>
Deficit / (surplus)		<u>2,842</u>	<u>(52,677)</u>
28.1.4 Movement in present value of defined benefit obligation:			
Obligation at the beginning of the year		936,407	951,304
Current service cost		32,100	43,055
Interest cost		76,635	71,912
Benefits paid		<u>(35,747)</u>	<u>(124,613)</u>
Remeasurement gain		<u>(96,846)</u>	<u>(5,251)</u>
Obligation at the end of the year		<u>912,549</u>	<u>936,407</u>
28.1.5 Movement in fair value of plan assets:			
Fair value at the beginning of the year		989,084	774,799
Return on plan assets		89,018	61,984
Company contributions		19,718	210,674
Amount withdrawn by the Company		-	-
Benefits paid		<u>(35,747)</u>	<u>(124,613)</u>
Remeasurement (loss) / gain		<u>(152,366)</u>	<u>66,240</u>
Fair value at the end of the year		<u>909,707</u>	<u>989,084</u>
28.1.6 Movement in the net defined benefit (liability) / asset			
Opening balance		52,677	(176,505)
Net periodic cost for the year		<u>(19,717)</u>	<u>(52,983)</u>
Contribution paid during the year		19,718	210,674
Amount withdrawn by the Company		-	-
Re-measurements recognized in other comprehensive income during the year		<u>(55,520)</u>	<u>71,491</u>
Closing balance		<u>(2,842)</u>	<u>52,677</u>
28.1.7 Amounts recognised in total comprehensive income:			
The following amounts have been charged in respect of these benefits to Statement of Profit or Loss and Other Comprehensive Income.		30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
<i>Component of defined benefit costs recognised in Statement of Profit or Loss and Other Comprehensive Income</i>			
- Current service cost		32,100	43,055
- Net interest		<u>(12,383)</u>	<u>9,928</u>
		19,717	52,983
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>			
Actuarial (gain) / loss on defined benefit obligation for the year			
- (Gain) / loss due to change in experience adjustments		<u>(96,846)</u>	50,531
- Gain due to changes in financial adjustments		-	(55,782)
Actuarial loss / (gain) on fair value of plan assets during the year		<u>152,366</u>	<u>(66,240)</u>
Net re-measurement recognised in other comprehensive income		55,520	(71,491)
Total defined benefit (cost)/ reversal recognised in Statement of Profit or Loss and Other Comprehensive Income		<u>(75,237)</u>	<u>18,508</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

28.1.8 Actual return on plan assets during the year was Rs. (63.348) million (30 September 2017: Rs. 128.22 million).

28.1.9 Sensitivity analysis

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

Change in assumption	2018	
	Percentage change	Increase / (decrease) in assumption
	Percentage (%)	(Rupees in '000)
Increase by 50 basis points	Discount rate + 0.5%	(25,004)
Decrease by 50 basis points	Discount rate - 0.5%	26,373

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.

The comparative figures of sensitivity analysis are as follows:

Change in assumption	2017	
	Percentage change	Increase / (decrease) in assumption
	Percentage (%)	(Rupees in '000)
Increase by 50 basis points	Discount rate + 0.5%	(25,641)
Decrease by 50 basis points	Discount rate - 0.5%	27,103

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

28.1.11 Plan assets comprise of the following:

	30 June 2018 (Rs '000) (audited)	30 June 2018 Percentage composition	30 June 2017 (Rs '000) (audited)	30 June 2017 Percentage composition
Term finance certificates	11,072	1.22%	41,802	4.23%
Investments in units of mutual funds	867,244	95.33%	921,679	93.19%
Balances with banks	1,084	0.12%	11,135	1.13%
Others	30,307	3.33%	14,468	1.46%
	909,707	100.00%	989,084	100.00%

28.1.12 As per the actuarial recommendations, the expected return on plan assets was taken as 13% (2017: 13%), 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.

28.1.13 Based on actuarial advice, the Company intends to charge an amount of Rs. 31.332 million in the financial statements for the year ending 30 September 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

28.2 Defined contribution plan - Employees Provident Fund

28.2.1 During the year an amount of Rs. 33.244 million (2017: Rs. 31.32 million) has been charged to the Statement of Profit or Loss and Other Comprehensive Income in respect of the Company's contributions towards employees provident fund.

28.2.2 Investments in collective investment schemes, listed equity and listed debt securities out of aforementioned funds have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder;

29. OTHER EXPENSES	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Auditors' remuneration	29.1	3,790	4,015
Provision for impairment of trade debts		60,178	15,995
Workers' Profit Participation Fund	20.2	103,612	119,236
Workers' Welfare Fund		20,639	38,364
Donations	29.2	1,000	1,000
		<u>189,219</u>	<u>178,610</u>
29.1 Auditors' remuneration			
Audit fee		2,585	2,585
Fee for half yearly review		585	585
Special certifications and sundry services		410	465
Out of pocket expenses and others		210	380
		<u>3,790</u>	<u>4,015</u>

29.2 Donation did not include any amount paid to any person or organization or institution in which a director or his/her spouse had any interest.

30. OTHER INCOME	Note	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Indenting commission - net of payment of Rs. 1.411 million (2017: Rs. 1.38 million)		3,707	4,457
Sale of scrap		5,874	13,556
Gain on disposal of operating fixed assets		1,844	3,451
Interest income		12,383	-
		<u>23,808</u>	<u>21,464</u>
31. FINANCE COSTS			
Interest on Workers' Profit Participation Fund	20.2	4,016	5,346
Mark-up on:			
- Finance lease obligation		9,724	7,731
- Short-term running finances	31.1	125,166	58,456
- Export refinance facility	31.2	12,007	8,913
- Deposits by employees society		1,560	1,500
Exchange loss		251,553	16,749
Bank charges and other costs		25,913	36,788
		<u>429,939</u>	<u>135,483</u>

31.1 This represents markup on running finance balance obtained from Islamic banks.

31.2 This represents markup on export refinance facility balance obtained from Islamic banks.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

32. TAXATION - NET	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Current - for the year	420,447	645,393
Current - for prior years	-	(50,000)
Deferred	(12,743)	23,518
	<u>407,704</u>	<u>618,911</u>

32.1 Relationship between income tax expense and accounting profit	30 September 2018 (Effective tax rate %)	30 September 2017 (Effective tax rate %)	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Profit before taxation			<u>1,943,980</u>	<u>2,240,384</u>
Tax at the enacted tax rate	29.00	30.00	563,754	672,115
Effect of change in tax rate	(0.31)	(0.23)	(6,000)	(5,095)
Tax effect of rebate / credits	(1.58)	(0.18)	(30,705)	(4,122)
Tax effect on exports under Final Tax Regime	(5.82)	(1.74)	(113,062)	(38,974)
Tax effect of Items that are not deductible in determining taxable profit - permanent differences	(0.32)	(0.21)	(6,130)	(4,799)
Others including the impact of allocation ratio of NTR and FTR and tax rebates	(0.01)	(0.01)	(153)	(214)
	<u>20.96</u>	<u>27.63</u>	<u>407,704</u>	<u>618,911</u>

32.2 The provision for current year tax represents tax on taxable income at the rate of 29% (2017:30%). Finance Act 2018 enacted gradual reduction in the corporate tax rates for companies from 29% (current tax rate) to 25% over a period of five years. The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient. A comparison of income tax provision with tax assessed is presented below:

Financial year / Tax year	Tax provision as per accounts	Tax as per assessment/return
2017 / 2018*	645,393	*
2016 / 2017	714,078	563,984
2015 / 2016	358,069	374,504
2014 / 2015	297,244	335,073

* The Company is in process of filling Income Tax return for special tax year 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

32.3 Income tax assessments of the Company have been finalized up to and including tax year 2017 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 years from the date of filing of return and the Income Tax Commissioner may amend in the assessment, if any.

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

The income tax return of the Company for the tax year 2014 has been selected for audit and the audit proceedings are still in progress.

32.4 In respect of business acquired by the Company (now merged with the Company), the tax authorities for the tax year 2012 and 2013 has created demand of Rs. 20 million which has been paid by the Company. The Company has filed appeal against the order of assessing officer before Commissioner Inland Revenue (Appeals) who has allowed partial relief to them. Currently, these appeals are pending before Appellate Tribunal Inland Revenue (ATIR) for adjudication.

32.5 Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate specified therein on the accounting profit before tax on the every public company, other than schedule bank or modaraba, that drives profit for a tax year but does not distribute dividend upto a prescribed amount (requisite dividend) within six months of the end of the tax year.

The Board of Directors in their meeting held on 30 October 2018 have recommended sufficient dividend for the year ended 30 September 2018 for the consideration and approval of the shareholders of the Company in the forthcoming annual general meeting which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profit has been recognised in these financial statement for the year ended 30 September 2018.

33. EARNINGS PER SHARE

33.1 Basic

Profit after taxation attributable to ordinary shareholders

30 September
2018

(Rs '000)

1,536,276

(Number of shares)

34,117,881

(Rupees)

45.03

30 September
2017

(Rs '000)

1,621,473

(Number of shares)

34,117,881

(Rupees)

47.53

Weighted average number of ordinary shares outstanding during the year

Earnings per share

33.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 September 2018 and 30 September 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

34. SEGMENT INFORMATION

	Brand & Performance Textile Specialties		Coating, Adhesives & Sealants		Packaging & Paper Specialties		*Others		Total	
	30 Sept. 2018	30 Sept. 2017	30 Sept. 2018	30 Sept. 2017	30 Sept. 2018	30 Sept. 2017	30 Sept. 2018	30 Sept. 2017	30 Sept. 2018	30 Sept. 2017
Net sales	12,430,264	10,689,468	1,058,462	1,084,046	509,605	338,463	291,758	130,738	14,290,089	12,242,715
Segment results based on 'management approach'	2,233,356	2,224,855	50,768	160,654	151,010	120,368	62,165	23,506	2,497,299	2,529,383
Other operating expenses - WPPF and WWF									(124,251)	(157,600)
Assets charged to statement of profit and loss for internal reporting purposes based on group guidelines									871	4,084
Operating profit									2,373,919	2,375,867
Finance costs									(429,939)	(135,483)
Profit before taxation									1,943,980	2,240,384
34.1 Segment assets	7,395,577	6,237,836	581,704	579,498	125,805	61,200	-	-	8,103,086	6,878,534
Unallocated									2,857,942	2,872,360
									10,961,028	9,750,894
34.2 Segment liabilities	2,489,802	2,013,696	238,602	205,850	35,261	22,791	-	-	2,763,665	2,242,337
Unallocated									3,392,151	2,490,911
									6,155,816	4,733,248
34.3 Fixed capital expenditures	394,165	83,673	102	2,123	-	-	-	-	394,267	85,796
Unallocated									39,042	40,823
									433,309	126,619
34.4 Depreciation	231,575	240,577	1,212	1,029	-	-	-	-	232,787	241,606
Unallocated									18,228	18,026
									251,015	259,632

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

34.5 Geographical information

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

Domestic sales
Export sales

30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
12,661,436	11,579,926
2,542,647	1,646,444
15,204,083	13,226,370

The Company exports its products to numerous countries.

34.6 As at 30 September 2018, all non-current assets of the Company are located in Pakistan.

34.7 Export sales in respect of outstanding trade debts, have been made to the following jurisdictions.

Country	Total export sales made to debtors outstanding	Amount Outstanding	Mode of Contract
	(Rupees in '000)		
Turkey	59,651	21,785	Bank Contract
Indonesia	36,741	18,383	Bank Contract
Thailand	179,962	28,660	Bank Contract
China	101,866	6,536	Bank Contract
Mexico	170,655	18,657	Bank Contract
Peru	110,699	42,420	Bank Contract
Singapore	281,247	88,640	Bank Contract
India	86,584	33,596	Bank Contract
USA	8,408	8,408	Bank Contract

34.8 Management considers that revenue from its ordinary activities are shariah compliant.

34.9 34.2 % and 25.07% (collectively 59.27%) of the Company's gross sales for the year ended 30 September 2018 ((30 September 2017: 27.94% and 14.7% (collectively 42.6%)) were made to two distributors. The segment wise sales to these two distributors is as follows:

	Brand & Performance Textile Specialties		Coating, Adhesives & Sealants		Packaging & Paper Specialties		Total	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Distributor 1	34.20	27.94	-	-	-	-	34.20	27.94
Distributor 2	25.07	14.70	-	-	-	-	25.07	14.70

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

35.1 The aggregate amounts charged in these financial statements in respect of remuneration including all benefits to chief executive, directors and executives of the company are as follows:

	Chief Executive Officer		Directors		Executives		Total	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	(Rupees in '000)							
Short-term employee benefits								
Managerial remuneration (including and leave pay)	29,066	26,492	14,618	13,340	238,272	274,668	281,956	314,500
Bonus	31,526	26,258	5,014	4,600	33,710	38,549	70,250	69,407
Housing and utilities	11,740	10,883	6,806	6,244	116,454	135,739	135,000	152,866
Medical	149	79	250	104		10,829	399	11,012
Post employment benefits								
Retirement benefits	6,855	6,276	3,394	3,114	46,944	51,558	57,193	60,948
	79,336	69,988	30,082	27,402	435,380	511,343	544,798	608,733
Number of persons	1	1	1	1	99	158	101	160

35.2 The remuneration for Executives also includes Rs. 17.90 million (2017: Rs. 16.67 million) paid to 1 (2017: 1) alternate Director.

35.3 The aggregate amount charged in these financial statements for fee to non-executive directors is Rs. 0.2 million (2017: Rs. 0.125 million).

35.4 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.

36. TRANSACTIONS WITH RELATED PARTIES

	Parent Company		Other Related Parties		Key Management Personnel	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Sales	-	-	1,263,879	761,035	-	-
Purchases of goods and machinery	-	-	626,293	577,626	-	-
Indenting commission earned	-	-	4,946	5,081	-	-
Export commission	-	-	37,341	9,476	-	-
Royalty expense	-	-	573,584	86,478	-	-
Other charges	-	-	137,404	126,102	-	-
Dividend paid	1,279,427	1,535,312	-	-	-	-
Transaction with key management personnel:						
- Salaries, benefits and compensation	-	-	-	-	154,833	131,163
- Post employment benefits	-	-	-	-	16,737	15,812

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

36.1 During the year furniture and fixtures having book value of Nil and vehicle of Rs. 1.755 million have been disposed of to key management personnel for Rs. 64,660 and Rs. 1.887 million respectively as per Company's policy.

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 GmbH, 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 Statement of Financial Position notes. All balances are interest free, unsecured and repayable on demand and are settled in ordinary course of business.

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 36 to the financial statements. Particulars of transactions with Workers' Profit Participation Fund and staff retirement benefit funds are disclosed in notes 20.2, 28, 29 and 32 to the financial statements.

36.2 The following are the related parties with whom the Company had entered into transaction or have arrangement / agreement in place:

S.No.	Name of the Related Party	Basis of association	Aggregate % of Shareholding
1	Archroma Textiles S.à r.l.	Parent / Holding Company	75%
2	Archroma Argentina, SA	Group Company	N/A
3	Archroma Bangladesh Ltd	Group Company	N/A
4	Archroma Brasil Indústria	Group Company	N/A
5	Archroma Holdings, S.à r.l.	Group Company	N/A
6	Archroma Management GmbH	Group Company	N/A
7	Archroma Chile, Ltda	Group Company	N/A
8	Archroma Tianjin Ltd	Group Company	N/A
9	Archroma Shanghai (WFOE)	Group Company	N/A
10	Archroma Colombia, SAS	Group Company	N/A
11	Archroma Germany GmbH	Group Company	N/A
12	Archroma Egypt for Chemicals SAE	Group Company	N/A
13	Archroma Ibérica, SL	Group Company	N/A
14	Archroma France, SAS	Group Company	N/A
15	Archroma UK, Ltd	Group Company	N/A
16	Archroma Hong Kong, Pvt. Limited	Group Company	N/A
17	PT Archroma Indonesia	Group Company	N/A
18	PT Archroma Specialties Indonesia	Group Company	N/A
19	Archroma India Private Limited	Group Company	N/A
20	Archroma Italy S.r.l.	Group Company	N/A
21	Archroma Japan, KK	Group Company	N/A
22	Archroma Textiles Mexico, S. de R.L. de C.V.	Group Company	N/A
23	Archroma Peru, SA	Group Company	N/A
24	Archroma Singapore, Pte. Ltd.	Group Company	N/A
25	Archroma (Thailand) Company Limited	Group Company	N/A
26	Archroma Turkey Chemical Industry and Trade LLC	Group Company	N/A
27	Archroma U.S., Inc.	Group Company	N/A
28	Archroma Thai Holdings, LLC	Group Company	N/A
29	Archroma Venezuela, S.A.	Group Company	N/A

36.2.1 The all above related parties are affiliated Group companies which are operational and their latest available audit opinions on their respective financial statements are unmodified.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

37. CAPACITY AND PRODUCTION	Note	30 September 2018 (Tonnes)	30 September 2017 (Tonnes)
Actual production		57,772	56,875
<p>The capacity is indeterminable because of multi-product plants involving varying processes of manufacture. The Company's production was according to market demand.</p>			
38. STAFF STRENGTH		2018 No. of employees	2017 No. of employees
Number of employees of the Company at the year end		287	286
Average number of employees of the Company during the year		288	299
Employees working in the Company's factory at the year end		193	200
Average employees working in the Company's factory during the year		193	200
39. CASH GENERATED FROM OPERATIONS		30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Profit before taxation		1,943,980	2,240,384
Adjustments for non-cash charges and other items:			
Depreciation		251,015	259,632
Other employee benefits		(1,752)	3,569
Provision against doubtful debts		60,178	15,995
Gain on disposal of operating fixed assets		(1,844)	(3,451)
Provision for staff gratuity	28.1.7	19,717	52,983
Interest / mark-up expense		407,836	127,752
Working capital changes	39.1	(446,576)	(415,401)
		2,232,554	2,281,463
39.1 Working capital changes			
Decrease / (increase) in current assets			
Stores and spares		(5,193)	(7,622)
Stock-in-trade		(586,882)	(466,164)
Trade debts		(627,672)	(426,575)
Loans and advances		5,245	2,061
Trade deposits and short-term prepayments		10,648	(9,751)
Other receivables		130,843	101,820
		(1,073,011)	(806,231)
Increase in current liabilities			
Trade and other payables - net		626,435	390,830
		(446,576)	(415,401)
40. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the Statement of Cash Flow comprise of the following Statement of Financial Position amounts:			
Cash and bank balances	14	532,105	587,885
Short-term running finance facilities	22	(1,589,701)	(1,232,030)
		(1,057,596)	(644,145)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

41. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE MEASUREMENT

The following table shows the carrying amounts financial assets and financial liabilities along with fair value measurement hierarchy.

	Carrying amount		Fair value		
	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
----- (Rupees in '000) -----					
Financial assets not measured at fair value					
Loans	2,897	-	-	-	-
Deposits	24,512	-	-	-	-
Trade debts	3,733,326	-	-	-	-
Other receivables	46,233	-	-	-	-
Cash and bank balances	532,105	-	-	-	-
Other financial liabilities at amortised cost					
Liabilities against assets subject to finance lease	-	40,254	-	-	-
Liabilities against diminishing musharika financing	-	85,237	-	-	-
Short-term borrowings	-	2,489,701	-	-	-
Mark-up accrued	-	40,444	-	-	-
Trade and other payables	-	3,002,920	-	-	-

Management considers that fair value of above assets and liabilities approximate their carrying amount due to short term nature of these assets and liabilities or fair value not significantly different to their carrying amounts owing to credit standing of counter parties.

42. 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:

42.1 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

The total bank balance of Rs. 2.622 million (2017: Rs. 4.96 million) have been placed with banks having short-term credit rating ranging from A1+ to F2. 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 counter parties on their obligations to the Company. 71.98% of cheques in hand reported on Statement of Financial Position 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 related parties and also loans to employees which 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 (2017: 5) customers which constitute 56.09% (2017: 55.18%) of the Company's trade debts.

The breakup of amount due from customers other than related parties as disclosed in note 10 to these financial statements is presented below:

	30 September 2018 (Rs '000)	30 September 2017 (Rs '000)
Due from customers other than related parties		
Direct customers	2,164,209	1,830,629
Distributors	1,694,558	1,522,240
	3,858,767	3,352,869

Out of the total trade debts of Rs. 4,125.85 million (2017: Rs. 3,498.18 million), the Company has made a provision for Rs. 392.527 million (2017: Rs.332.35 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 2018 Gross amount	30 September 2018 Impairment	30 September 2017 Gross amount	30 September 2017 Impairment
	----- (Rupees in '000) -----			
Not yet Due	2,805,756	-	2,710,185	-
Upto 3 months	799,603	-	394,706	-
3-6 Months	127,967	-	60,942	-
6-12 Months	72,309	72,309	11,386	11,386
Over 1 years	320,218	320,218	320,961	320,961
	4,125,853	392,527	3,498,180	332,347

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

42.2 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 2018				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	(Rupees in '000)				
Financial liabilities					
Trade and other payables	3,002,920	-	(3,002,920)	(3,002,920)	-
Mark-up accrued	40,444	-	(40,444)	(40,444)	-
Short term borrowings	2,489,701	(2,489,701)	-	-	-
Liabilities against assets subject to finance lease	40,254	-	(44,424)	(19,947)	(24,477)
Liabilities against diminishing musharika financing	85,237	-	(85,237)	(16,053)	(69,184)
	5,658,556	(2,489,701)	(3,173,025)	(3,079,364)	(93,661)
	30 September 2017				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	(Rupees in '000)				
Financial liabilities					
Trade and other payables	2,458,676	-	(2,458,676)	(2,458,676)	-
Mark-up accrued	11,262	-	(11,262)	(11,262)	-
Short term borrowings	1,732,030	(1,732,030)	-	-	-
Liabilities against assets subject to finance lease	66,380	-	(74,662)	(26,088)	(48,574)
Liabilities against diminishing musharika financing	45,267	-	(45,267)	(7,441)	(37,826)
	4,313,615	(1,732,030)	(2,589,867)	(2,503,467)	(86,400)

42.3 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.

42.3.1 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), Euro, SFR and JPY. The details of balances are as follows:

	30 September 2018			
	(USD '000)	(EUR '000)	(SFR '000)	(JPY '000)
Trade and other receivables	4,115	-	-	-
Trade payables	13,860	139	70	8,766
Other payables	1,676	1	-	-
Net foreign currency exposure	19,651	140	70	8,766
	30 September 2017			
	(USD '000)	(EUR '000)	(SFR '000)	(JPY '000)
Trade debts	4,653	13	-	-
Trade payables	12,874	759	65	6,575
Other payables	415	-	-	-
Net foreign currency exposure	17,942	772	65	6,575

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

At 30 September 2018, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollar, Euro and Swiss Francs with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 24.71 million (30 September 2017: Rs 19.96 million). The sensitivity analysis is not actual indicator of impact owing to future fluctuation in exchange rate. The analysis is performed on the same basis for 2017.

42.3.2 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 Statement of Financial Position date, the interest rate profile of the Company's interest-bearing financial instrument is:

	Carrying amount 30 September 2018 (Rs '000)	Carrying amount 30 September 2017 (Rs '000)
Fixed rate instruments		
Financial liabilities	-	-
Variable rate instruments		
Financial liabilities	2,615,192	1,843,677

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 profit or loss account'. Therefore a change in interest rates at the reporting date would not affect the Statement of Profit or Loss and Other Comprehensive Income.

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. 12.91 million (2017: Rs. 12.91 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 2017. The sensitivity analysis is not actual indicator of impact owing to movement in future interest rate.

42.3.3 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2018			
	Short term borrowings used for cash management purpose	Other short term borrowings including related accrued markup	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at 1 October 2017	1,242,306	500,986	1,868,467	3,611,759
<i>Changes from financing cash flows</i>				
Proceeds from loan	-	900,000	-	900,000
Repayment of loan	-	(500,000)	-	(500,000)
Dividend paid	-	-	1,685,219	1,685,219
Total changes from financing activities	1,242,306	900,986	3,553,686	5,696,978
<i>Other changes - interest cost</i>				
Interest expense	-	12,007	-	12,007
Interest paid	-	(11,945)	-	(11,945)
Changes in running finance	386,791	-	-	386,791
Total loan related other changes	386,791	62	-	386,853
Total equity related other changes	-	-	(2,057,653)	(2,057,653)
Balance as at 30 September 2018	1,629,097	901,048	1,496,033	4,026,178

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

42.4 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.

43. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors of the Company in their meeting held on 30 October 2018 has proposed a cash dividend in respect of the year ended 30 September 2018 of Rs. 40 per share (2017: cash dividend of Rs.50). Further, the Board has also announced appropriation of Rs. 128 million (2017: Rs. 160 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 2018 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending 30 September 2019.

44. CORRESPONDING FIGURES


The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and has been made at year end other than disclosed elsewhere in these financial statements.

Reclassified from	Reclassified to	2017 (Rupees in '000)
Trade and other payables	Unclaimed Dividend (presented on face of statement of financial position)	44,790

A part from above certain comparative amounts are reclassified within categories. Management consider that such reclassification (including above) is not material to these financial statements.

45. DATE OF AUTHORISATION

These financial statements were authorised for issue on 30 October 2018 by the Board of Directors of the Company.


Mujtaba Rahim
Chief Executive Officer


M Veqar Arif
Director and Chief Financial Officer

Notice of Meeting

NOTICE is hereby given that the Twenty-Third 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, 28 December 2018 at 10:00 a.m. for the purpose of transacting the following business:

A) ORDINARY BUSINESS

1. To receive and approve the Audited Financial Statements for the Period ended 30 September 2018 alongwith the Directors' Report thereon.
3. To approve appointment of external auditors for the year 2019 and to fix their remuneration.

2. To approve final cash dividend @ 400% i.e. (Rs: 40/- per share), as recommended by the Board.

ANY OTHER BUSINESS

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: 30 October 2018

NOTES:

1. The Share Transfer Books of the Company will remain closed from 21st December 2018 to 28th December 2018 (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 Shahreh-e-Faisal, Karachi, by 20th December 2018 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.

Notice of Meeting

Copy of CNIC and Payment of Cash Dividend Electronically (Mandatory)

As per the requirement if your CNIC number is not available in our records, your dividend will not be credited in your given account. In order to comply with this regulatory requirement, you are requested to kindly send photocopy of your CNIC to your broker (Participant) / CDC and in case of physical shareholding immediately to Company's Share Registrar M/S FAMCO Associates (Pvt) Limited.

In compliance with Section 242 of the Companies Act, 2017 it is mandatory for a public listed company to pay cash dividend to its shareholders through electronic mode ONLY, directly into the bank account designated by the eligible shareholder.

Therefore, all shareholder of Archroma Pakistan Limited, who have not provide their bank details are once again, through this public notice requested to update their exact and complete 24 digits IBAN together with the bank's name, branch's address, CNIC number and correct email address to respective Participants/Investors' Account Services of CDC for electronic form of shares, in case of physical shareholding to our Shares Registrar, M/S FAMCO Associates (Pvt) Limited, 8-F Next to Hotel Faran, Nursery Block 6, P.E.C.S, Shahrah-e-Faisal Karachi.

Please note that all dividends will only be remitted electronically to the designated bank accounts and in absence of E-Dividend mandate, such cash dividends will be withheld by APL.

CDC Shareholders:

You are requested to submit your E-dividend mandate and CNIC directly to your broker (participant) CDC.

The payment of cash dividend will be processed based on the account number alone. Your company is entitled to rely on the account number as per your instructions. The company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the company.

Registration in CCDR web portal of CDC (Mandatory)

Central Depository Company (CDC) has developed Centralized Cash Dividend Registrar ("CCDR"), on eServices web portal, which contains details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain history of dividends paid to shareholders by listed companies and access of all such information will be provided to the respective shareholders including details of Income Tax / Zakat deduction etc. (if any) and the net amount credited into their accounts.

The Shareholders are requested to registrar themselves to CDC's eservices Portal <https://eservices.cdcaccess.com.pk> to get above facility.

Notice of Meeting

Deduction of Income Tax From Dividend Under Section 150 the Income tax Ordinance, 2001 (Mandatory)

- (i) Pursuant to the provisions of the Finance Act 2018 effective July 1, 2018, the rates of deduction of income tax from dividend payments under the income Tax Ordinance have been revised as follows:
- Rate of tax deduction for filer of income tax return 15%
 - Rate of tax deduction for non-filer of income tax return 20%

To enable the company to make tax deduction in the amount of cash dividend @ 15% instead of 20%, 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 @ 20% instead of 15%.

- (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.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.

The Company has placed the Annual Report 2018 on its website www.archroma.com.pk

/ PATTERN OF SHAREHOLDINGS

As at 30 September 2018

Form 34

No. of Shareholders	Shareholding			Shares held
577	1	-	100	23,442
481	101	-	500	141,071
246	501	-	1,000	197,741
339	1,001	-	5,000	816,171
80	5,001	-	10,000	577,925
28	10,001	-	15,000	329,289
11	15,001	-	20,000	196,547
11	20,001	-	25,000	251,117
7	25,001	-	30,000	195,923
1	30,001	-	35,000	32,822
2	35,001	-	40,000	79,650
5	40,001	-	45,000	215,110
2	50,000	-	55,000	101,000
2	65,001	-	70,000	135,850
4	85,001	-	90,000	356,800
1	100,000	-	105,000	100,000
2	115,001	-	120,000	237,200
1	125,001	-	130,000	127,000
1	150,000	-	155,000	150,000
1	175,001	-	180,000	177,406
1	195,001	-	200,000	196,045
1	215,001	-	220,000	216,250
1	250,001	-	255,000	252,420
1	280,001	-	285,000	284,266
1	630,001	-	635,000	634,500
1	805,001	-	810,000	808,357
1	1,695,001	-	1,700,000	1,695,446
1	25,585,001	-	25,590,000	25,588,533
<u>1,810</u>				<u>34,117,881</u>

Shareholders Category	No. of Shareholder	No. of Shares	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	1	500	0.00
Associated Companies, Undertakings and related Parties	1	25,588,533	75.00
NIT and ICP	1	700	0.00
Banks, Development Financial Institutions, Non Banking Financial Institutions	4	253,875	0.74
Insurance Companies	7	1,082,457	3.17
Modarabas and Mutual Funds	10	1,882,568	5.52
Share holders holding 10%	1	25,588,533	75.00
General Public :			
a. local	1,733	4,504,489	13.20
b .Foreign			
Others	53	804,759	2.36
Total (excluding : share holders holding 10%)	<u>1,810</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, 2018

Shareholder's category	Number of shareholder	Number of share held
I. Associated Companies, Undertakings and Related Parties		
ARCHROMA TEXTILES S.A.R.L.	1	25,588,533
Total :	1	25,588,533
ii. Mutual Funds		
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	1,950
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	39,650
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	5,000
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	5,000
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	65,850
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,695,446
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	22,800
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1	44,472
Total :	8	1,880,168
iii. Directors and their spouse		
SHAHID GHAFFAR	1	500
Total :	1	500
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		
	13	707,931
Total :	13	707,931
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company		
ARCHROMA TEXTILES S.A.R.L.	1	25,588,533
Total :	1	25,588,533

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 23rd Annual General Meeting of the Company to be held on Friday, 28 December 2018 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.

برائے کرم
فولیو نمبر درج کریں

میں مستی/مسماة _____ ساکن _____

ضلع _____ بحیثیت ممبر _____ لمیٹڈ، مستی/مسماة _____

ساکن _____ کو بطور مجتار (پراکسی) مقرر کرتا/کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے

کمپنی کے تیسویں سالانہ اجلاس صبح 10 بجے، بتاریخ 28 دسمبر 2018ء بروز جمعہ منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

(ریونیوا سٹیٹ)

دستخط از: _____

گواہ (1): _____

دستخط: _____

نام: _____

شناختی کارڈ: _____

پتہ: _____

گواہ (2): _____

دستخط: _____

نام: _____

شناختی کارڈ: _____

پتہ: _____

جگہ: _____

تاریخ: _____

نوٹس:

۱۔ اس پراکسی فارم کو مکمل طور پر پُر کر کے مینٹنگ سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس واقع 1-A/1، سیکٹر 20، کورنگی انڈسٹریل ایریا کورنگی کراچی میں جمع کرادیا جائے۔

۲۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکلر نمبر 1/2000 مورخہ 26 جنوری 2000 کی روشنی میں سینٹرل ڈپازٹری کمپنی (CDC) کے نام پر رجسٹرڈ شدہ شیئرز کے مالکان یا ان کے نائبین کے لئے ضروری ہے کہ وہ مینٹنگ میں حاضری کے وقت اپنے اصل شناختی کارڈ یا پاسپورٹ پیش کریں۔ پراکسی فارم متعلقہ مدت میں کمپنی میں جمع کروائیں جس پر دو افراد گواہی کے طور پر دستخط کریں گے اس کے علاوہ ان کے نام پتے اور شناختی کارڈ نمبر بھی فارم پر درج کرنا ہونگے اس کے علاوہ متعلقہ مالک یا اس کے نائب کے شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپیاں بھی جمع کرانی ہونگی۔



www.archroma.com.pk
archroma.pakistan@archroma.com

ARCHROMA PAKISTAN LTD.

1-A/1, Sector 20,
Korangi Industrial Area,
Karachi 74900
Pakistan
Phone +92 21 111 275 786