



/ ANNUAL REPORT 2021



CONTENTS

ORGANIZATION'S OVERVIEW

Company Information	02
Heritage	03
Humble Start Towards a Glorious Journey	04
Vision & Mission	05
Global Presence	06
Presence in Pakistan	07
Organogram	08
Product Portfolio	09
Code of Conduct	11
Board of Directors	12
Management Committee	13
Directors' Profile	14
Chairman's Review	17
CEO's Review	18
Directors' Report	19
Directors' Report in Urdu	35
Awards & Accreditations	51
Factors effecting the External Environment	56
Competitive landscape and market positioning	57
Strategies and Resource Allocation	58

RISK AND OPPORTUNITIES

SWOT Analysis	60
Risk and Opportunity	61

CORPORATE SOCIAL RESPONSIBILITY

Sustainability Report	65
Sustainable Development Goals	66

GOVERNANCE

Corporate Governance	75
Synopsis of Company's Policies	84
Review Report to the Members on Statement of Compliance	86
Statement of Compliance	88

PERFORMANCE AND POSITION

Horizontal Analysis - Statement of Financial Position	92
Horizontal Analysis - Statement of Profit or Loss	93
Vertical Analysis - Statement of Financial Position	94
Vertical Analysis - Statement of Profit or Loss	95
Performance Indicators	96
Six Years at a Glance	99

FINANCIAL STATEMENTS

Independent Auditors' Report to the Members on Financial Statements	101
Statement of Financial Position	107
Statement of Profit or Loss and other Comprehensive Income	108
Statement of Cash Flows	109
Statement of Changes in Equity	110
Notes to and forming part of the Financial Statements	111

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

Stakeholders Engagement	159
Pattern of Shareholding	163
Notice of Meeting	167
BCR Criteria	172
Proxy Form	

ORGANIZATION'S OVERVIEW



COMPANY INFORMATION

Chairman	<ul style="list-style-type: none">• M Veqar Arif	
Board of Directors	<ul style="list-style-type: none">• Mujtaba Rahim• Marcos Furrer• Michel Zumstein• Shahid Ghaffar• Thomas Bucher• Yasmin Peermohammad	<ul style="list-style-type: none">- Chief Executive Officer (Alternate: Irfan Chawala)(Alternate: Naveed Kamil)
Audit Committee	<ul style="list-style-type: none">• Shahid Ghaffar• Michel Zumstein• M Veqar Arif• Irfan Lakhani	<ul style="list-style-type: none">- Chairman (Alternate: Naveed Kamil)- Secretary
Human Resources and Remuneration Committee	<ul style="list-style-type: none">• Yasmin Peermohammad• Michel Zumstein• Mujtaba Rahim• Irfan Lakhani	<ul style="list-style-type: none">- Chairperson (Alternate: Naveed Kamil)- Secretary
Management Committee	<ul style="list-style-type: none">• Mujtaba Rahim• Irfan Chawala• Muhammad Altaf	<ul style="list-style-type: none">• Naveed Kamil• Qazi Naeemuddin
Chief Financial Officer	<ul style="list-style-type: none">• Irfan Chawala	
Company Secretary	<ul style="list-style-type: none">• Irfan Lakhani	
Bankers	<ul style="list-style-type: none">• Bank Al Habib Limited• Habib Bank Limited• Habib Metropolitan Bank Limited• MCB 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 Advisor	<ul style="list-style-type: none">• Fazleghani Advocates	
Share Registrar	<ul style="list-style-type: none">• FAMCO Associates (Pvt) Limited8-F, Next to Hotel Faran, NurseryBlock-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• 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• P-277, Kashmir Road, Amin Town, Faisalabad.• B 157 Lalarukh, Wah Cantt	
Website	<ul style="list-style-type: none">• www.archroma.com.pk	
E-mail	<ul style="list-style-type: none">• archroma.pakistan@archroma.com	

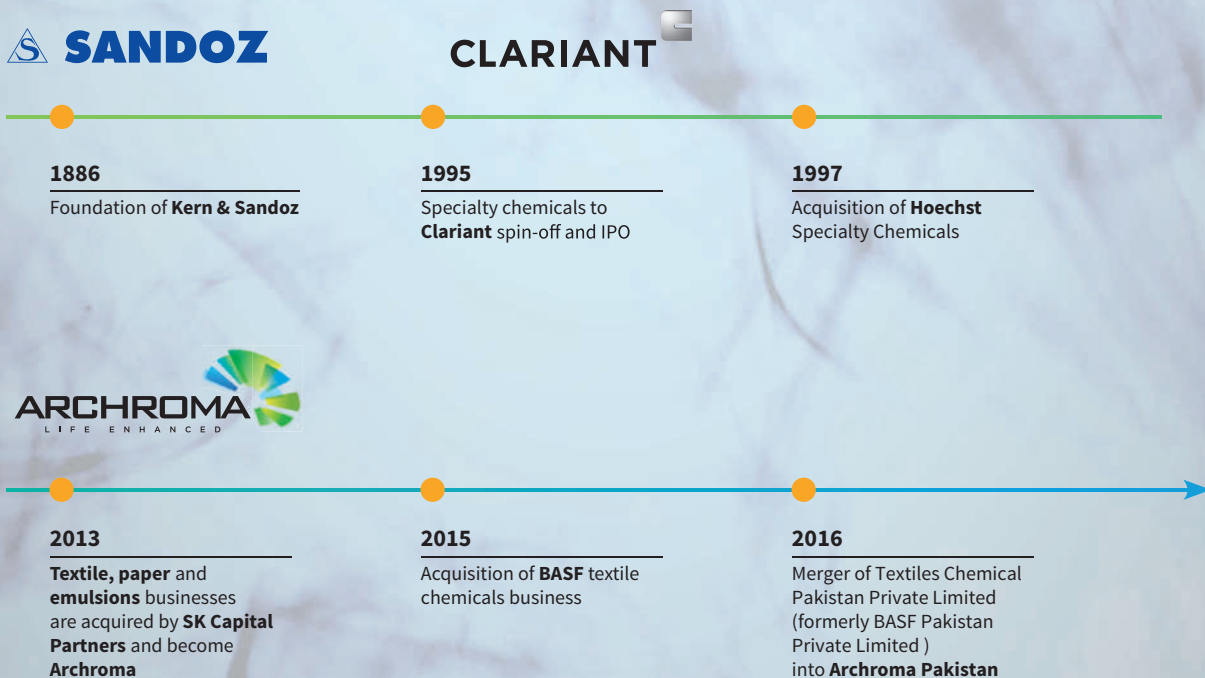
/ HERITAGE

Archroma Pakistan Limited represents Archroma in Pakistan. Archroma was formed in September 2013 from the textile, paper and emulsion businesses of Clariant. Clariant itself was formed in 1995 as a spin off from Sandoz, a chemical & pharmaceutical company. Through this direct lineage, Archroma have amassed knowledge and experience of chemistry and industry spanning more than 135 years. Archroma is represented in five continents through more than 35 group companies, employs around 3,000 people, headquartered in Reinach, Switzerland.

Every new innovation we develop today at Archroma combines our rich tradition of materials excellence and expertise, our market insight, and our commitment to talent management, world class quality standards, high service level, and the specialty materials and chemicals sector.

In Pakistan, Sandoz (Pakistan) Limited was formed in 1963 which subsequently became Clariant Pakistan Limited and incorporated in 1996 and now Archroma Pakistan Limited is listed on Pakistan Stock Exchange. It has manufacturing facilities at Jamshoro and Karachi. Since its inception, Sandoz, Clariant and now Archroma is primarily engaged in the manufacture and sales of chemicals, dyestuffs, coating, adhesive and sealants. Besides manufacturing, the Company also acts as indenting agents for the parent company and affiliates.

In the year 2015, Archroma also acquired textile chemical business of German chemical giant BASF Pakistan Private Limited and in 2016 a merger of wholly owned subsidiary Archroma Textiles Chemical Pakistan Private Limited (formerly BASF Pakistan Private Limited) into Archroma Pakistan Limited took place with the approval of court.



/ Humble Start Towards a Glorious Journey

“All Big Things have Small Beginnings” - Steve Jobs

Sandoz started its operations in Pakistan in 1947 and commissioned a pilot manufacturing plant in 1964 by taking the advantage of First Mover in the Chemical Industry of Pakistan. The vision of sustainable excellence resulted in creation of the world class Company with well equipped manufacturing and Customer Service infrastructure enhancing value for all our Stakeholders locally & globally.

An example of humble start with "1 pound packing" with transformation into mega storage tanks of 100,000 kgs.



A Pound pack in 1964



Mega Supply for 100,000 Kgs Storage Tank

Metamorphic evolution in logistics from a small donkey cart to 26,500 Kgs ISO Tank Lorry.



Transportation In 1964



Transportation in 2021



Our Purpose

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



Our Vision

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

Our Mission

We are growing business by leveraging local entrepreneurship and global organization in a collaborative way.

We enable our customers to win in their markets, we push limits to outperform and we never give up!



Our 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.



GLOBAL PRESENCE



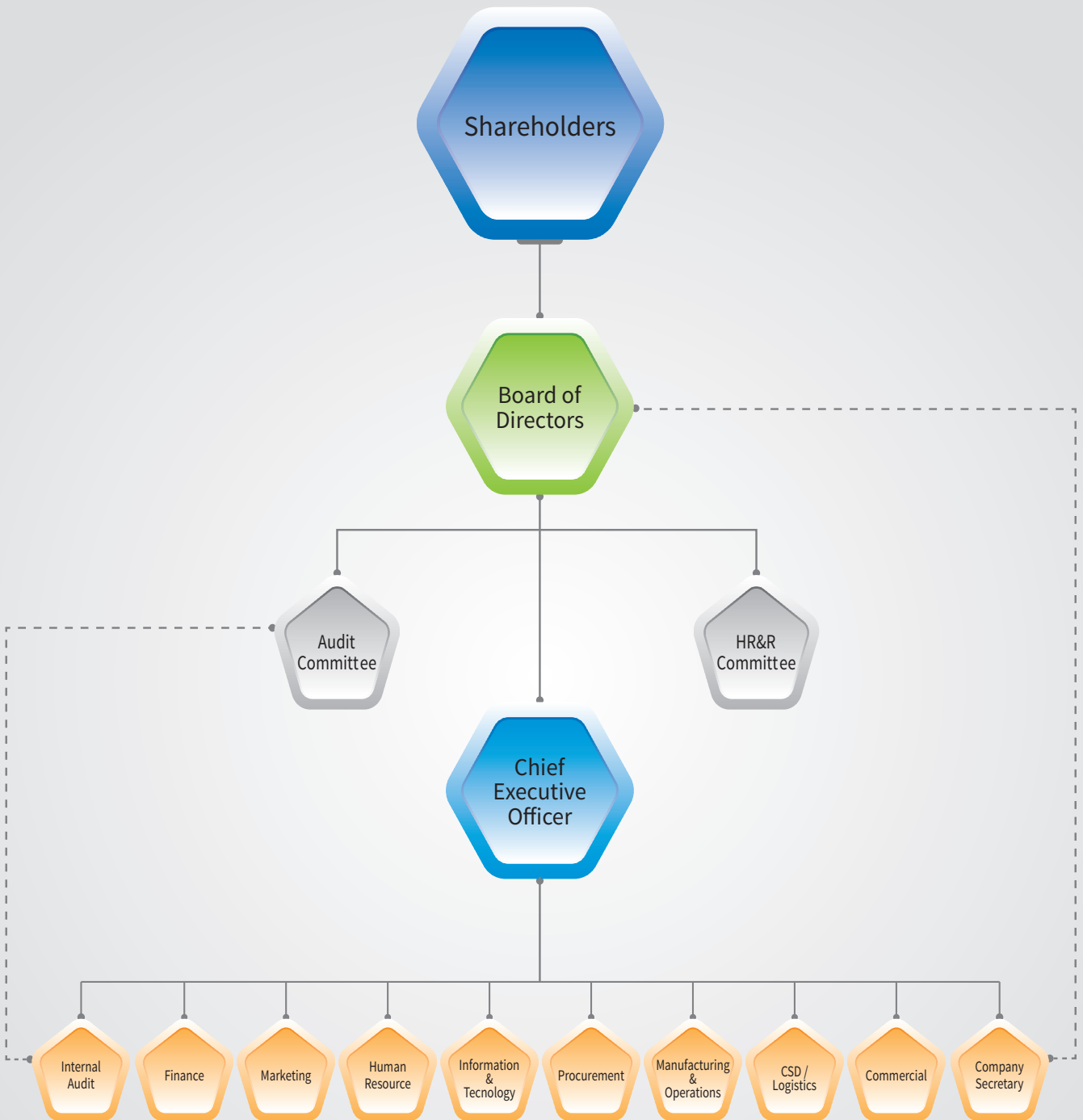
- Canada
- USA
- Mexico
- Guatemala
- Honduras
- Columbia
- Peru
- Brazil
- Chile
- Argentina
- Finland
- Sweden
- United Kingdom
- Denmark
- Netherlands
- Belarus
- Belgium
- Germany
- France
- Switzerland
- Austria
- Spain
- Italy
- Turkey
- Egypt
- Russia
- Kazakhstan
- Pakistan
- India
- Bangladesh
- China
- South Korea
- Japan
- Vietnam
- Thailand
- Singapore
- Indonesia

PRESENCE IN PAKISTAN



- ★ Registered office
- Production sites
- Innovation & application labs
- Sales offices

ORGANOGRAM



— Administrative Relationship
- - - - - Functional Relationship

PRODUCT PORTFOLIO



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, Archroma Way, sustainability service, to ensure that customers generate greater value from their system solutions.

Our color trends analysis and color matching technology, combined with efficient processing, help our customers get their products to the market faster. While nanotech effects, environmentally friendly 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 denim, automotive and home textiles, digital printing, hygiene protection, medical textile and technical textiles, turn to us to meet their sector's constantly changing specifications.



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 the outstanding success of Archroma's Mowilith emulsions.

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 oriented to respond to our customers needs.

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

PRODUCT PORTFOLIO

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.

Personal & Home Care (Additives, Colorants & Optical brighteners)



We aim to help fight the virus and contain its spread by producing and supplying hygiene products that support the needs of patients, doctors, paramedical staff, sanitary workers and general public. Archroma in

2020 has started manufacturing alcohol-based hand sanitizers in Pakistan, as the country witnesses unprecedented demand due to COVID-19 pandemic.

As the world inclines from clean to hygiene, the essential daily needs of people expect care with respective functionalities. Specific products with its unique formulation to rightly deliver the expected end use. This consists a range of products which serve the every day needs of a family in keeping the house and household stuff something further than just clean. Archroma introduces itself with tailor made molecules to serve the products for Laundry and house hold care.

Unsaturated Polyester Resins (UPR)



UPR has a number of application sectors in our everyday life. Archroma's UPR product range provides outstanding performance to all kind of applications. We combine our chemistry knowledge and more than 135 years of chemical production experience to develop highly reliable and innovative products aimed to cater to specific requirements of our customers.

Archroma's UPR range evolved to fulfill the gap of local availability on international quality standard thermosetting Resins. Our culture of continuous improvement process & R&D passion helps to further enhance quality of our products to address needs of the industry.

Our product range enables customers to achieve internationally recognized standards, test methods, specifications and recommended practices for UPR based systems and products. The most popular ones include ASTM, API, ASME, NSF, ANSI, ISO, BSI, EN, DIN as well as individual countries own national standard of FRP and composite materials.

ACTS – WORK CULTURE PILLARS



Accountability
for performance



Customer &
market focus



Teamwork &
collaboration



Speed &
simplicity

Any action or business goal we pursue must be consistent with our cultural pillars. As the foundation of our Code, these pillars guide us to foster trust and sustainable relationships with all our stakeholders:

Diversity, Anti-Discrimination and Welcoming Workplace

As a global company operating in many countries worldwide, our workforce is incredibly diverse. We embrace diversity and personal development not only because it's the right thing to do, but also because it's smart business.

Communications Systems

IT systems, mobile devices and e-mail have become standard tools in business communications. We are all aware that electronic data is vulnerable to security risks. As such, the way we manage our communication systems and records is increasingly important.

Anti-corruption, Anti-bribery and kickbacks

Archroma's success is based on the quality of its people, products and services. We strictly prohibit all forms of corruption and any business conduct that could create the appearance of improper influence.

Gifts and Hospitality

We do not offer or accept gifts and entertainment or other business courtesies on behalf of Archroma that could create the appearance of improper influence / biasness.

Accurate Company Records and Reporting

Open and effective communication requires accurate and truthful company records and reporting. This applies equally to relationships with investors, customers, employees and business partners, as well as with the public and all governmental offices.

Safety, Health and Environment (SHE)

Providing a safe workplace for all employees and meeting our environmental responsibilities are high priorities for Archroma.

Fair Competition

National and international anti-trust laws are designed to protect fair and free competition. They ensure that the best interests of our customers are served. Any violations of such laws can put Archroma's existence at risk.

Protection of Company Assets

We have the responsibility and legal duty to protect all physical, intellectual property and financial assets of Archroma. They are intended to help us to achieve our business goals.

Insider Dealing and Other Capital Market Laws

Archroma is committed to ensuring capital market compliance and that information learned on the job must never be used for improper personal gain.

Anti-money Laundering, Embargo and Sanction Regulations

Archroma complies with all relevant national and international laws and regulations covering anti-money laundering and other sanction or embargo laws.

Corporate Citizenship and Community Engagement

Archroma strives to be a trusted corporate citizen and, as an integral part of society, to fulfill our responsibilities to the societies and communities in which we operate.

Conflicts of Interest

It is imperative that we avoid any relationship or activity that might impair, or even appear to impair, our ability to make objective and fair decisions when performing our daily business on behalf of Archroma.

BOARD OF DIRECTORS



Marcos Furrer



Michel Zumstein



Thomas Bucher



M Veqar Arif



Mujtaba Rahim



Irfan Chawala



Shahid Ghaffar



Naveed Kamil



Yasmin Peermohammad

/ MANAGEMENT COMMITTEE



/ DIRECTORS' PROFILE



Marcos Furrer

Mr. Marcos Furrer was re-elected to the Board of Directors in 2021 as Non-Executive Director and holding this position since 2018. With a career spanning to over two decades, Mr. Furrer has earned a strong reputation as a well-rounded business manager with excellent leadership skills, working with teams and delivering ambitious targets. A Chemical Engineer from Ingenieurschule beider Basel, Switzerland, Mr. Furrer started his career with Clariant, Switzerland in 1997. He grew within the organization working on different positions in different countries. He is the President of Textile Specialties since January 2015 based in Switzerland. Mr. Furrer speaks five languages: English, German, Spanish, Portuguese and French.



Michel Zumstein

Mr. Michel Zumstein was elected to the Board in March 2021 as Non-Executive Director and has been holding this position since January, 2019. Mr. Zumstein graduated from ESSEC Business School in Paris and has a Ph.D in Political Science from University of Strasbourg, France. He started his career with Sandoz in 1993 as Corporate Internal Auditor. During the past 27 years he has worked in Europe and Asia in corporate & operational, global & regional Finance positions enabling him to become a seasoned finance all-rounder with an in-depth understanding of business. More recently, Michel had been instrumental in establishing finance services and processes. As Head of Controlling, he helped to drive business / financial performance management in Archroma. In February 2018, Mr. Zumstein was appointed as President Region Asia. Since August 2021, Mr Zumstein is the Chief Commercial Officer of the Archroma Group.



Thomas Bucher

Mr. Thomas Bucher was appointed to the Board of Directors in 2021 as a Non-Executive Director. He has a long career in Finance, having held CFO roles with leading industrial and services companies as well as senior Finance roles in the chemical sector. Mr. Bucher joined Archroma from Alpiq Holding AG, where he had been Group CFO and a Member of the Executive Management Board since 2015. Prior to Alpiq, he was Group CFO at Gategroup for 6 years, where he supported the company's listing and subsequent strategic repositioning, and before that he held a number of senior Finance roles at Ciba Specialty Chemicals over more than 12 years.

/ DIRECTORS' PROFILE



M Veqar Arif

Mr. Veqar Arif was elected to the Board of Directors in 2021. Being Non-Executive Director, he is also Chairman of the Board. He is a fellow member of Institute of Chartered Accountants of Pakistan & Institute of Corporate Secretaries of Pakistan. Mr. Veqar joined Sandoz in 1990 and has more than 30 years experience in Finance, Administration & Audit. He has attended numerous national & international courses on leadership and strategic management programs.



Mujtaba Rahim

Mr. Mujtaba Rahim was re-elected to the Board of Directors in 2021 and holding this position since 2004. He holds Masters degree in Applied Chemistry from University of Karachi. He has attended high profile national & international courses on leadership and strategic management programs. He has over 38 years of experience in dyes & chemicals industry. In 1982 he joined Sandoz. Within a short span he was moved to sales team and became Product Manager Textiles. He further climbed the career ladder and in 2004 was appointed Divisional Head - Textile, Leather & Paper. Since 2006, Mr. Mujtaba took over as the Chief Executive Officer of Clariant, a position that he holds to date with distinction after the company changed it's name to Archroma. He believes in core values that inspires work ethics at Archroma.



Irfan Chawala

Mr. Irfan Chawala is currently the Finance Lead for Cluster Pakistan & CFO of Archroma Pakistan Limited and was re-appointed on the Board of Directors in 2021 and is holding this position since April 2020. He is a Fellow Member of Institute of Chartered Accountants of Pakistan (ICAP) with over 25 years of diverse working experience in different roles, industries & geographical markets. He earlier worked with Clariant for 14 years with different roles in Finance, Marketing, Commercial Operations and Business Support in Pakistan, China & Singapore / South East Asia.

During his diverse professional career, he attended many extensive Leadership development programs and trainings in Europe and Asia and represented the Industry and his employers at various professional forums and councils to facilitate Business development & growth. Mr. Chawala also worked in the past with PricewaterhouseCoopers and Lucky Cement as CFO / Director Finance before re-joining Archroma in February 2020.

Mr. Chawala strongly believes in the core values that motivate people to collaborate and play to win as one team with shared objectives.

/ DIRECTORS' PROFILE



Shahid Ghaffar

Mr. Shahid Ghaffar was re-elected to the Board of Directors in 2021 as an Independent director and holding this position since 2018. He is also a member of Audit Committee. He has a Masters degree in Business Administration. He was associated with different institutions namely Pakistan Stock Exchange, Securities & Exchange Commission of Pakistan, Habib Bank Limited, HBL Assets Management Limited. During his 40 years of professional career, Mr. Ghaffar has been nominated on the Boards of 30 listed companies.



Naveed Kamil

Mr. Naveed Kamil was re-appointed to the Board of Directors in 2021 and holding this position since 2017. He graduated in Mathematics & Computing from UK in 1985. He started his carrier in 1986 from National Development Finance Corporation (NDFC) and in 1989 joined Sandoz as System Analyst. He is currently Head of Human Resources of cluster Pakistan.



Yasmin Peermohammad

Ms. Yasmin Peermohammad was elected to the Board of Directors in 2021 as an Independent director and holding this position since 2018. She holds a Bachelor's degree in Commerce. She has a number of training and certifications in different fields to her credit from Swissair Training School, Switzerland. Ms. Peermohammad specializes in Marketing, Communications, and Customer Management.

CHAIRMAN'S REVIEW



I would like to begin with the acknowledgement of the hard work and diligent efforts of the Management & team of Archroma who have not only successfully steered the Company during these challenging times but have also raised the bar and created new benchmarks for times to come.

During the year under review, COVID-19 pandemic has remained a source of stress and adversity, globally. Economies all over the world including that of Pakistan have been facing challenges posed by the new waves and variants of the pandemic. However, the start of vaccination process has given new hope to the world community to slowly but strongly come out of the restrictions like travel bans, quarantines and closure of non-essential services impacting businesses globally.

Archroma worked hard to navigate its way through the pandemic and has made good progress on optimizing performance, streamlining costs, and capitalizing on significant growth opportunities available. During these challenging times, the Board closely monitored the performance of all the businesses with a focus to achieve continued improvements in productivity and efficiency while optimizing cost and processes to ensure sustained growth of the Company.

Higher commodity prices, food & general inflation and PKR depreciation continued to exert significant pressure on the overall economy in general and manufacturing industry in particular in Pakistan. The Company's strategy, however, remained to sustainably support its customers by ensuring timely availability of its products despite all the supply chain and consequential disruptions across international borders.

With the grace of Allah Almighty, despite all the challenges, your Company managed to make highest ever sales of PKR 23,561 million and bottom-line profitability of PKR 2,309 million, which was up by 98% as compared to PKR 1,169 Million achieved during last year. The earnings per share increased to PKR 67.69 as compared to PKR 34.27 during last year, which reiterates our ongoing commitment to creating shareholders' value. The Board has also proposed a dividend of PKR 90/- per share, i.e. 900% for the Financial Year 2020-21 for approval of the members at the Annual General Meeting planned to be held on 30th December 2021.

The Board constantly reviews the principal risks faced by the Company and considers whether they are at an acceptable level. Where this is not the case, the Board also considers what is required to reduce the likelihood and potential impact of such risks. The Board either approves the level of such risk being taken or requires the management to take appropriate steps to mitigate such risk exposure, wherever considered necessary.

Your Company has a highly diverse and competent Board which holds to Archroma's vision, mission, and core values with the ultimate goal of serving the interests of all the stakeholders. The guidance and timely decisions of the Board contributed immensely in steering the Company in the right direction.

The Board has performed its duties and responsibilities diligently, and has contributed effectively in guiding the Company in its strategic affairs. Currently the areas of focus as identified by the Board are risk management, business growth and opportunities and providing oversight to the Management. The Board also played a key role in monitoring of management performance and focusing on major risk areas. The Board was fully involved in the strategic planning process and enhancing the vision of the Company.

The Board sets several targets for the CEO. The CEO has also been advised to work on succession planning for different tiers of the Management and develop an objective, metrics-based system for appraisal of overall organizational performance as well as that of individual employees.

The Board currently has seven Directors including four non-executive and two independent Directors. The members of the Board have rich and vast experience in the fields of business, finance, and operations. During the year, four board meetings were held. In addition to guiding the management, the Board has fulfilled its mandatory responsibilities including ensuring compliance by the Company with all legal and regulatory requirements, actively attend Board Meetings, ensured appropriate measures were in place for safeguarding of Company's assets and ensured adequacy of internal control system. The Board has constituted Audit and Human Resource and Remuneration Committee. All committees provided valuable input and assistance to the Board. The Audit Committee particularly focused on detailed review of financial statements and effectiveness of internal controls and the overall control environment in the Company. The Board also has in place an effective mechanism for evaluation of performance of the Board, its members and the Committees. Based on the feedback received through this mechanism, overall role of the Board has been found to be effective.

The board met the duties as required under the Companies Act 2017 & Listed Companies (Code of Corporate Governance) Regulation 2019.

M. Veqar Arif
Chairman



Dear Archroma Shareholders,

The Annual Report of Archroma Pakistan for the financial year 2020-2021 is in your hands. This year we celebrate our eighth anniversary with distinction of best ever performance of Archroma in Pakistan and thus creating a new benchmark. I also take this opportunity to thank you for the steadfast confidence reposed in Archroma and its work ethics.

The present year came up with all the challenges of previous year Covid-19 pandemic. Necessary SOPS were implemented at all sites for seamless operations to ensure the business continuity and safety of all stakeholders.

As always, SAFETY FIRST, remains highest on our agenda. My appreciation goes to the team that continue to maintain accident free operations even to the level of "near misses". The result is also evident in winning of Archroma global Safety & Health awards for accident free operations for approx 5 million of hours on Safety, Environment & Health.

Archroma teams delivered the best ever all around performance inspite of significant challenges like global & local Covid lockdown, travel restrictions, supply chain interruptions, force majeure by raw material suppliers.

Once again for the 18th time, Archroma was adjudged with the prideful 5th position among the Top 25 Companies at the Pakistan Stock Exchange. Achieving this coveted title year after year shows sustainable excellence across our Company.

I am delighted and highly appreciate the commitment and dedication of our teams. Another shining achievement was the "Employer of the Year Award - from Employers Federation of Pakistan honored by President Islamic Republic of Pakistan. At global level, Pakistan was recognized for sustainable Partnership and excellence improvement in global IT projects.

Seventy Innovative systems & solutions developed on the principles of "The Archroma Way to a Sustainable World: meeting the criteria of "Safe, efficient and enhanced", it's our nature. New system based on Aniline free* liquid indigo for producing Sustainable denim fashions ensuring the compliance of our Sustainable Development Goal named Climate Action and giving Pakistan denim Industry a big competitive edge In international markets and also facilitating Archroma's exports.

Going forward, all of Archroma's development will strongly focus around the Archroma Way, Its our nature.

I am also delighted to share that we have also started diversification into manufacturing & supplies of home care raw materials to support the local industries in import substitution.

I would like to express my sincere gratitude for our team and business partners, for their overwhelming support. In the coming years, I am confident that Archroma Pakistan will play a leading role in shaping future of our Industry. Let us all join hands to make our world more sustainable, its our nature.

Mujtaba Rahim
President & Chief Executive Officer

DIRECTORS' REPORT

Report of the Board of Directors for the year ended 30 September 2021

The Directors' of the Company are pleased to present their Report together with the audited financial statements for the year ended 30 September 2021.

Business Overview

Your Company's Management is pleased to share that Archroma Pakistan achieved its best ever performance during the financial year 2021, where, overall sales volumes and profitability and all other KPIs of the Company showed an excellent improvement and recovery in the rapidly changing world coming out of the post-COVID scenario.

Our major consumption markets i.e. Textiles and Construction Industry continued to grow on the back of regional competitiveness, Government support and fiscal measures creating an increasing demand of Pakistan's textiles for exports and continued buoyancy for the new low-cost Housing and Mega infrastructure related construction projects.

Your Company achieved net sales of PKR 19,872 million during the financial year ended 30 September 2021 versus PKR 15,039 million in comparison to last year. Contribution to the overall sales growth of 32% has mainly come from Brand & Performance Textile Specialties which grew by 33% and Coating Adhesive & Sealants business which increased by 41%.

Apart from the topline growth, post-COVID efficiency improvement projects launched by the Company have also positively contributed towards improvement in certain operational and fixed costs. Moreover, improved cash generation and consequential lower borrowing costs have further contributed to strong bottom-line profitability of PKR 2,309 million for the year under review versus PKR 1,169 million for the last year.

Financial Performance

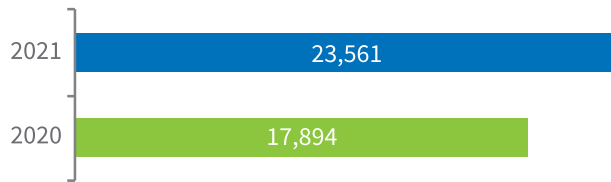
Your Company achieved a gross revenue of PKR 23,561 million which is 32% higher as compared to last year's revenue of PKR 17,894 million.

Particulars	30 Sep 2021 Rs. in 000	30 Sep 2020 Rs. in 000	Change %
Gross Revenue	23,561,070	17,893,711	32
Net Revenue	19,872,237	15,038,941	32
Gross Profit	6,179,307	4,204,719	47
Operating Profit	3,461,052	1,975,737	75
Profit Before Tax	3,189,391	1,536,493	108
Profit After tax	2,309,366	1,169,266	98
Earnings Per Share (PKR)	67.69	34.27	98

/ DIRECTORS' REPORT

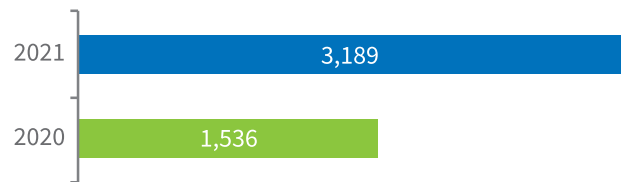
Gross Revenue

PKR million



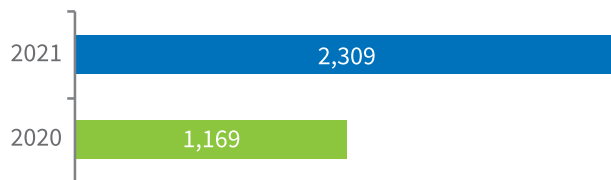
Profit before Tax

PKR million



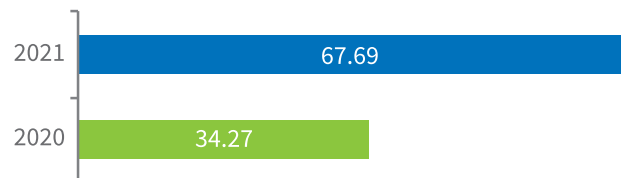
Profit after Tax

PKR million



Earnings per Share

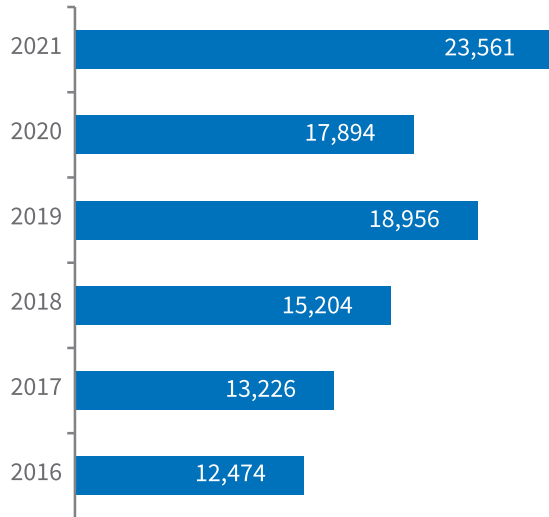
Rupees



Six Years Financial Performance at a Glance

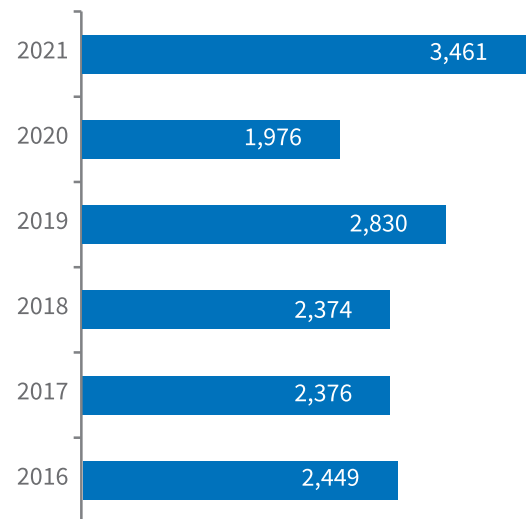
Gross Revenue

PKR million



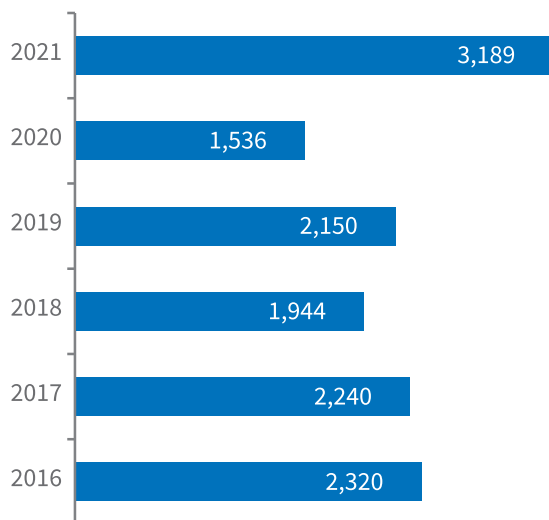
Operating Profit

PKR million



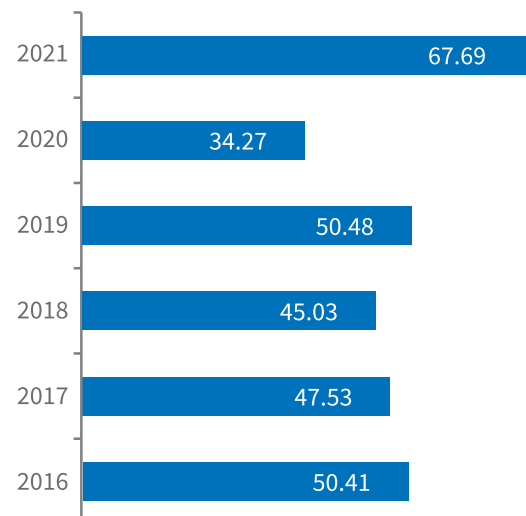
Profit Before Tax

PKR million



Earning Per Share

Rupees



Future Outlook

Post-COVID recovery in Global demand for energy and commodities has created severe supply chain delays and market imbalances. During the last few weeks, several of our Raw material supplies have been delayed and their costs and lead times have substantially increased, mainly due to energy consumption controlling measures & environmental checks in China and non-availability of containers and vessels globally.

Based on the above, demand for our consumption markets is also on the rise with increasing export orders for the Pakistan textile industry and growing construction activity. Outlook remains positive not only for home textiles but also for denim & casual wear for the next fiscal year. Moreover, with the continuation of Government's support package during the calendar year 2021, the construction activity is also anticipated to positively drive related businesses in remaining months.

However, the biggest challenge for your Company remains on the Supply Chain front for timely availability of its Raw Materials' for continued support of the growing production of chemicals at our Jamshoro & Karachi Plants.

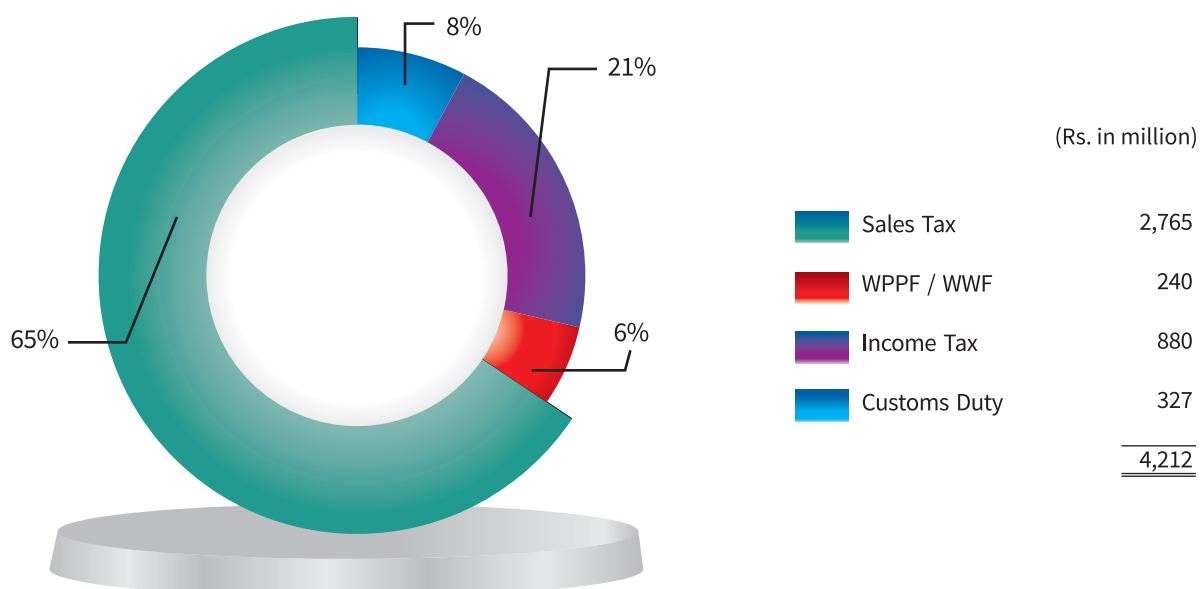
Your Company continues to work on many post- COVID initiatives, the benefits of which are expected to further improve the business portfolio and speed & agility to smartly manage cash-flows & fixed costs, going forward.

Principal Business Activities

Company is engaged in the manufacturing, sales and indenting business of Specialty Chemicals including Dyestuffs and Coating adhesives & Sealants.

Contribution to National Exchequer

The Company's overall contribution during the year to the Government exchequer on account of Income tax, excise duty, sales tax, and other government levies stood at PKR 4,212 million.



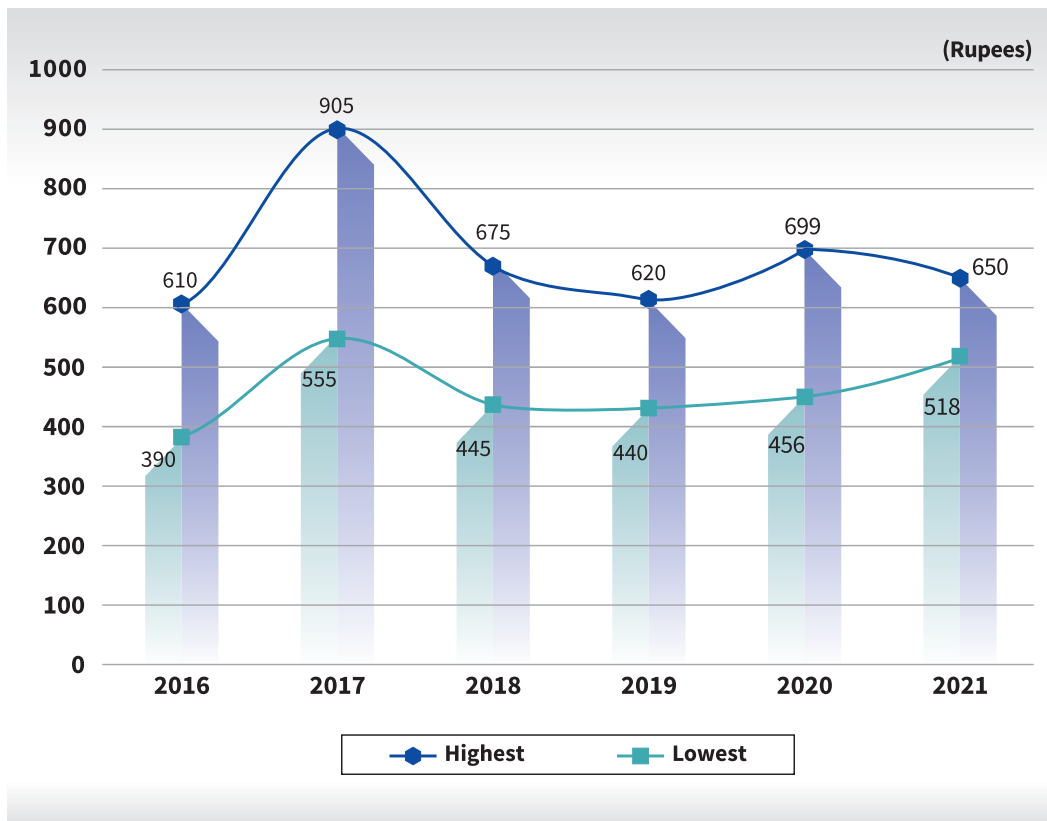
/ DIRECTORS' REPORT

Earnings Per share

The profit for the year stood at Rs. 2,309 million (last year Rs.1,169 million). On this basis the earnings per share for the year has increased to Rs. 67.69 as compared to last year's earnings per share of Rs. 34.27.

Share Price

During the year under review, Company's share price touched the peak of PKR 650 whereas, the lowest recorded price was PKR 518 on the Pakistan Stock Exchange Ready Board quotations.



Donations

Archroma provided financial support by donations to various charitable, educational & medicals organizations. During the period under review our Company also made financial contributions worth PKR 1 Million.

Appropriation of Profit

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

(Rupees in million)

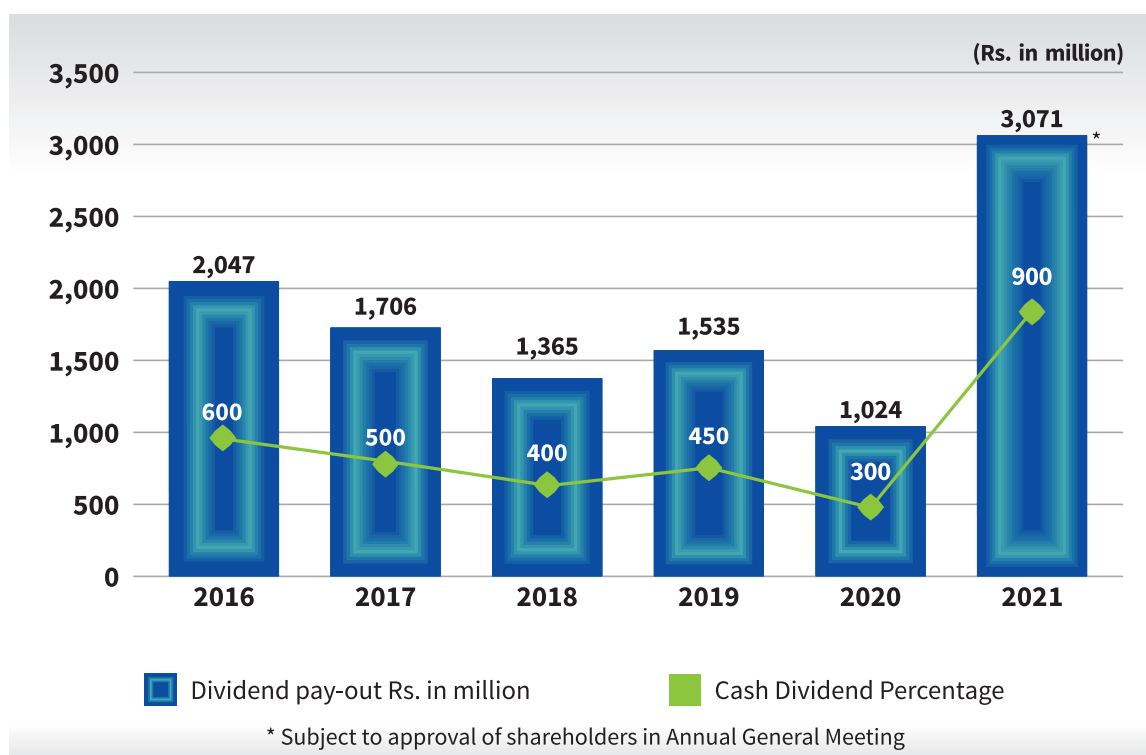
Total comprehensive income for the period	2,367
Profit available for appropriation	2,367

Appropriation:

Proposed 900 % final cash dividend to be paid after approval in the Annual General Meeting	3,071
Transfer from Revenue Reserves	704

Dividend

The Board of Directors of the Company at its meeting held on 29 October 2021 has proposed a final cash dividend @ Rs.90 per share for the year ended 30 September 2021 for approval of members at the Annual General Meeting, to be held on 30 December 2021.



Corporate Social Responsibility

Archroma strongly believes in giving back to the Community and the environment it works with. Corporate Social Responsibility is therefore an integral component of the Company's philosophy. We actively develop talent, promote diversity and invest in our employees' skills to enable a high-level performance for both current and future responsibilities.

Corporate Social Responsibility in the wake of Novel Corona Virus

Since the outbreak of Covid-19 pandemic in February 2020 in Pakistan, Archroma has taken proactive measures to safeguard its employees, vendors and associates, employees & their families.

The measures against Covid-19 include:

- providing complete medical details as per WHO guidelines, Pakistan Medical Association, NCOC, Federal and Provincial Government.
- Imposing travel restrictions.
- Emergency Response teams coordinated for well being of employees and kept them fully informed of precautions, periodic medical advice, helplines, government directives
- Implementing all SOPs at workplace:
 - social distancing
 - use of face mask & hand sanitizers
 - building walk-through sanitizing entry gates
 - work from home facility
- Guiding and supporting employees for vaccination
- Rapid Test on Covid screening are performed after all festival and other holidays



Memorandum of Understanding with NED University of Engineering & Technology

Customary to our past practices, Archroma started the year 2021 by signing a MoU with NED University of Engineering & Technology, Karachi on 01 January 2021. The signing was done at respective offices of the Vice Chancellor, Dr. Sarosh Hashmat Lodhi and Mr. Mujtaba Rahim. Archroma collaborates with NED University especially with the Textile Faculty on Internships at Archroma Centre of Excellence and research projects. Developmental projects are in pipeline leading to Industrial growth in textiles.



Mr. Mujtaba Rahim and Dr. Sarosh Hashmat Lodhi with MoU document

Responsible Neighbourhood

Our Sustainable Effluent Treatment Plant at Jamshoro site saves one million liters of water per day which is a huge saving and contribution to the environment. The neighbourhood benefits greatly from the SET Plant as we provide approximately 13,000 gallons of clean drinking water to the surrounding community on daily basis free of cost.



Clean drinking water being poured in traditional pitchers by neighborhood community

Visit of Advisor to Chief Minister on Environment

Barrister Murtaza Wahab visited Jamshoro site to get acquainted with our proactive measures on environmental protection. He was highly appreciative of providing clean drinking water to community and other environment friendly activities of massive tree plantation, COVID awareness to public and contribution over & above of the environmental regulations e.g. emissions etc.



Barrister Murtaza Wahab speaking at gathering of Archroma management and at SET plant tour

Tree Plantation on Earth Day - making our environment clean & green

After making our sites clean & green, Archroma team took the task to neighbouring institutions. Tree saplings mainly leafy & shady were planted during monsoon tree plantation season between July - September. So far massive tree plantation has been done at Liaquat Medical College, Sindh University, Mehran University of Engineering & Technology, Offices of Sindh Environment Protection Agency and Police.

Archroma team has planted hundreds of trees and given awareness at schools, universities and local government to plant and nurture trees to reduce pollution from the environment.



Tree plantation at Liaquat Medical College & SEPA offices

Public Service activities

It is our endeavour to keep local community informed on preventive measures of COVID-19. Throughout the year, we distributed printed material on COVID SOPs, face masks and hand sanitizers to public with the help of volunteers. Hepatitis awareness and prevention workshop were also held for the local community.



Public services activities in full swing

Education

Technical expertise is another attribute with which Archroma is recognized world-wide. Archroma Centre of Excellence (ACE) is a state-of-the-art Research & Development laboratory to support the industry when technical answers cannot be easily found. So far, 201 batches comprising of 5827 students have been trained by Archroma. Increase in female interns is also a commendable feature of our program. Training is also provided to technicians and entrepreneurs of the Textile Industry and therefore, we have shouldered corporate social responsibility of sustainable development by passing the torch of knowledge to our next generation.

Compliance with the Code of 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.
- Accounting and Reporting Standards, 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 on page 99 of the financial statements.
- 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. Web based training with situational examples has also been given to all employees.

Internal Controls

The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. The Board assumes the overall responsibility of overseeing the internal control process. The risk management and internal control processes are designed to safeguard the Company's assets and to appropriately address and/or mitigate emerging risks being faced by the Company. Comprehensive details regarding the Risk Management System are separately disclosed in the financial statements of the Company.

Board Changes

The election of Directors had taken place at Extraordinary General Meeting held on 25 March 2021 as per requirements of the Companies Act, 2017. Shareholders elected seven Directors Messrs. Mujtaba Rahim, M Veqar Arif, Michel Zumstein, Roland Waibel, Marcos Furrer, Shahid Ghaffar and Yasmin Peermohammad for the term of three years commencing from 01 April 2021.

Consequent to the resignation of Mr. Roland Waibel from the Board in September, Mr. Thomas Bucher has been appointed in his place with effect from 01 November 2021.

The Board welcomed the new members and appreciated the valuable contribution of the outgoing members.

Composition of the Board

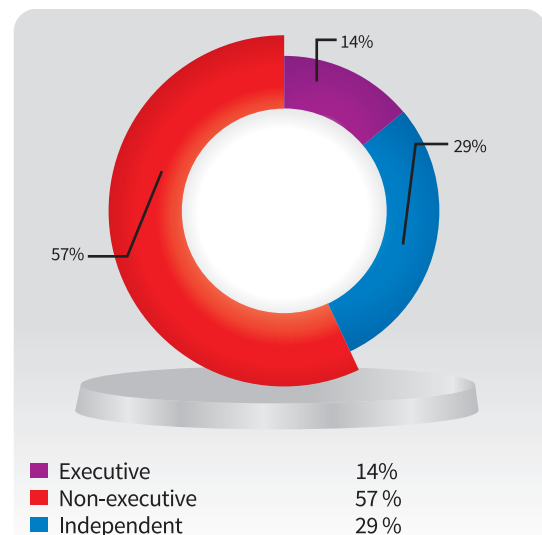
The Company has a highly effective board, having diverse mix of gender, core competencies, skills, knowledge and experience. The composition of the Board is fully in compliance with the requirements of the listed companies (Code of Corporate Governance) Regulations, 2019 applicable on listed entities which is given below:

Total numbers of directors:

a)	Male	06
b)	Female	01
		<u>07</u>

Composition:

i)	Executive	01
ii)	Non-executive	04
iii)	Independent	02
		<u>07</u>



Positions of Chairman of the Board and CEO are held by two different individuals.

Committees of the Board of Directors

The Company's Board of Directors oversees the operations and affairs of the Company in an efficient and effective manner, and in line with applicable laws, rules and regulations. The Board has constituted two committees for its assistance in operations. These committees consider important matters relating to their respective domains and present their recommendations to the Board for final decision-making.

/ DIRECTORS' REPORT

Audit Committee

An Audit Committee was set up by the Board since the enforcement of the Code of Corporate Governance. Audit Committee of the Board currently comprises of the following directors:

Name of Director	Designation
Mr. Shahid Ghaffar	Chairman (Independent Director)
Mr. Michel Zumstein	Member (Non-executive Director)
Mr. Veqar Arif	Member (Non-executive 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 areas 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, CFO and a director authorized to do so.

Human Resource & Remuneration (HR&R) Committee

The Board in accordance with the Code of Corporate Governance has also constituted HR&R Committee. The terms and reference of the committee include but not limited to those as mentioned in the Code of Corporate Governance. (HR&R) Committee of the Board currently comprises of the following directors:

Name of Director	Designation
Ms. Yasmin Peermohammad	Chairperson (Independent Director)
Mr. Mujtaba Rahim	Member (Executive Director)
Mr. Michel Zumstein	Member (Non-executive Director)

Directors' Training Program

Board of Directors training helps the board fulfill its role and make a real difference to the Company's performance. The Company strongly encourages its Directors to complete the Directors' Training Program as per the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Six Directors have already successfully completed the Directors' Training Program.

Remuneration Policy of Non-Executive Directors

The Board of Directors has an approved 'Remuneration Policy for Non-Executive and Independent Directors; which states that the remuneration of a Director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.

Attendance of Board and Committees Meetings

During the year under review Board and Committees meetings held and attendance by each Director are as follows:

Name of Directors	Designation	Board of Directors 4 - Meetings Attended	Audit Committee 4 - Meetings Attended	HR - R 1 - Meeting Attended
Mujtaba Rahim	Executive	4	-	1
Dr. S. Mubarik Ali	Non-Executive	1	-	-
M Veqar Arif	Non-Executive	3	3	-
Roland Waibel	Non-Executive	-	-	-
Thomas Bucher	Non-Executive	-	-	-
Michel Zumstein (Alternate: Naveed Kamil)	Non-Executive	4	4	1
Marcos Furrer (Alternate: Irfan Chawala)	Non-Executive	4	4	-
Shahid Ghaffar	Independent	4	4	-
M Z Moin Mohajir	Independent	1	1	-
Yasmin Habib Peermohammad	Independent	4	-	1

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

Board Evaluation

As required under the Listed Companies (Code of Corporate Governance Regulations), 2019, the Board conducts a self-evaluation of its performance on an annual basis. The assessment also includes the assessment of the performance of the Executive Directors, Independent Directors and its Sub - Committees. The Board of Directors' believes that continuous assessment is critical to assess how effectively the Board has performed against the objectives and goals that they have set for themselves. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of Archroma Pakistan Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended 30 September 2021. The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

Gratuity and Provident Funds

The value of investments of Gratuity and Provident funds based on the latest financial statements at 30 June 2021 and at 30 June 2020 are as follows.

	2021	2020
	(Rupees in million)	
Gratuity Fund	1,005	879
Employees Provident Fund	623	714

The value of investment includes accrued interest.

Default of Payments, Debt / Loan Taxes and Duties

In deference to the best business practices, the Company adheres to the schedule of repayments of the amounts due. Furthermore, no payment on account of taxes, duties and levies was overdue or outstanding during or at the end of financial year under review.

Risk & Uncertainties

The Company has a strong Business Continuity Plan which highlighted the situations and actions to be taken in case of any uncertain situation. The Company has also developed a sound mechanism for identification of risks and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company.

Holding Company

Archroma Textiles GmbH is a global, diversified provider of dyes and specialty chemicals serving the branded and performance textiles, packaging and paper, and coatings, adhesives and sealants markets. Headquartered and registered in Reinach, Switzerland, the company operates a highly integrated, customer-focused platform that delivers specialized performance and color solutions in over 100 countries. Archroma works with 3,000 employees in over 35 countries with 26 production facilities.

Website.

All our stakeholders and general public can visit 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

Archroma's Raw materials / Petrochemicals supplies coming from China are adversely affected by the ongoing 'Energy consumption controlling measures' and 'Environmental checks', coupled with disrupted global Supply Chain situation due to non-availability of vessels & containers.

During the last few weeks, Archroma has been informed by some of the global raw materials suppliers, affected by such supply chain disruptions and have also declared Force Majeure, due to abovementioned situation. As a consequence of these events, which are beyond Company's control and have led to challenges in procuring some of our raw materials, therefore, Archroma was forced to declare Force Majeure effective from 14 October 2021 due to the Company's inability to manufacture and supply such affected products for the time being.

Financial Statements and Auditors

The financial statements of the company have been audited and approved without any qualification by the auditors, KPMG Taseer Hadi & Co. Chartered Accountants. The present auditors, M/s KPMG Taseer Hadi & Co. Chartered Accountants, will retire and being eligible, have offered themselves for re-appointment as external auditors of the Company.

The Board has recommended the appointment of M/s KPMG Taseer Hadi & Co. Chartered Accountants as auditors for the year 2021-2022, as recommended by the Audit Committee, subject to approval of members in the 26th Annual General Meeting.

Key Operating & Financial Data

Key Operating and Financial data for last six years shown on page 99.

Pattern of Shareholding

A statement showing the pattern of shareholding as at 30 September 2021 required under section 227 (2) (f) of the Companies Act, 2017 is annexed to this report.

Acknowledgement

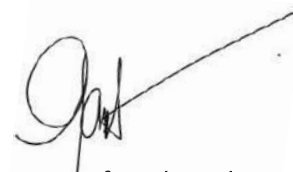
The Board would like to appreciate & acknowledge all the employees for their excellent performance during this very challenging year and looks forward to their continuing contribution to achieve even more success in the future.

On behalf of the Board, we would like to put on record our sincere gratitude towards valued shareholders, customers, suppliers, contractors, bankers and other stakeholders for their support, trust and confidence.

On behalf of the Board



Mujtaba Rahim
Chief Executive Officer



Irfan Chawala
CFO / Director

Karachi: 29 October 2021

بورڈ آف ڈائریکٹرز کی رپورٹ برائے اختتام سال 30 ستمبر 2021ء

کمپنی کے ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کاروباری جائزہ

آپ کی کمپنی کی انتظامیہ کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ آرکرڈ پاکستان نے مالی سال 2021 کے دوران اپنی اب تک کی بہترین کارکردگی حاصل کی، جہاں، مجموعی فروخت کے حجم اور منافع اور کمپنی کے دیگر تمام اہم کارکردگی کے اشارے (KPIs) نے COVID کی صورتحال کے پیش نظر تیزی سے بدلتی ہوئی دنیا میں شاندار بہتری اور بحالی کا مظاہرہ کیا۔

ہماری بڑی کھپت کی مارکیٹوں یعنی ٹیکسٹائل اور تعمیراتی صنعت نے علاقائی مسابقت، حکومتی تعاون اور مالیاتی اقدامات کی وجہ سے برآمدات کے لیے پاکستانی ٹیکسٹائل کی بڑھتی ہوئی مانگ اور کم لاگت والی نئی ہاؤسنگ اسکیموں اور بڑے بنیادی ڈھانچے سے متعلق تعمیراتی منصوبوں کے لیے مسلسل ترقی جاری رکھی۔

آپ کی کمپنی نے 30 ستمبر 2021ء کو ختم ہونے والے مالی سال کے دوران 19,872 ملین پاکستانی روپے کی خالص فروخت حاصل کی جبکہ گزشتہ مالی سال کے دوران 15,039 ملین پاکستانی روپے تھی۔ مجموعی طور پر فروخت میں 32 فیصد اضافے کا حصہ بنیادی طور پر برانڈ اور پرفارمنس ٹیکسٹائل خصوصیات سے آیا ہے جس میں 33 فیصد اضافہ ہوا اور کوٹنگ ایڈیسیو اور سیلنٹ کے کاروبار میں 41 فیصد اضافہ ہوا۔

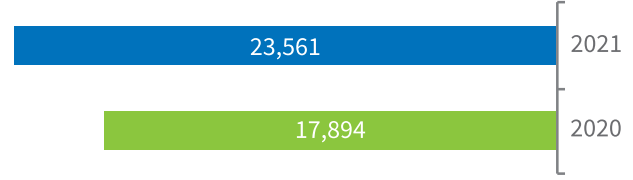
ٹاپ لائن نمونے کے علاوہ، کمپنی کی جانب سے کووڈ کے بعد کی کارکردگی میں بہتری کے منصوبوں کا آغاز کیا گیا جس نے بھی بعض انتظامی اور مقررہ اخراجات میں بہتری کے لیے بھی مثبت کردار ادا کیا ہے۔ مزید برآں، بہتر کیش جنریشن اور اس کے نتیجے میں کم قرض لینے کی لاگت نے پچھلے سال کے پاکستانی روپے کے 1,169 ملین کے مقابلے میں زیر جائزہ سال کے لیے 2,309 ملین پاکستانی روپے کے مضبوط نچلے درجے کے منافع میں مزید معاونت کی۔

مالیاتی کارکردگی

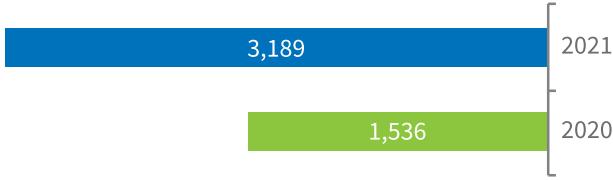
آپ کی کمپنی نے 23,561 ملین پاکستانی روپے کی مجموعی آمدنی حاصل کی جو کہ گزشتہ سال پاکستانی روپے کی 17,894 ملین کی آمدنی کے مقابلے میں 32 فیصد زیادہ ہے۔

تفصیلات	30 ستمبر 2021ء	30 ستمبر 2020ء	اضافہ ----- % -----
	----- 000 ----	----- 000 ----	
مجموعی آمدنی	23,561,070	17,893,711	32
خالص آمدنی	19,872,237	15,038,941	32
کل منافع	6,179,307	4,204,719	47
آپریٹنگ منافع	3,461,052	1,975,737	75
منافع قبل از ٹیکس	3,189,391	1,536,493	108
منافع بعد از ٹیکس	2,309,366	1,169,266	98
فی شیئر آمدنی (روپے)	67.69	34.27	98

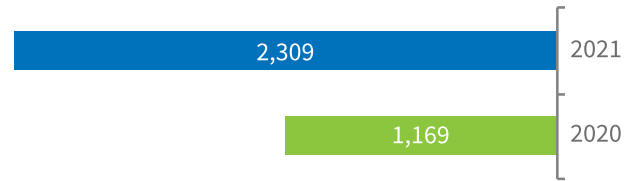
مجموعی آمدنی (پاکستانی روپے بلین میں)



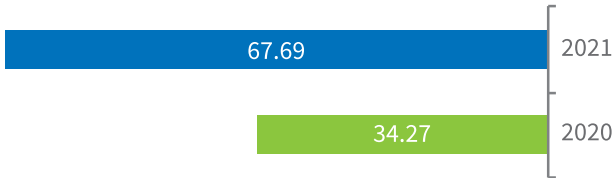
منافع قبل از ٹیکس (پاکستانی روپے بلین میں)



منافع بعد از ٹیکس (پاکستانی روپے بلین میں)

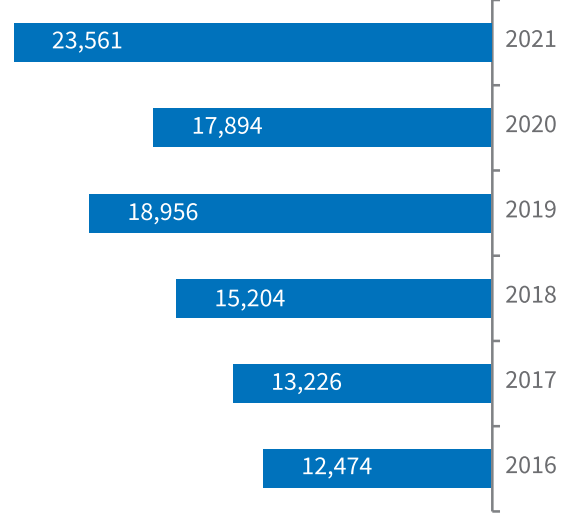


فی شیئر آمدنی (پاکستانی روپے)

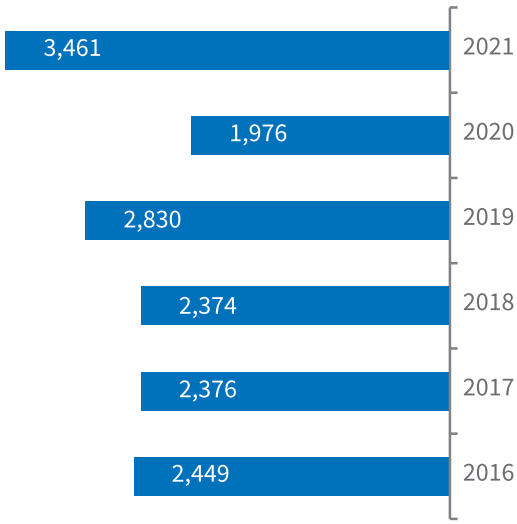


چھ سال کی مالی کارکردگی پر ایک نظر

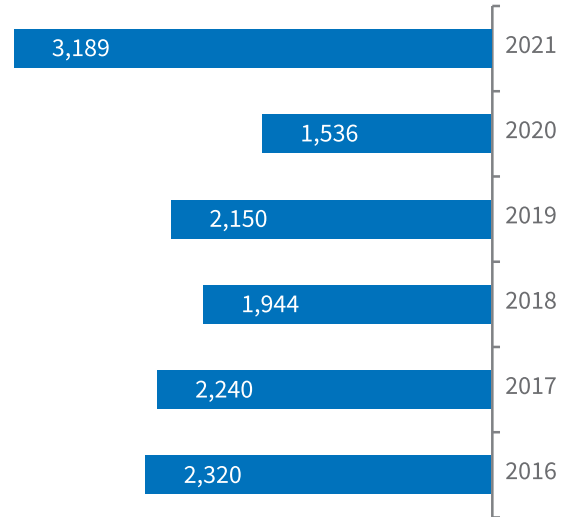
مجموعی آمدنی
(پاکستانی روپے بلین میں)



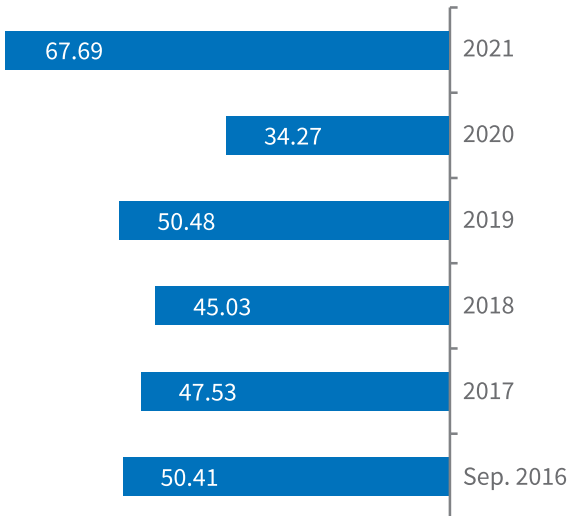
آپریٹنگ منافع
(پاکستانی روپے بلین میں)



منافع بعد از ٹیکس
(پاکستانی روپے بلین میں)



فی شیئر آمدنی
(پاکستانی روپے)



ڈائریکٹرز رپورٹ

مستقبل پر نظر

توانائی اور ایشیا کی عالمی ماگ میں COVID کے بعد بحالی نے سپلائی چین میں شدید تاخیر اور مارکیٹ میں عدم توازن پیدا کر دیا ہے۔ گزشتہ چند ہفتوں کے دوران، ہمارے کئی خام مال کی ترسیل میں تاخیر ہوئی ہے اور ان کی لاگت اور مقررہ میعاد میں کافی اضافہ ہوا ہے، جس کی بنیادی وجہ چین میں توانائی کی کھپت کو کنٹرول کرنے کے اقدامات اور ماحولیاتی جانچ اور عالمی سطح پر کینیٹرز اور جہازوں کی عدم دستیابی ہے۔

مذکورہ بالا کی بنیاد پر، پاکستانی ٹیکسٹائل صنعت کے لیے بڑھتے ہوئے برآمدات آرڈرز اور بڑھتی ہوئی تعمیراتی سرگرمیوں کے ساتھ ہماری کھپت کی مارکیٹوں کی ماگ بھی بڑھ رہی ہے۔ نتائج نہ صرف گھریلو ٹیکسٹائل بلکہ اگلے مالی سال کے لیے ڈینم اور عمومی لباس کے لیے بھی مثبت رہیں گے۔ مزید برآں، سال 2021 کے دوران حکومت کے امدادی پیکج کے تسلسل کے تحت آئندہ مہینوں میں بھی تعمیراتی سرگرمی سے متعلقہ کاروبار کو مثبت ترقی کی امید ہے۔

تاہم اپنے جانشینوں اور کراچی پلانٹس میں کیمیکلز کی بڑھتی ہوئی پیداوار کی مسلسل فراہمی کے لیے خام مال کی بروقت دستیابی کے لیے ترسیل کمپنی کے لیے سب سے بڑا چیلنج ہے۔

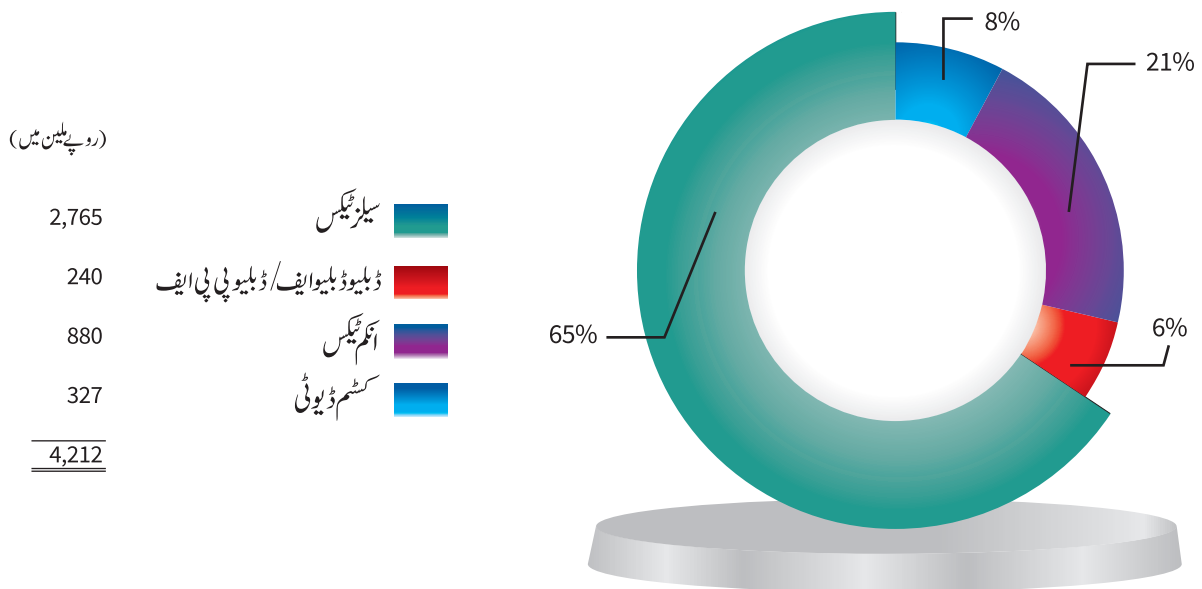
آپ کی کمپنی متعدد COVID کے بعد کے اقدامات پر گامزن ہے، جن کے فوائد سے کاروباری پورٹ فولیو اور رفتار اور تیزی کو مزید بہتر بنانے کی توقع ہے تاکہ آگے بڑھتے ہوئے، نقد بہاؤ اور مقررہ اخراجات کو کھجھداری سے منظم کیا جاسکے گا۔

بنیادی کاروباری سرگرمیاں

کمپنی مخصوص کیمیکلز کی تیاری، فروخت اور انڈینٹنگ بشمول ڈائی ایشیا اور کوٹنگ، ایڈیسیو اینڈ سیلنٹ کے کاروبار میں مصروف عمل ہے۔

قومی خزانے میں تعاون

سال کے دوران انکم ٹیکس، ایکسائز ڈیوٹی، سیلز ٹیکس اور دیگر سرکاری محصولات کی مدد میں حکومتی خزانے میں کمپنی کا مجموعی تعاون 4212 ملین پاکستانی روپے رہا۔

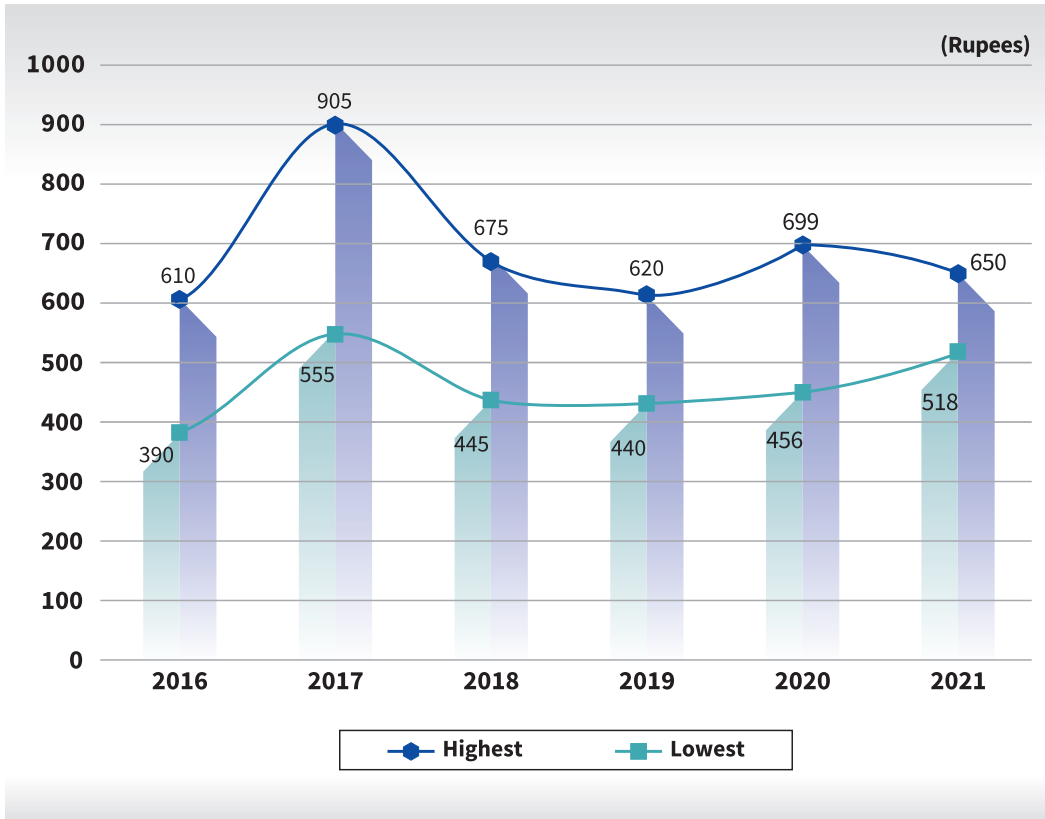


فی شیئر آمدنی

سال کا منافع (گزشتہ سال 1,169 ملین روپے کے مقابلے میں) 2,309 ملین روپے برقرار رہا۔ جس کی بنیاد پر سال کی فی حصص آمدنی گزشتہ سال کی فی حصص آمدنی 34.27 روپے کے مقابلے میں اضافے کے ساتھ 67.69 روپے ہو گئی ہے۔

حصص کی قیمت

زیر نظر سال کے دوران، کمپنی کے حصص کی قیمت 650 پاکستانی روپے کی بلند ترین سطح کو چھو گئی جبکہ پاکستان اسٹاک ایکسچینج کے ریڈی بورڈ انڈیکسز پر سب سے کم قیمت 518 پاکستانی روپے تھی۔



عطیات

آکر رومانے مختلف خیراتی، تعلیمی اور طبی اداروں کو عطیات کے ذریعے مالی مدد فراہم کی۔ زیر جائزہ مدت کے دوران ہماری کمپنی نے 1 ملین پاکستانی روپے کے مالیاتی تعاون کیے۔

منافع کا اختصا

کمپنی کے منافع کی مجوزہ تخصیص حسب ذیل ہے:

(روپے بلین میں)

2,367

2,367

مدت کے لیے کل جامع آمدنی
تخصیص کے لیے دستیاب منافع

تخصیص:

3,071

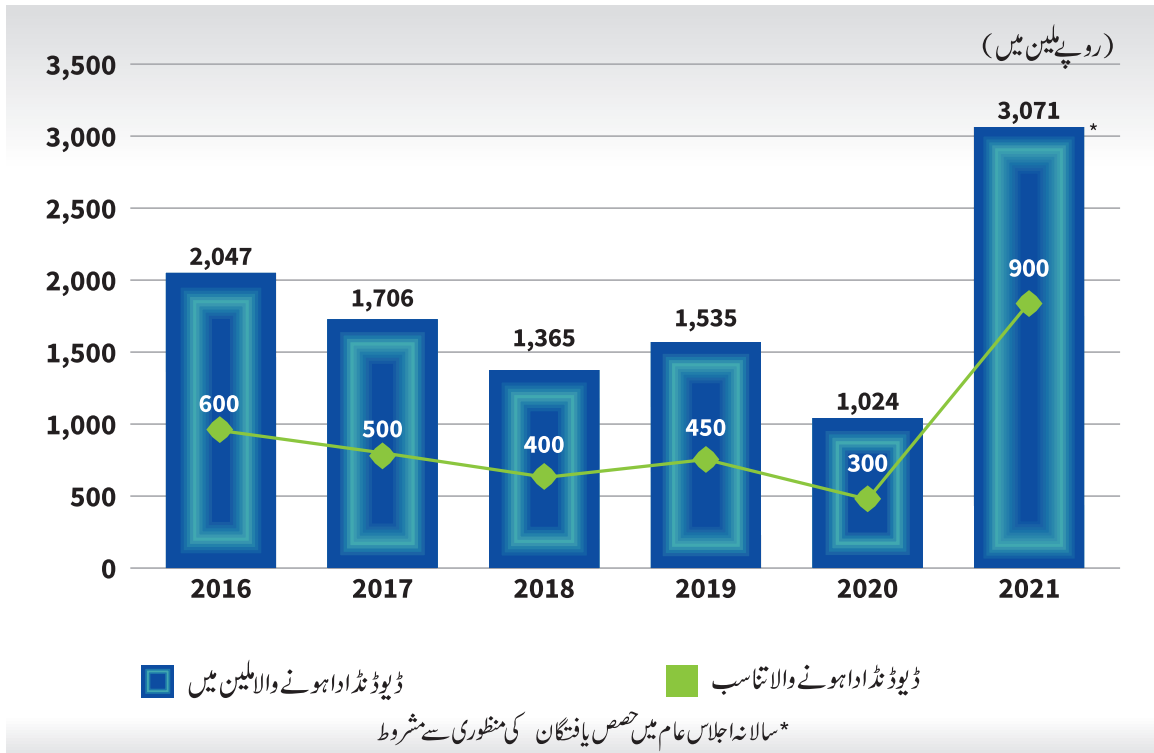
704

900 فیصد حتمی نقد منافع کی تجویز جس کی ادائیگی
سالانہ اجلاس عام میں منظوری کے بعد ادا کی جائے گی۔

محصولات کے ذخائر سے منتقلی

ڈیویڈنڈ

کمپنی کے بورڈ آف ڈائریکٹرز نے 29 اکتوبر 2021 کو ہونے والی اپنے اجلاس میں 30 ستمبر 2021 کو ختم ہونے والے سال کے لیے 90 روپے فی حصص کی شرح سے
حتمی نقد منافع کی تجویز پیش کی ہے تاکہ 30 دسمبر 2021 کو ہونے والے سالانہ اجلاس عام میں ممبران سے منظوری لی جاسکے۔



ڈائریکٹرز رپورٹ

کارپوریٹ سماجی ذمہ داری

آرکرو مکیوٹی اور کام کرنے کی ماحول کی فراہمی پر پختہ یقین رکھتی ہے، اسی لیے کارپوریٹ سماجی ذمہ داری کمپنی کے فلسفے کا ایک لازمی جزو ہے۔ ہم فعال طور پر بہتر اور تنوع کو فروغ دیتے ہیں اور اپنے ملازمین کی مہارتوں میں سرمایہ کاری کر کے انہیں موجودہ اور مستقبل دونوں کی ذمہ داریوں کے لیے اعلیٰ سطح کی کارکردگی کے قابل بناتے ہیں۔

نول کورونا وائرس کے تناظر میں کارپوریٹ سماجی ذمہ داری

پاکستان میں فروری 2020 میں COVID-19 کی وبا کے پھیلاؤ کے بعد، آرکرو مانے اپنے ملازمین، وینڈرز اور ایسوسی ایٹس ملازمین اور ان کے اہل خانہ کی حفاظت کے لیے کارآمد اقدامات کیے ہیں۔

COVID-19 سے بچاؤ کیلئے حسب ذیل اقدامات میں شامل ہیں:

- ڈبلیو ایچ او، پاکستان میڈیکل ایسوسی ایشن، این سی او سی، وفاقی اور صوبائی حکومت کی رہنما ہدایات کے مطابق مکمل طبی تفصیلات فراہم کرنا،
- سفری پابندیاں عائد کرنا۔
- ایمرجنسی رسپانس ٹیموں نے ملازمین کی فلاح و بہبود کے لیے مربوط کیا اور انہیں احتیاطی تدابیر، وقتاً فوقتاً طبی مشورے، ہیملپ لائنز، حکومتی ہدایات سے پوری طرح آگاہی فراہم کی۔
- کام کی جگہ پر تمام SOPs کا نفاذ:
 - سماجی فاصلہ
 - چہرے کے ماسک اور ہینڈ سینیٹائزر کا استعمال
 - واک تھر و سینیٹائزرنگ انٹری گیٹس کی تعمیر
 - گھر سے کام کی سہولت
- ویکسینیشن کے لیے ملازمین کی رہنمائی اور مدد کرنا
- کووڈ اسکریمنگ پر ریپڈ ٹیسٹ تمام تہواروں اور دیگر تعطیلات کے بعد کیا جاتا ہے۔



NED یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی کے ساتھ مفاہمت کی یادداشت

ہمارے ماضی کے طریقہ کار کے مطابق، آرکرو مانے 1 جنوری 2021 کو NED یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی، کراچی کے ساتھ ایک مفاہمت نامے پر دستخط کر کے سال 2021 کا آغاز کیا۔ معاہدہ وائس چانسلر ڈاکٹر سرش حشمت لودھی اور جناب مجتبیٰ رحیم کے متعلقہ دفاتر میں کیا گیا۔ آرکرو و NED یونیورسٹی کے ساتھ خاص طور پر ٹیکسٹائل فیکٹری کے ساتھ آرکرو ماسینٹر آف ایکسی لینس میں انٹرنشپ اور تحقیقی منصوبوں کے ساتھ اشتراک کیا ہے۔ ترقیاتی منصوبے زیر عمل ہیں جو ٹیکسٹائل میں صنعتی ترقی کا باعث بن رہے ہیں۔



Mr. Mujtaba Rahim and Dr. Sarosh Hashmat Lodhi with MoU document

ذمہ دار ہمسایہ

جامشور و سائٹ پر ہمارا پائیدار ایفلوینٹ ٹریٹمنٹ پلانٹ روزانہ 10 لاکھ لیٹر پانی کی بچت کرتا ہے جو کہ ماحولیات کے لیے ایک بہت بڑی بچت اور تعاون ہے۔ ہمسایوں کیلئے SET پلانٹ بہت مفید ہے چونکہ ہم روزانہ کی بنیاد پر ارد گرد کی کمیونٹی کو تقریباً 13,000 گیلن پینے کا صاف پانی بلا معاوضہ فراہم کرتے ہیں۔



Clean drinking water being poured in traditional water jugs by neighborhood community

وزیر اعلیٰ کے مشیر برائے ماحولیات کا دورہ

بیرسٹر مرتضیٰ وہاب نے ماحولیاتی تحفظ کے حوالے سے ہمارے فعال اقدامات سے واقفیت حاصل کرنے کے لیے جامشور و سائٹ کا دورہ کیا۔ انہوں نے کمیونٹی کو پینے کے صاف پانی کی فراہمی اور بڑے پیمانے پر درخت لگانے، عوام کو COVID-19 کے بارے میں آگاہی اور ماحولیاتی ضوابط مثلاً اخراج وغیرہ کے علاوہ دیگر ماحول دوست سرگرمیوں کی بہت تعریف کی۔



Barrister Murtaza Wahab speaking at gathering of Archroma management and at SET plant tour

ارتھ ڈے پر درخت لگانا - ہمارے ماحول کو صاف ستھرا اور سرسبز بنانا

ہماری سائنس کو صاف اور سبز بنانے کے بعد، آرکرو ماٹیم نے اس کام کو ہمسایہ اداروں تک پہنچایا۔ درختوں کے پودے بنیادی طور پر پتوں والے اور سایہ دار مومن سون درخت لگانے کے موسم میں جولائی تا ستمبر کے درمیان لگائے گئے تھے۔ اب تک لیاقت میڈیکل کالج، سندھ یونیورسٹی، مہران یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی، سندھ انوائٹمنٹ پروٹیکشن ایجنسی اور پولیس کے دفاتر میں بڑے پیمانے پر درخت لگائے جا چکے ہیں۔

آرکرو ماٹیم نے سینکڑوں درخت لگائے ہیں اور اسکولوں، یونیورسٹیوں اور مقامی حکومتوں کو ماحولیاتی آلودگی کو کم کرنے کے لیے درخت لگانے اور ان کی پرورش کے لیے آگاہی دی ہے۔



Tree plantation at Liaquat Medical College & SEPA offices

عوامی خدمت کی سرگرمیاں

ہماری کوشش ہے کہ مقامی کمیونٹی کو COVID-19 کے احتیاطی اقدامات سے آگاہ رکھا جائے۔ سال بھر، ہم نے رضا کاروں کی مدد سے ایس او پیسز، چہرے کے ماسک اور ہینڈ سینیٹائزر پر طباعت شدہ مواد عوام میں تقسیم کیا۔ مقامی کمیونٹی کے لیے ہپاٹائٹس سے متعلق آگاہی اور بچاؤ ورکشاپ کا انعقاد بھی کیا گیا۔



Public services activities in full swing

تعلیم

تکنیکی مہارت ایک اور خاصیت ہے جس کے ساتھ آرکروما کو دنیا بھر میں پہچانا جاتا ہے۔ آرکروما سینٹر آف ایکسی لینس (ACE) ایک جدید ترین ریسرچ اینڈ ڈیولپمنٹ لیبارٹری ہے جو اس صنعت کی مدد کرتی ہے جب تکنیکی جوابات آسانی سے نہیں مل سکتے ہیں۔ آرکروما کے ذریعہ اب تک 5827 طلباء پر مشتمل 201 بچوں کو تربیت دی گئی ہے۔ خواتین انٹرنز میں اضافہ بھی ہمارے پروگرام کی ایک قابل تعریف خصوصیت ہے۔ ٹیکسٹائل انڈسٹری کے تکنیکی ماہرین اور صنعت کاروں کو بھی تربیت فراہم کی جاتی ہے اور اس لیے ہم نے علم کی مشعل کو اپنی اگلی نسل تک پہنچاتے ہوئے پائیدار ترقی کی کارپوریٹ سماجی ذمہ داری کو نبھایا ہے۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل

کمپنی درج ذیل قواعد و ضوابط کی ضروریات کے تحت کوڈ آف کارپوریٹ گورننس کے تمام تقاضوں کی تعمیل کر رہی ہے۔

ڈائریکٹرز درج ذیل کی تصدیق کرتے ہیں:

- ☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے کاروباری نتائج، نقد رقم کی ترسیل اور حصص میں ردوبدل کی شفاف عکاسی کرتے ہیں۔
- ☆ کمپنی کے کھاتے مناسب طریقہ سے تیار کئے جاتے ہیں۔
- ☆ مناسب محاسبی پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ محاسبی کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- ☆ پاکستان میں قابل اطلاق مالیاتی رپورٹنگ معیارات کی مالی حسابات کی تیاری میں بیرونی کی گئی ہے اور کسی قسم کی کوئی غفلت نہیں برتی گئی۔
- ☆ اندرونی کنٹرول کے نظام منظم ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- ☆ آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ☆ گزشتہ چھ سالوں کیلئے کمپنی کے اہم امور اور مالیاتی تفصیلات صفحہ نمبر 99 پر منسلک ہیں۔
- ☆ منسلک آڈٹ شدہ مالیاتی گوشواروں میں بقایا ٹیکس اور لیویز کا مناسب طور پر انکشاف کیا گیا ہے۔
- ☆ نظم و ضبط کے حوالے سے کوئی بھی مواد قانون کے خلاف نہیں ہے جس کی تفصیلات لسٹ میں دی گئی ہے۔

اخلاقیات اور کاروباری طرز عمل کا بیان (ضابطہ اخلاق)

بورڈ، سینئر مینجمنٹ اور دیگر ملازمین کی سالمیت کو فروغ دینے کے لیے پیشہ ورانہ معیارات اور کارپوریٹ اقدار کو قائم کرنے کے لیے، بورڈ نے ایک ضابطہ اخلاق جاری رکھا ہے، جس میں قابل قبول اور ناقابل قبول طرز عمل کی وضاحت کی گئی ہے۔ اسی کو کمپنی کی ویب سائٹ پر بھی آویزاں کیا گیا ہے۔

انٹرنل کنٹرولز

کمپنی ایک مضبوط اندرونی کنٹرول سسٹم کو برقرار رکھتی ہے جو کسی بھی مادی غلط بیانی یا نقصان کے خلاف معقول یقین دہانی کراتی ہے۔ انٹرنل کنٹرول سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔ بورڈ انٹرنل کنٹرول کے عمل کی نگرانی کی مجموعی ذمہ داری قبول کرتا ہے۔ رسک مینجمنٹ اور اندرونی کنٹرول کے عمل کو کمپنی کے اثاثوں کی حفاظت اور کمپنی کو درپیش ابھرتے ہوئے خطرات کو مناسب طریقے سے حل کرنے یا کم کرنے کے لیے تشکیل دیا گیا ہے۔ رسک مینجمنٹ سسٹم کے بارے میں جامع تفصیلات کمپنی کے مالی بیانات میں الگ سے ظاہر کی گئی ہیں۔

ڈائریکٹرز رپورٹ

بورڈ میں تبدیلیاں

ڈائریکٹرز کا انتخاب کمپنیز ایکٹ 2017ء کے تقاضوں کے مطابق 25 مارچ 2021ء کو غیر معمولی اجلاس عام کا انعقاد کیا۔ حصص یافتگان نے سات ڈائریکٹرز میسرز مجتبیٰ رحیم، ایم وقار عارف، مشیل زوسٹین، رولینڈ وانیل، مارکوس فرر، شاہد غفار اور یاسمین پی محمد کو یکم اپریل 2021ء سے شروع ہونے والی تین سال کی مدت کے لیے منتخب کیا۔

ستمبر میں بورڈ سے جناب رولینڈ وانیل کے استعفیٰ کے نتیجے میں، جناب تھامس بوچر کو 1 نومبر 2021 سے ان کے عہدے پر مقرر کیا گیا ہے۔

بورڈ نے نئے ممبران کو خوش آمدید کیا اور سبکدوش ہونے والے ممبران کے گراں قدر تعاون کو سراہا۔

بورڈ کی تشکیل

کمپنی کے پاس ایک انتہائی موثر بورڈ ہے، جس میں صنف، بنیادی اہلیت، مہارت، علم اور تجربہ کا متنوع امتزاج ہے۔ بورڈ کی تشکیل لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019ء کے تقاضوں کے مطابق ہے جو درج ذیل اداروں پر لاگو ہوتا ہے:

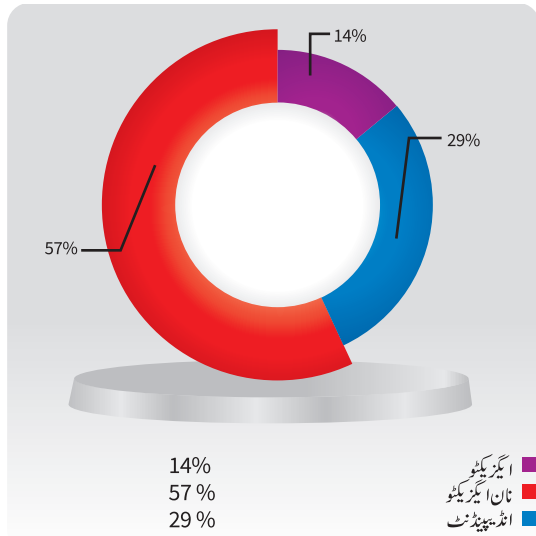
ڈائریکٹرز کی کل تعداد:

06	مرد	(الف)
01	خاتون	(ب)
<u>07</u>		

تشکیل:

01	ایگزیکٹو	(i)
04	نان ایگزیکٹو	(ii)
02	انڈیپنڈنٹ	(iii)
<u>07</u>		

بورڈ کے چیئرمین اور سی ای او کے عہدے پر دو مختلف افراد کیفائز ہیں۔



بورڈ آف ڈائریکٹرز کی کمیٹیاں

کمپنی کا بورڈ آف ڈائریکٹرز کمپنی کے کاموں اور معاملات کی ایک موثر انداز میں، اور قابل اطلاق قوانین، قواعد و ضوابط کے مطابق نگرانی کرتا ہے۔ بورڈ نے اپنے امور میں بورڈ کی مدد کے لیے دو کمیٹیاں تشکیل دی ہیں۔ یہ کمیٹیاں اپنے متعلقہ دائرہ کار سے متعلقہ اہم معاملات پر غور و خوض کرتی ہیں اور حتمی فیصلہ سازی کے لیے اپنی سفارشات بورڈ کو پیش کرتی ہیں۔

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے نفاذ کے بعد سے بورڈ نے ایک آڈٹ کمیٹی قائم کی ہے۔ بورڈ کی آڈٹ کمیٹی اس وقت درج ذیل ڈائریکٹرز پر مشتمل ہے:

عہدہ	ڈائریکٹرز کا نام
چیئرمین (انڈیپینڈنٹ ڈائریکٹر)	جناب شاہد غفار
ممبر (نان ایگزیکٹو ڈائریکٹر)	جناب مشیل زمٹین
ممبر (نان ایگزیکٹو ڈائریکٹر)	جناب وقار عارف

آڈٹ کمیٹی کے حوالے کی شرائط وہی ہیں جو کارپوریٹ گورننس کے کوڈ میں درج ہیں۔ مزید برآں آڈٹ کمیٹی مالیاتی گوشواروں اور انٹرنل کنٹرول کے حوالے سے اپنے آپ کو مطمئن کرنے کے لئے کسی بھی طرح کی معلومات اور وضاحت طلب کرنے کیلئے آزاد ہے۔

کمیٹی مالیاتی گوشواروں اور کمپنی کے کاروبار کے حوالے سے کسی بھی اہم علاقے کا جائزہ لینے کیلئے سہ ماہی میں کم سے کم ایک بار میٹنگ کرتی ہے۔ آڈٹ کمیٹی مالیاتی گوشواروں کی منظوری کیلئے بورڈ کو اپنی سفارشات پیش کرتی ہے جس کی توثیق چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر کے ذریعہ کی جاتی ہے۔

ہیومن ریسورسز اور معاوضہ (HR&R) کی کمیٹی

کوڈ آف کارپوریٹ گورننس کے مطابق بورڈ نے ہیومن ریسورسز اور معاوضہ کی کمیٹی بھی تشکیل دی ہے۔ کمیٹی کی شرائط اور حوالہ جات ان شرائط میں شامل ہیں لیکن ان تک محدود نہیں جیسا کہ کوڈ آف کارپوریٹ گورننس میں درج ہے۔ بورڈ کی (HR&R) کمیٹی اس وقت درج ذیل ڈائریکٹرز پر مشتمل ہے:

عہدہ	ڈائریکٹرز کا نام
چیئرمین (انڈیپینڈنٹ ڈائریکٹر)	محترمہ یاسمین پیر محمد
ممبر (ایگزیکٹو ڈائریکٹر)	جناب مجتبیٰ رحیم
ممبر (نان ایگزیکٹو ڈائریکٹر)	جناب مشیل زمٹین

ڈائریکٹرز کا تربیتی پروگرام

بورڈ آف ڈائریکٹرز کی تربیت بورڈ کو اپنا کردار ادا کرنے اور کمپنی کی کارکردگی میں حقیقی تبدیلی لانے میں مدد کرتی ہے۔ کمپنی لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کے مطابق ڈائریکٹرز کا تربیتی پروگرام مکمل کرنے کے لیے اپنے ڈائریکٹرز کی بھرپور حوصلہ افزائی کرتی ہے۔ چھ ڈائریکٹرز پہلے ہی ڈائریکٹرز کا تربیتی پروگرام کامیابی سے مکمل کر چکے ہیں۔

نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی

بورڈ آف ڈائریکٹرز نے نان ایگزیکٹو اور انڈیپینڈنٹ ڈائریکٹرز کیلئے معاوضے کی پالیسی کی منظوری دے دی ہے۔ جس کے مطابق بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کیلئے ایک ڈائریکٹر کا معاوضہ وقتاً فوقتاً بورڈ آف ڈائریکٹرز کے ذریعے طے کیا جائے گا اور اس کی منظوری لی جائے گی۔

بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت

زیر نظر سال کے دوران بورڈ اور کمیٹیوں کے حسب ذیل اجلاس منعقد کیے گئے اور ہر ڈائریکٹر کی حاضری درج ذیل ہے:

HR - R 1-اجلاس	آڈٹ کمیٹی 4-اجلاس	بورڈ آف ڈائریکٹرز 4-اجلاس	عہدہ	ڈائریکٹر کا نام
1	-	4	ایگزیکٹو	مجتبیٰ رحیم
-	-	1	نان ایگزیکٹو	ڈاکٹر ایں مبارک علی
-	3	3	نان ایگزیکٹو	ایم وقار عارف
-	-	-	نان ایگزیکٹو	رو لینڈ وانمیل
-	-	-	نان ایگزیکٹو	تھامس بوچر
1	4	4	نان ایگزیکٹو	مشیل زمسٹین (متبادل: نوید کمال)
-	4	4	نان ایگزیکٹو	مارکوس فیورر (متبادل: عرفان چاہ والا)
-	4	4	انڈیپنڈنٹ	شاہد غفار
-	1	1	انڈیپنڈنٹ	ایم زید معین مہاجر
1	-	4	انڈیپنڈنٹ	یاسمین حبیب پیر محمد

غیر حاضری کی چھٹی ان ڈائریکٹرز کو دی گئی جو اجلاسوں میں شرکت نہیں کر سکے اور ان کی نمائندگی ان کے متعلقہ متبادل کے ذریعے کی گئی۔

بورڈ کی تشخیص

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس ریگولیشنز) 2019 کے تحت مطلوب ہے، بورڈ سالانہ بنیادوں پر اپنی کارکردگی کا خود کار جائزہ لیتا ہے۔ تشخیص میں ایگزیکٹو ڈائریکٹرز، آزاد ڈائریکٹرز اور اس کی ذیلی کمیٹیوں کی کارکردگی کا جائزہ بھی شامل ہے۔ بورڈ آف ڈائریکٹرز کا خیال ہے کہ اس بات کا اندازہ لگانے کے لیے کہ بورڈ نے اپنے لیے جو مقصد اور اہداف مقرر کیے ہیں ان کے خلاف کتنی موثر کارکردگی کا مظاہرہ کیا ہے اس کے لیے مسلسل تشخیص اہم ہے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے، آرکروما پاکستان لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز ("بورڈ") کا سالانہ جائزہ لیا جاتا ہے۔ اس تجزیے کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے لیے مقرر کردہ مقاصد کے تناظر میں توقعات کے خلاف قیاس اور متعین کیا جائے۔

بورڈ کی تشخیص کے مقصد کے لیے، ایک جامع معیار تیار کیا گیا ہے۔ بورڈ نے حال ہی میں 30 ستمبر 2021 کو ختم ہونے والے سال کے لیے اپنی سالانہ خود تشخیص مکمل کی ہے۔ سال کے لیے منظور شدہ معیار کی بنیاد پر بورڈ کی مجموعی کارکردگی تسلی بخش تھی۔

ڈائریکٹرز رپورٹ

گریجویٹی اور پراویڈنٹ فنڈز

30 جون 2021ء اور 30 جون 2020ء کے تازہ ترین مالیاتی حسابات کی بنیاد پر گریجویٹی اور پراویڈنٹ فنڈز کی سرمایہ کاری کی قیمت درج ذیل ہے۔

2020	2021
(روپے بلین میں)	
879	1,005
714	623

گریجویٹی فنڈ
ایسپلائرز اوڈینٹ فنڈ

سرمایہ کاری ویلیو میں حاصل شدہ منافع شامل ہے

عدم ادائیگی، قرض / قرض ٹیکس اور ڈیویڈنڈ

بہترین کاروباری طریقہ کار کے حوالے سے، کمپنی واجب الادا رقم کی ادائیگی کے شیڈول کی پابندی کرتی ہے۔ مزید برآں، زیر نظر مالی سال کے دوران یا اس کے اختتام پر ٹیکس، ڈیویڈنڈ اور لیویز کی مد میں کوئی ادائیگی واجب الادا یا بقایا نہیں تھی۔

خطرات اور غیر یقینی صورتحال

کمپنی کے پاس ایک مضبوط کاروباری تسلسل کا منصوبہ ہے جس میں کسی بھی غیر یقینی صورتحال کی صورت میں اٹھائے جانے والے حالات اور اقدامات پر روشنی ڈالی گئی ہے۔ کمپنی نے خطرات کی نشاندہی کرنے اور مناسب تخفیف کے اقدامات کو وضع کرنے کے لیے ایک ٹھوس طریقہ کار بھی مرتب کیا ہے جس کی کمپنی کے تمام بڑے کاموں میں انتظامیہ کی طرف سے باقاعدگی سے نگرانی اور عمل درآمد کیا جاتا ہے۔

ہولڈنگ کمپنی

آرکرو مائیکسٹائل GmbH رنگوں اور خصوصی کیمیکلز کا ایک عالمی، متنوع فراہم کنندہ ہے جو برانڈڈ اور پرفارمنس ٹیکسٹائل، بیکیجنگ اور کاغذ، اور کونٹینر، چپکنے والی اشیاء اور سیلینٹ مارکیٹوں کو پیش کرتا ہے۔ ریناج، سوئزر لینڈ میں ہیڈ کوارٹر اور رجسٹرڈ، کمپنی ایک انتہائی مربوط، کسٹمر پرمکوز پلیٹ فارم چلاتی ہے جو 100 سے زیادہ ممالک میں خصوصی کارکردگی اور رنگوں کے متعلق حل فراہم کرتی ہے۔ آرکرو مائیکسٹائل سے زائد ممالک میں 3,000 ملازمین اور چھپیس پروڈکشن سائٹس مصروف عمل ہیں۔

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عام لوگ آرکرو مائیکسٹائل کی ویب سائٹ www.archroma.com.pk ملاحظہ کر سکتے ہیں جس میں سرمایہ کاروں کے لیے متعلقہ معلومات پر مشتمل ایک مخصوص سیکشن موجود ہے۔

ای میل

archroma.pakistan@archroma.com

بعد از واقعات

چین سے آرکروما کے خام مال / پیٹرو کیمیکل کی جاری ترسیل، توانائی کی کھپت کو کنٹرول کرنے کے اقدامات اور 'ماحولیاتی جانچ' سے بری طرح متاثر ہوتی ہے، جس کے سائھی جہازوں اور کنٹینرز کی عدم دستیابی کی وجہ سے عالمی سپلائی چین کی صورتحال میں خلل واقع ہوا ہے۔

گزشتہ چند ہفتوں کے دوران، آرکروما کو کچھ عالمی خام مال کے سپلائرز کی طرف سے مطلع کیا گیا ہے، جو اس طرح کی سپلائی چین میں رکاوٹوں سے متاثر ہیں اور انہوں نے مذکورہ صورتحال کی وجہ سے فورس میجر کا اعلان بھی کیا ہے۔ مذکورہ واقعات کے نتیجے میں، جو کہ کمپنی کے کنٹرول سے باہر ہیں اور ہمارے کچھ خام مال کی خریداری میں چینلنگز کا باعث ہیں، آرکروما لہذا مجبور ہے کہ وہ غیر متوقع حالات کو 14 اکتوبر 2021 سے نافذ العمل قرار دے کیونکہ کمپنی اس طرح کی متاثرہ مصنوعات کی تیاری اور فراہمی میں وقتی طور پر ناکام رہی ہے۔

مالیاتی گوشوارے اور آڈیٹرز:

کمپنی کے مالیاتی گوشواروں کا آڈٹ کیا گیا ہے اور آڈیٹرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کے ذریعہ بلا قابلیت منظوری دی گئی ہے۔ موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، سبکدوش ہو جائیں گے اور بطور اہل، کمپنی کے خارجی آڈیٹرز کے طور پر دوبارہ تقرری کے لیے خود کو پیش کر چکے ہیں۔

بورڈ نے سال 2021-2022 کے لیے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز تقرری کی سفارش کی ہے، جیسا کہ آڈٹ کمیٹی نے سفارش کی تھی، جو کہ 26 ویں سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط ہے۔

کلیدی آپریٹنگ اور مالیاتی ڈیٹا

گزشتہ چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا صفحہ نمبر 99 پر دکھایا گیا ہے۔

شیر ہولڈنگ کا نمونہ

کمپنیز ایکٹ مجریہ 2017ء کے سیکشن (f) (2) کے تحت 30 ستمبر 2021 کو شیر ہولڈنگ کے پیٹرن کو ظاہر کرنے والا بیان رپورٹ ہذا کے ساتھ منسلک ہے۔

اعتراف

بورڈ اس انتہائی مشکل سال کے دوران بہترین کارکردگی کیلئے تمام ملازمین کی تعریف اور ان کا اعتراف کرنا چاہتا ہے اور مستقبل میں مزید کامیابیاں حاصل کرنے کیلئے ان کے مسلسل تعاون کا منتظر ہے۔

بورڈ کی جانب سے، ہم قابل قدر شیر ہولڈرز، صارفین، سپلائرز، ٹھیکیداروں، بینکرز اور دیگر اسٹیک ہولڈرز کے لیے ان کی حمایت، اعتماد اور اعتماد کے لیے اپنا مخلصانہ شکریہ ادا کرنا چاہتے ہیں۔



عرفان چاہ والا
سی ایف او / ڈائریکٹر

منجانب بورڈ



مجتبیٰ رحیم
چیف ایگزیکٹو آفیسر

کراچی: 29 اکتوبر 2021ء

/ AWARDS AND ACCREDITATIONS



Celebrating highest ever sales and a decade of consecutively winning Management Association of Pakistan's Corporate Excellence Award

/ AWARDS AND ACCREDITATIONS

Top 25 Companies Award

Pakistan Stock Exchange ranked Archroma on 5th position for the year 2019. A remarkable feat achieved for the 18th time as Archroma wins positions amongst Top 25 companies at the Stock Exchange. Our achievement is a recognition of complying successfully with the highest standards of financial & operational excellence and crossing annually raised bars set by the Stock Exchange. The winning criteria is based on capital efficiency, good corporate governance, listing regulations, transparency and timely distribution of profits.

Decade of Corporate Excellence

Archroma completed a decade of consecutively winning Corporate Excellence Award – Chemical Sector by Management Association of Pakistan on 28th October 2021. The Award is a recognition of Good Management Practices which include a vast section of policies and procedures in finance, compliance, human resources and corporate social responsibility.



Mr. Mujtaba Rahim & Mr. Irfan Chawala receiving the Corporate Excellency Award from the Honourable Chief Guest, Mr. Shabbar Zaidi

/ AWARDS AND ACCREDITATIONS

Employer of the Year Award

At the 8th contest, Archroma Pakistan once again emerged as winner of Diamond Award for the year 2020 in multinational category. The President of Pakistan, Dr. Arif Alvi conferred this prestigious award to Mr. Mujtaba Rahim on 12th March 2021 at Karachi in presence of a large corporate gathering. Archroma enjoys the unique distinction of winning Employer of the Year and Chief Executive of the Year Award three time in a row from 2015 to 2017.



Dr. Arif Alvi, President of Pakistan presenting the Award to Mr. Mujtaba Rahim.

Living The Global Compact Best Practices Sustainability Award

Archroma is amongst the 20 founding signatories of Global Compact rolled out to the corporate world in December 2005 by Employers Federation of Pakistan. Its ten complying principles relate to Human rights, Labor, Environment and Anti-Corruption. Within Archroma, we observe all principles with full sanctity and discipline. We won 3rd position in a nationwide competition on best practices of UN SDGs & Global Compact principles on 30th March 2021 at Karachi. Mr. Irfan Chawala received the award from Mr. Zaki Ahmed Khan, Vice President, Employers Federation of Pakistan.



Mr. Irfan Chawala receiving the Award from Vice President Employers Federation of Pakistan, Mr. Zaki Ahmed Khan

/ AWARDS AND ACCREDITATIONS

Corporate Social Responsibility Award

Archroma Pakistan won CSR Award in the area of Community Service in recognition of its many actions aimed at saving water, providing it to the neighbouring community and contribution to enhance education through internships at Archroma Center of Excellence. The national contest was organized by National Forum for Environment & Health. Mr. Ihtasham Elahi received the award from Governor of Punjab, Chaudhry Mohammad Sarwar on 25 February 2021 at Islamabad.



Tree Plantation Award

Archroma promotes tree plantation in schools, civil administration offices and neighbourhood. At our production sites in Jamshoro and Landhi, it is our motto to plant fruit trees with the resultant that mangoes, guavas, cheeku, dates, grapefruit, papayas and coconuts are available in abundance in every season. We utilize designated open spaces for growing vegetables. Archroma contributes to cleaner environment by converting organic solid waste into compost. So far 9,000 kgs of organic compost has been made to enrich the soil. Composting is an initiative of our team and is done in-house using organic kitchen and garden waste, paper and saw dust. In recognition of our efforts to upscale the environment, National Forum for Environment & Health presented us Tree Plantation Award for the third year on 16 September 2021 at Karachi.



Environment Excellence Award

Once again Archroma came out as winner of this prestigious award. The nationwide contest was organized by National Forum for Environment & Health. Detailed inspection of Jamshoro and Landhi are held, the assessments revealed that both sites were fully compliant of all environmental standards, regulations and guidelines.



/ AWARDS AND ACCREDITATIONS

Green Offices

Archroma is amongst the forerunners to adopt “Green Office” initiatives of WWF effective 2016. It enables us to take concrete steps in environmental protection through internal management practices e.g. saving in water usage, utilities – electricity, gas and fuel and waste management.

Archroma Center of Excellence Labs are designed in such a manner that we take maximum benefit of daylight, here no bulbs are used. Water lines from taps are laid towards green spaces where it is utilized for plantation.



Global Recognitions Archroma Sustainability Awards – 2021

In May 2021, Archroma announced a global contest on Sustainability inviting all countries wherein Archroma is operating to showcase their projects. Archroma employees all over the world voted to select projects of their choice in seven categories. Pakistan came out with a unique winning streak @ 100% – two of its project received highest votes from all over the world on 22nd September 2021:

Safety & Health category

It's our Nature - ACCIDENT FREE ARCHROMA PAKISTAN

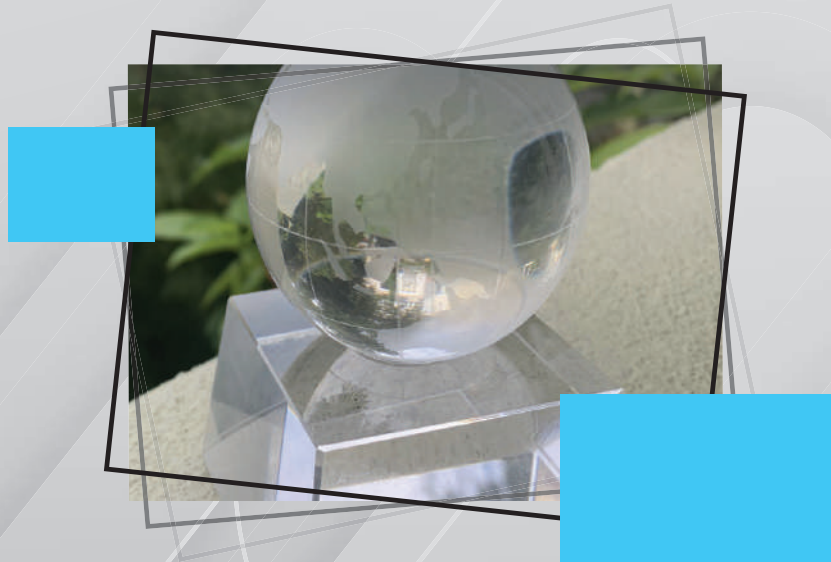
Sustainable Partnership category

FUTURE R US – ARCHROMA HARVESTING NEW MINDS TOWARDS SUSTAINABLE NORMS

Another accolade included Pakistan IT team

Excellence Improvement category

IT SERVICES OPTIMIZATION TOWARDS COST EFFICIENCY, USER SATISFACTION AND DIGITALIZATION



FACTORS EFFECTING THE EXTERNAL ENVIRONMENT

PESTEL Analysis

Factors	Description	Organizational Response
Political	Political instability and changes in government policies may have adverse impact on the organization operations.	The Company vigilantly monitors the changes in Government policies and regulations issued by the regulators. Directives sent out by all Regulatory authorities are effectively implemented. We fully abide by all statutory laws enacted by the corporate bodies e.g. Securities and Exchange Commission, State Bank of Pakistan, Stock Exchange, Banks etc.
Economic	Increase in prices of major raw materials and operational cost. Increased inflation. Increase in shipping costs. Delay in deliveries.	The Company keeps an eye on all economic factors. Initiatives have been taken by the Company to minimize the impact includes remained focus on improving operational efficiencies, effective inventory management and effective inventory raw material procurement.
Social	Focus on Corporate Social Responsibility, Donations, Development of communities.	As a social responsible corporate entity Archroma Pakistan actively takes a part in CSR activities. Archroma is amongst the first 20 signatories of United Nations Global Compact initiatives rolled out in Pakistan in December 2005. All 10 principles of Global Compact are strictly adhered and followed. Since the inception of Global Compact Awards, Archroma has always been amongst the winners of Best Practices Award on Global Compact in view of its work on Human rights, Labor, Environment and Anti-corruption.
Technological	Technological obsolescence, competitors capitalizing on new opportunities created by technological advancements.	Archroma continuously invests in different projects to improve efficiency & to achieve operational excellence. Archroma's Aniline free liquid indigo is a shining example for producing sustainable denim fashions.
Environment	Growing attention to environmental protection, climate changes, natural disasters and natural resource conservation.	The Company has a separate Safety Health & Environment (SHE) department which ensures compliance of Archroma Safety Health and Environment Standards and local regulatory requirements to ensure environmental safety and all other compliances.
Legal	Various laws and regulations applicable on the Company, i.e. statutory, corporate, legal, secretarial, taxation, import, environmental, health and safety laws and regulations.	The Company ensures compliance with all the applicable laws and regulations. The Company's Finance, Compliance, and Regulatory departments monitor any new legislations impacting the Company and ensure meticulous compliance.

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

Archroma is one of the leading manufacturers of specialty chemicals in Pakistan has further improved its position as a market leader during the year under review. The Company's competitive landscape and market position is described below.

Power of Suppliers

Suppliers hold a key position in our entire value chain. The trademark of our relationship with our suppliers consists of transparency, continuity and the building of shared values. We believe in maintaining the highest standards of quality. We have developed multiple sources for supply of key components and materials. The strong relationship ensures smooth and timely delivery of materials at mutually beneficial terms. The strong capability of Company to timely meet all its financial commitments, enable us to negotiate better credit rates and terms with all our suppliers.

Power of Customers

We always strive for higher value delivery to our customers through system selling approach, product quality to meet their requirements and after sales service. We are conscious of the fact that our customers remain a key to our success, therefore we put customers at the core of our decisions which supports to manage the power of customers.

Competition and Rivalry

Archroma Pakistan has maintained its position as a market leader in the specialty chemical industry. We believe in a healthy competition to keep us conscious for maintaining our market share and continuously improve and maintain the high-quality standards. Archroma Pakistan is the only company to produce Denisol Pure Indigo on its state-of-the-art sustainable facilities which provides competitive edge against our peers.

Threat of New Entrants

Being the largest producer of specialty chemicals with state-of-the-art sustainable facilities, marketing and distribution network across the length and breadth of the country, the threat of new entrants in chemical industry of Pakistan is significantly low.

Threat of Substitute Products

The risk of substitute products in the market is low, because of our eco-compliance / sustainability standards.

STRATEGIES AND RESOURCE ALLOCATION

Strategic Objectives

Strategic Objectives	Strategies in place or intended to be implemented to achieve those strategic objectives	Timeline
Maintain leadership position in the local market	Our focus remains on designing business strategies for the local market that ensure holding and increasing our market share. We continuously invest in new products to cater to the requirements of customers.	Short term
Increasing share in international market	The company has international production footprint which enables us to enter into new markets and territories. The Company achieved exports of PKR 3,839 million by increasing business in existing and new international markets.	Short term
Diversification	Archroma is bringing in new products in Health Care and Home Hygiene. Specially developed to maintain clean living space, manage disinfection, better odour & aesthetics.	Medium to Long term
Operational Efficiency	Improve efficiency by innovation in production process and reduction in energy consumption and costs by optimally utilizing all available resources.	Medium to Long term
Human Capital	Human capital is an asset and plays an important role in our success. The Company has put following strategies to achieve its objectives: <ul style="list-style-type: none"> ● Job rotations / enrichment is planned to ensure retention of talent and diverse workforce ● Encouragement of bottom-up ideas' generation ● Training and education programs for employees ● Low employee's turnover ratio ● Development of a succession plan for all key positions within the organization 	Medium to Long term
Environmental sustainability	Reduce greenhouse gas emissions and contribute positively to protect the environment by investing in projects to reduce waste, conserve water and energy.	Short to Medium term
Risk Management	The Company has developed a sound mechanism for identification of risks and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company.	Short term

Resource Allocation Plans to implement the Strategy

Our focus is always to realize the maximum potential of our resources with the ultimate objective of increasing the shareholder value, continually improve the efficiency of our operations, putting customers at the core of our decisions through strategic management of costs and investments in order to boost the use of our resources, while efficiently managing the allocation and cost of capital. To achieve our strategic objectives the management continues to monitor the changes in external and internal environment to capitalize on better resource allocation opportunities.

The Company aims to become Pakistan's leading player in Specialties chemicals with international footprint. To achieve this, we will utilize the optimum mix of our resources and leverage our rich experience in manufacturing and marketing of products in Pakistan as well as in international markets.

RISK AND OPPORTUNITIES



SWOT

STRENGTHS

- Market Leadership
- Availability of State of the art local production capacity
- Global presence
- Competent and committed team & business partners
- System Selling approach
- Environmental Sustainability

WEAKNESSES

- Dependence on consistent supply of imported raw material
- Cash cycle
- Limited access to untapped markets

OPPORTUNITIES

- Growth in textile industry
- Government incentive package for construction industries
- Diversification into new market segments
- Alternate energy and operational efficiency projects

THREATS

- Uncertain situation due to COVID-19
- Raw material prices and availability
- Lack of level playing field for local manufacturing
- Volatility of exchange rates
- Rising inputs costs on account of increase in energy costs
- Continuous delays In Sales & Income tax refunds

/ RISK AND OPPORTUNITY

Risk Management Framework & Methodology

Archroma is committed to a strong risk management throughout the company, supported by the Management Committee and Board of Directors.

The company has a Risk Management Policy in place since 2015 and has been undergoing regular risk evaluation reviews.

The results of every update to the risk mapping are shared with the Board Audit Committee. Archroma initiated the risk management framework with the primary objective to have an overview of the significant risks. Risk management is a very broad topic and therefore requires to be prioritized to identify the areas that require attention.

From a commercial perspective there are many risks, and Archroma has identified about multifarious areas of potential risks, for example environmental risk, credit risk, raw material supply etc., that we monitor and assess on a regular basis. Archroma performed actions to limit its impact, as well as provide sustainable solutions that contributed to overcome the crisis.

Archroma is in the process of also integrating in this platform the risk owners of occupational risk, health and safety, IT security, etc., so the management of risks will be consolidated, centralized, and monitored, providing a comprehensive overview of risk management at all levels in terms of likelihood and impact. This will allow to consolidate the results, and to set the action plan and the overall company audit plan considering the risk elements. The need for stronger focus on risk management was supported by the Board Audit Committee.

The company is keen to raise awareness about risk management across the organization. The most effective factors in doing so are the frequency of the risk assessment, as well as action planning and execution. The effectiveness of the approach is demonstrated by the fact that our insurance and financial partners are taking Archroma's risk-mitigating efforts into account when providing insurance cover.

Risk	Type of Capital Effects	Source	Likely hood and magnitude	Mitigation plan
Exchange Rate Risk The risk that the currency devaluation will negatively impact the Company's profitability.	Financial	External	High	The Company actively seeks to identify local sources for its raw materials in order to reduce its exposure to foreign currency fluctuations. Further, The Company also has a natural hedge in place since it has both foreign currency denominated export receivables and import payables
Increasing raw material prices	Financial	External	High	Increase in prices of raw materials are beyond the control of the Company. However, the Company engages with the different vendors to ensure the availability of materials at affordable prices. Cost increase due to change in material prices is passed on to the customers subject to market conditions.

/ RISK AND OPPORTUNITY

Risk	Type of Capital Effects	Source	Likely hood and magnitude	Mitigation plan
Disruption of product supply chain	Financial and Manufacturing	External	High	Robust inventory management system aided by diversified vendor pool.
Inconsistent Government Policies. Adverse impact on Company's earnings due to changes In Government policies with respect to taxation measures, energy / gas tariffs and regulatory matters.	Financial	External	Medium	Government Intervention is beyond Company's control. However, management regularly monitors the changing regulatory and competitive environment and assesses the impact of any change in Government policy, so as to take proactive measures.
Natural disasters / Climatic uncertainties and Pandemic The risk of disruption in operations due to Imposition of lockdown, any natural disaster and including inability to recover Operational capacity.	Financial and Manufacturing	External	Low	The Company has established disaster recovery / business continuity plan that have been implemented at all locations and staff is fully equipped to quickly recover from any natural disaster or pandemic situation.
Compliance Risk Risk of non-compliance with applicable laws and regulations. Actual or potential threat of adverse effects on environment arising out of the Company's activities. Personal health and safety risks at operating sites	Social, Natural & Human	External and Internal	Medium	Company has strong finance, legal & compliance functions which regularly monitor changes in the applicable legal and regulatory requirements to ensure timely compliances. Various environmental friendly projects such as Zero Discharge, green office etc. are implemented. The Company also focuses on energy conservation and operational efficiencies. Archroma has developed and implanted 12 lifesaving rules. Company regularly provides trainings to its employees to address potential health and safety issues.
Credit & Liquidity Risk Risk of default by company's customers to discharge their obligations and cause financial loss to the company.	Financial	External	low	Major part of sales is carried through Company's distributors. Treasury function works proactively and adequate fund/credit lines are made available for any unforeseen situation.

RISK AND OPPORTUNITY

Opportunities

Archroma is currently pursuing opportunities to create value in the short, medium, and long term through identification of potential areas with its strategic objective, policies and targeted growth.

Considering the immense potential of chemical sector in Pakistan, Archroma's recent move into the new markets can potentially open a whole new dimension to its business portfolio and also contribute towards its growth.

The state of the art technology for production resulting in production efficiency and lower costs. This will result not only in attracting and retaining new customers but will also increase value for stakeholders.

Alternate energy and operational efficiency projects may not only provide cost savings but also contribute positively towards environment sustainability.

Improved working conditions, personal and professional development of employees leads to efficient work environment and making our employees an assets for our organization.

Government incentive package for construction industries presents a great opportunity for long term growth of the industry.

Determining Level of Risk Tolerance and Establishing Risk Management Policies

The Board of Directors of Archroma Pakistan is responsible for the risk management and determining the company's level of risk tolerance. In this regard, the Board has established and approved Risk Management Policy. The board regularly undertakes an overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders.

Self-Assessment Questionnaire (SAQ) was also launched by Archroma Group as part of the Global Group Enterprise Risk Management system for yearly monitoring the compliance with expected internal controls.

Our Leadership Team obtains formal assurance that a) Internal Controls exist and b) that all said controls have been appropriately performed; management formally certifies on a yearly basis that all controls have been executed in a diligent, traceable and timely manner.

Robust Assessment of Principal Risks

As mentioned in the Directors' Report, the Board of Directors have carried out a detailed assessment of risks facing the Company originating from various sources. For quick snapshot of various types of risks, please refer risk and opportunities sections of our report. The Board of Directors are satisfied with the Company's risk management practices and the mitigating strategies adopted to counter such risks.

CORPORATE SOCIAL RESPONSIBILITY



/ SUSTAINABILITY REPORT

Sustainability - we are strengthening organizational excellence



After an initial take off period of our inception in October 2013, we directly commenced our efforts keeping sustainability concepts at the forefront.

Sustainability is a core element of Archroma's strategy. It means taking responsibility of people around us as well as the environment. That is the reason we critically question ourselves before boarding on any assignment with a "WHY" - gearing towards the direction to find a logical methodology which challenges the status quo. Our questioning leads us to invent new products, make innovations, find technical solutions and provides viable growth. From air pollution and water shortage to natural disasters prompted by climate change, the threats facing the environment are numerous across industries. We can no longer continue to operate in a status-quo, business-as-usual manner.

Covid-19 pandemic resulted in loss of precious lives and created vacuum in families and organizations alike. Shouldering our responsibility since detection of first Covid-19 patient in February 2020, our R&D took the task to develop an anti-viral & anti-microbial personal protective equipment (PPE) that catered to the needs of frontline health workers. We assisted customers who converted production from apparel to medical textiles, face masks and other PPEs. Our locally developed unique hand sanitizer, Kieralon® fully compliant to WHO recommended formula, supported customers who were in desperate need of this essential health care product.

The principles of "The Archroma Way to a Sustainable World" bring firm commitment from all teams aiming to develop products that are safe, efficient and enhanced, thereby decreasing our customers' environmental footprint and consumption of natural resources.

Our affiliations with international institutions has grown further;

AATCC® : American Association of Textile Chemists and Colorists - consolidates standardized testing to assist in reaching world-class reliability.

TFS® - a joint initiative that delivers the de facto global standard for environmental, social and governance performance of chemical supply chains.

SCTI® - Sustainable Chemistry for Textile Industry - accelerates sustainability for textile industries.

Sustainability enhancement was reflected on a higher note when Archroma was awarded the EcoVadis "Platinum" rating in corporate social responsibility (CSR), placing the company amongst the top 1% of best rated companies in its industry. The lengthy assessment focuses on 21 criteria grouped into 4 themes: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. EcoVadis assesses more than 75,000 companies in more than 160 countries and 200 industries, which clearly indicates Archroma's strong commitment and leadership.

Quality management system certifications of ISO 9001, IMS 14001, OHSAS 18001, ten principles of Global Compact, Responsible Care® initiatives remained fully compliant during the period in review. The Suppliers Code of Conduct maintains our professional partnership with vendors on principled grounds.

Fifty Years of Jamshoro site were celebrated this year. It has remained accident free @ two million hours. This milestone is closely contested by Landhi site which has also remained accident free reaching two million mark in due course.



/ SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABLE DEVELOPMENT GOALS

/ SUSTAINABLE DEVELOPMENT GOALS



No Poverty

Archroma recognizes the dignity of labour, human rights and is part of Decent Work Agenda program of International Labour Organization and United Nations. We offer employment purely on merit wherein religion, ethnic & cultural background, cast and disabilities are not considered. Our remuneration system is based on prevailing market practices fully cognizant of the Conventions of International Labor Organizations on equal pay for equal value of work (Convention 100) and non-discrimination (Convention 111).

At all Archroma premises, a congenial work atmosphere awaits employees who come to work day after day. We meticulously follow all provincial and federal labor laws implemented in letter and spirit. In fact we go an extra mile by providing more facilities allocated by law. Freedom of Association enables workers to periodically negotiate their terms of employment through Charter of Demands (ILO Convention 87). Archroma has the unique distinction of having two production sites in Pakistan. Accordingly there are two CBAs at our Jamshoro and Landhi sites. Agreements are reached within the stipulated period. Last CBA agreements were reached in May 2021 and October 2021. We pay wages over and above the prescribed Minimum Wage Ordinance. Since decades, no labour dispute has risen. Work force is provided regular training enabling them to enhance their skills to perform better thereby increasing their remuneration & benefits.

Archroma strives to reduce poverty by offering gainful employment and are optimistic about closing the poverty gap. We nurture talent and continuously develop technical and management skills of our teams.



Zero Hunger

At Archroma sites and offices, healthy meals are provided to employees, vendors & visitors who are in the premises during working hours. At night shift work we ensure that employees are served with meals & refreshments at regular intervals. We also ensure complete hygiene and a balanced diet plan and as a resultant, we have minimum health issues amongst our employees. We practice equality offering one-menu-for-all cadres.

At our sites in Jamshoro and Landhi, hundreds of fruit trees have been planted along with a spacious vegetable gardens. Spring and Monsoon Tree Plantation drives are actively followed wherein we continue to plant more fruit trees. Both sites now have ample fruit & vegetable gardens which are not only a source of carbon-free clean air but also bring produce of high nutritional value. Our fruit plantation, grown from in-house organic compost include mangoes, dates, guavas, papaya, grape fruits and cheeku. A sizeable fish farm has been developed wherein farming of local species is going in full swing. Fish cuisine is used for meal preparation or distributed to employees and our key customers.

In 2021, wheat was sown on four acre area. After the harvest of high quality wheat, we managed to store wheat that would be used at our canteens.



/ SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING



Good Health and Well-being

Archroma encourages employees to adopt good health measures in their daily routine. Regular health talks are held by a panel of dieticians and physicians. As part of our safety plan, First Aid and Fire Fighting trainings are held during the year at our sites. In recognition, we receive national awards on Health & Safety and Fire Fighting every year.

Adherence to the twelve principles of safety enable employees to conduct daily work routines in well organized manner. They contribute to well being round the clock.

We believe that it is our duty to ensure that people who work for us should be in optimal health. To provide adequate medical facilities to the work force of our employees, an in-house dispensary with round-the-clock ability of doctor and ambulance service is also available.



4 QUALITY EDUCATION



Quality Education

Formed in 1996, Archroma Center of Excellence (ACE) completes its silver jubilee in 2021. ACE is a training center for chemistry & textile engineering students from universities. A six-week internship course is offered enabling students to have hands-on practical training on latest technical instruments alongwith coaching by our team. Todate around 1200 students have benefitted from internship program and certificates carry a strong valuation in the job market.

Archroma has signed memorandum of understanding (MoU) with all leading universities and institutes :

- Textile Insitute of Pakistan (TIP)
- Mehran University of Engineering & Technology (MUET)
- University of Engineering & Technology (UET)
- National Textile University (NTU)
- NED University of Engineering & Technology (NEDUET)
- MoU with DICE Foundation
- 3rd International Conference on sustainable textiles - UET
- 4th International Conference on textiles - NED



/ SUSTAINABLE DEVELOPMENT GOALS



Gender Equality

As a global company operating in many countries, we embrace Diversity. We do not tolerate any form of harrasment, bullying and unbecoming behaviour. Anti-harrasment Policies are part of our Procedures Manual.

Archroma is the first company to adopt Gender Equality Policy rolled out by Employers Federation of Pakistan in December 2008. We are an equal opportunity employer. Training and career development is discrimination free. Women are working at decision making positions.

Archroma made a hat trick by winning three consecutive Awards on Excellence in Women Empowerment in 2016, 2017 & 2018.

Employees Code of Conduct defines work culture pillars rolled out globally are binding on all employees. Principles of Diversity, Anti-discrimination and Welcoming Workplace are elaborated therein. It caters specifically for women protection.

In order to promote entrepreneurship amongst women who wish to make their career in textile, an MoU was signed with Ethical Affair. Training workshops were held on dyeing processes on how to make items from textiles.

Being a top performing public limited company at Pakistan Stock Exchange, we have an active women representation at our Board of Directors too. We received "Women Enlistment Award" as a guiding example in the corporate sector.



Affordable and Clean Energy

Energy supply accounts for approximately 60% of greenhouse gas emissions. We have taken strict measures to control energy consumption simultaneously adopting innovative solutions to reduce electricity usage.

As our measure on resource optimization, Sodium lights were replaced with LED lights at all sites. This change brought reduction in cost, energy efficiency as well as made the environment cleaner. Archroma is amongst the performers to adopt green office initiatives of WWF.



/ SUSTAINABLE DEVELOPMENT GOALS



Clean Water and Sanitation

Clean Water:

We are cognizant to the water crises that has become more pronounced in the past decades. Sindh being a water stressed land is more affected by water scarcity. A state-of-the-art Sustainable Effluent Treatment (SET) Plant was constructed by our engineers and technicians at Jamshoro site and is fully operational since December 2013. It works on "Zero Liquid Discharge" principle which means that not a single drop of water is wasted.

Being a responsible corporate citizen, our Biological Effluent Treatment Plant is located at our second production site at Landhi, Karachi wherein waste water is re-cycled and re-used. In recognition of our efforts, Archroma received "Global Water Stewardship Award" at Paris in 2014. Our project was selected out of 600 global nominations on water management.

Water, purified from at our SET plant is absolutely clean and fit for drinking purposes. The residents of our plant neighborhood collects water from our site for their use. Approximately 13,000 gallons of water / day is distributed free of any cost.

Sanitation:

Through the "Zero Liquid Discharge" process of Effluent Treatment Plant the residue in water cleaning process is collected and turned in sludge which is converted into bricks. These are donated to general public for construction purposes.

Organic solid waste at our canteen and gardens e.g. vegetable & fruit peels, mowed grass, dry leaves and shredded paper are converted into compost through a simplified process. To date we have produced around 9000 kgs of compost which is used as organic manure for our plants. We have reduced the burden of organic waste and converted into rich organic manure. A brochure has been developed on "How to make compost" and we share our best practice with other organizations and general public.



/ SUSTAINABLE DEVELOPMENT GOALS

8 DECENT WORK AND ECONOMIC GROWTH



Decent Work and Economic Growth

Within Archroma, decent work practices are fully implemented. Our work ethics revolve around transparent communication systems that are free from discrimination and unfair employment practices. All employment contracts are voluntary, merit being our sole criteria for recruitment. We make use of modern technology, train our employees and harness their soft and technical skills on continuous basis. Our compensation basket is regularly updated through local comparative assessment and holds remuneration and social benefits equivalent or above market. We follow all relevant laws and regulations pertinent to our industry. Freedom of Association is practiced in letter and spirit, as our two CBAs operate with complete openness.

Archroma Center of Excellence (ACE) is a unique training center wherein students are provided complimentary training in textile applications, dyeing techniques and textile chemicals theoretical knowledge. To date more than 8000 students have completed our six-week internship program. Our training holds a strong in corporate sector and ensure gainful employment to the participants.

In recognition of our management practices, Management Association of Pakistan presented us with "Excellence Award" for the 10th time in a row. We have also been blessed with the Top 25 companies award by Pakistan Stock Exchange for the 18th time.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Industry, Innovation and Infrastructure

All sites of Archroma are built with best building materials and strong structures as well as they give an aesthetic architectural look. We have invested in making our production sites compatible with international standards. Employees are highly comfortable at their respective workplaces wherein all amenities are provided enabling them to concentrate on their functions without any discomfort.

Along with concrete structures, we have created huge open green spaces as part of sustainable industrialization designs.

Canteen, assembly points, walkways & stairs and work stations are designated with office décor matching our company culture. Archroma systems fully integrate with the jobs operated. We are therefore fully compliant to this goal.



/ SUSTAINABLE DEVELOPMENT GOALS



Reduce Inequalities

Archroma has zero tolerance on compliance related issues. Complete transparency in reporting, adherence to new tax and regulatory laws are followed.

Archroma is the 1st company to sign Integrity Pact with Transparency International Pakistan in 2004. A lead editorial was written by Business Recorder at this bold initiative. Transparency International Pakistan awarded us with their shield.

Archroma is also amongst the first twenty companies to have signed United Nations Global Compact rolled out by Employers Federation of Paksitan in December 2005. We are receipt of all Global Compact awards since 2016 in recognition to our adherence of Ten Principles.



Climate Action

In line with our high end research, commercial production of Aniline-free* Indigo was commenced at our Jamshoro site which is the only site in the world that produces this hazard-free dye for the Denim industry. Archroma is amongst the first signatory of United Nations Global Compact since 2005 and accordingly is a leader in environment protection measures. Our technical managers train staff of textile mills teaching them ways & means to enhance environment parameters.

Archroma complies with all directives of Environment Protection Agency, provincial regulations and international standards. We are ISO 9001:2000, EMS 14001 and OHSAS 18001 certified by international auditors.



/ SUSTAINABLE DEVELOPMENT GOALS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Responsible Consumption and Production

This goal aims to foster eco-friendly production, reduce waste and boost recycling.

The two production sites of Archroma at Jamshoro and Landhi, Karachi operate with full compliance on the principles of Good Manufacturing Practices (GMP). Our Sustainable Effluent Treatment (SET) plant re-cycles water converting it into drinking water, steam for energy and as end process convert the remaining sludge into bricks which are donated to local communities for construction. At Landhi site, water is re-cycled and re-used for utilities and gardening. Our organic vegetable and fruit gardens have set a standard within the industry. We re-cycle organic waste and convert it into compost. To date we have produced approx. 8000 kgs of compost and are also teaching other institutions to independently do composting at their end. Natural resource i.e. sunlight is utilized at its maximum thereby reducing electricity cost and environmental impact.

17 PARTNERSHIPS FOR THE GOALS



Partnerships for the Goals

In line with our objectives, Archroma has built strong partnerships with external institutions that lead to achieve our goals on long term basis. We have signed Memorandum of Understandings with universities and NGOs. Students and general public have benefitted from our projects.

MoUs with academic institutions :

1. Textile Institute of Pakistan, Karachi.
2. Mehran University of Engineering & Technology, Jamshoro.
3. University of Engineering & Technology, Lahore & Faisalabad.
4. National Textile University, Faisalabad & Karachi.
5. NED University of Engineering & Technology, Karachi.

MoUs with NGOs :

1. DICE Foundation
2. WWF Pakistan
3. Cradle to Cradle (C2C)

MoU with vocational training institute :

1. Amantech

At global level, Archroma has build close collaborations with international organizations that lead towards technical expertise in the field of textile :

1. Zero Discharge of Hazardous Chemicals (ZDHC).
2. Bluesign® - system committed to textile value chains.
3. Cefic® - relates to expert facilitation within EU for broad based policy.
4. ETAD® - collaborates for ecological & toxilogical aspects of dyes.
5. SDC® - Society of Dyers & Colorants.
6. TEGEWA® - associates with textile auxiliaries, tanning and detergent raw materials.
7. AATCC® : American Association of Textile Chemists and Colorists.
8. Tfs® - a joint initiative that delivers the de facto global standard for environmental, social and governance performance of chemical supply chains.
9. SCTI® - Sustainable Chemistry for Textile Industry - accelerates sustainability for textile industries.
10. World Wildlife Fund for Nature (WWF) Collaboration with textile industry.

Six Sustainability workshops were conducted by Global Head of Sustainability at Karachi and Lahore to share valuable technical updates with textile mills.

A hand is shown holding a blue folder with a white sheet of paper inside. The folder is placed on a wooden desk. In the foreground, a gavel with a dark wood handle and a brass band is resting on a dark wood circular base. A black mouse is partially visible in the bottom right corner. The word "GOVERNANCE" is written in white capital letters on a blue semi-transparent background that covers the left side of the image.

GOVERNANCE

Independent Directors indicating justification for their independence

Our Independent Directors are compliant with all the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in Section 153 and 166 of the Companies Act, 2017 to act as Director or an Independent Director of a listed company.

Following are independent Directors of our Company.

- Mr. Shahid Ghaffar
- Ms. Yasmin Peermohammad

Both our Audit Committee and HR&R Committee are chaired by independent directors, indicating our commitment to the highest levels of independence, governance and transparency.

Representation of Female Director on the Board

In compliance with regulatory requirements, a female director was also elected on the Board in the elections held in March 2021.

Therefore, keeping in line with Archroma's diversity and in order to meet the requirements of the law, Archroma Pakistan Limited is fully compliant with female representation on the Board of Directors.

Directors' Training Program

The Company encourages that its Directors have completed the Directors Training Program as per the requirements of the Companies Listed (Code of Corporate Governance) Regulations, 2019. Six Directors had acquired the prescribed certification under the Director Training Program offered by institutions that meet the criteria specified by the Commission and approved by it.

The Board is kept up to-date on legal, regulatory and governance matters through regular papers and briefings from the Chief Financial Officer and Company Secretary.

Directors are responsible for upholding the corporate governance and giving the Company a strategic direction. To optimize the effectiveness of the Board, it is pertinent for new members to learn the dynamics and operations of the Company.

Names of Directors who have successfully completed the Director Training Program certification from SECP approved institutions are provided below:

- Mr. M. Veqar Arif
- Mr. Mujtaba Rahim
- Mr. Irfan Chawala
- Mr. Naveed Kamil
- Mr. Shahid Ghaffar
- Ms. Yasmin Peermohammad

From time to time, orientation sessions / presentations are carried out to further apprise the Board Members about the latest changes in the Corporate, Regulatory and Governance framework in the Country.

Orientation Program

When a new member is appointed on the Board it is ensured that he/she is provided with a detailed orientation of the Company, covering the following:

- a. The Company's vision and mission
- b. Role and responsibilities of the Director as per the Companies Act, including Code of Corporate Governance and any other regulatory laws applicable in Pakistan
- c. Financial information / history
- d. Summary of major members, stakeholders, suppliers and auditors

Remuneration Policy for Non-Executive Directors including Independent Directors

This Policy sets out to provide remuneration guidelines for members of the Board. The policy is aimed at providing a market competitive remuneration to the members of the Board in furtherance of achieving the Company's objectives. The objectives of the remuneration policy for the Board Members are to attract and retain qualified and experienced Directors to drive the Company's strategy and attain its objectives.

Keeping in view of the Company's objectives, Archroma Pakistan Limited operates an independent and transparent method in order to fix independent directors' remuneration. The key element of determining the remuneration is by market benchmarking against other key players of the Industry and remuneration is not at a level that could be perceived to compromise the independence of the Directors. For the purposes of clarity, no Director is involved in deciding their own remuneration.

Independent Directors are only entitled to receive fixed fees in lieu of remuneration for attendance of the Board and Committee Meetings.

Security Clearance of Foreign Directors

The Company obtains security clearance from the Ministry of Interior {MOI} in case of its foreign directors, in the manner prescribed.

All foreign directors on our Board are required to submit relevant documents, including declarations and/or undertaking and any other document required to facilitate security clearance undertaken by the Ministry of Interior. The documents of all foreign directors are submitted to SECP within the prescribed time and further documentation to assist the clearance from Ministry of Interior are made available as and when needed.

List of Companies in which Executive Director is acting as a Non-Executive Director

The Company only has one Executive Director on the Board who is also the CEO of the Company. The CEO of the Company, Mr. Mujtaba Rahim also holds Non-Executive Directorship on the Board of Swiss Business Council.

Conflict of Interest of Board Members

Within the framework of their roles and responsibilities, all Board members are exclusively committed to the interests of the Company and neither pursue personal interests nor grant unjustified advantages to third parties. The Board members are responsible for appropriate self-disclosure in a transparent manner and in the case of doubtful situation, are encouraged to discuss it with peers or the Chair of the meeting for guidance

Board's Policy on Diversity

Archroma Pakistan Limited has a diverse and balanced Board which provides a mix of professional expertise in leadership, finance, economics, corporate law, and production disciplines and business management skills and experiences.

Currently the Board comprises of one executive director, four non-executive directors and two independent directors.

In compliance with regulatory requirements, a female director was elected on the Board in the elections held in March 2021.

Archroma Pakistan Limited takes a progressive approach to diversity because the Company wants everyone to be themselves and bring their own perspectives to the Company's business. Together, this unique perspective and wide variety of personal experiences make the Company stronger and enhances its ability to innovate.

Archroma believes that everyone has a part to play in creating a fair and inclusive work environment that respects human rights and the diversity of the cultures it operates in. Archroma does not tolerate harassment, unwelcome, unreasonable, offensive behaviors or discrimination of any kind.

The Board recognizes the importance of having an inclusive culture and the value that diversity brings to Archroma Pakistan Limited. The Board also aims to reflect this within the composition of the Board. The Board seeks to ensure that the composition of the Board includes individuals whose varied backgrounds, experience, knowledge, and expertise bring a wide range of perspectives to the business.

Board Meetings Held Outside Pakistan

As a good governance practice, no Board meetings was held outside Pakistan during the year 2021.

Meetings of the Board

As prescribed by the law, Board is required to meet at least once per quarter to monitor the Company's performance and for effective and timely accountability of its Management.

The Board held four meetings during the year. The notices and relevant materials, including agendas of the meetings were circulated in advance, in a timely manner. Decisions made by the Board during the meetings were clearly stated in the minutes of the meetings maintained by the Company Secretary and were duly circulated to all the directors for endorsement and were approved in the subsequent Board meetings. All meetings of the Board during the year had attendance more than requisite quorum prescribed by the Code of Corporate Governance and were also regularly attended by the Chief Financial Officer and the Company Secretary.



Role of the Chairman

The Chairman is responsible for the Board's leadership and effective performance of the Board and sets high standards of governance. Chairman, ensures that the Board as a whole is thoroughly and constructively involved in establishing and determining the strategy and policies of the Company and that the decisions taken by the Board are in the best interests of the Company and represent the consensus of the Board. Chairman promotes the highest standards of integrity and corporate governance and establishes best policies and practices and ensures that the Chief Executive Officer and management successfully execute all the plans and policies advised by the Board.

Chairman has all the powers vested in him under the Code of Corporate Governance and presides over all the Board meetings. The Primary role of the Chairman is to ensure that the Board of Directors remain effective in its tasks of setting and implementing the Company's direction and has the power to set the agenda, give directions and sign the minutes of the Board meetings. Chairman is also responsible to ensure that the Board plays an effective role in fulfilling its responsibilities, besides assessing, and making recommendations on the efficiency of the Committees and individual Directors in fulfilling their responsibilities.

He ensures a conducive environment for overall effectiveness of the Board, and facilitates and encourages the contribution of executive, non-executive, and independent directors in carrying out the Board's business in line with applicable laws, rules and regulations. At the start of the term of newly appointed directors, the Chairman informs them about their roles, responsibilities, duties, and powers to help them effectively manage the affairs of the Company.

Role of the Chief Executive Officer (CEO)

The Chief Executive Officer (CEO) is entrusted with the general management of the Company's business and affairs with authority to exercise all such powers and directions as are conferred upon the Board of Directors by Articles and Memorandum of Association of the Company. The CEO leads the management, builds an organizational culture and is the role model for the entire Company. He is responsible for proposing and developing the Company's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board of Directors. He is responsible for the implementation of the plans and policies approved by the Board.

He performs his duties under the powers vested by the law and the Board, recommends and implements the business plans and is responsible for overall control and operations of the Company. All Business and Functional Heads of the Company directly or indirectly report to the CEO.

He is responsible for providing effective leadership to the management and employees. He keeps the Board updated on all significant and sensitive issues that might affect the Company.

Composition of Board Audit Committee (BAC)

An Audit Committee was set up by the Board since the enforcement of the Code of Corporate Governance. At present all three members (Mr. M. Veqar Arif, Mr. Michel Zumstein & Mr. Shahid Ghaffar) of the committee are non-executive directors. The chairman of Audit Committee is an 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.

Mr. Shahid Ghaffar	Independent Director	Chairman
Mr. M. Veqar Arif	Non-Executive Director	Member
Mr. Michel Zumstein	Non-Executive Director	Member

Terms of Reference (ToR) of Audit Committee

Introduction

Audit committee should consist of at least three members, comprising of non - executive Directors. The audit committee is formed to comply with the Code of Corporate Governance applicable to all companies listed on the Pakistan Stock Exchange. This code is also a part of the listing regulations of the Pakistan Stock Exchange.

Frequency of Meetings

The Audit Committee shall meet at least once every quarter of the financial year. A meeting of the Audit Committee shall also be held if requested by the external auditors or the Head of internal audit.

Internal Audit

There should be an internal audit function in the company. The Head of internal audit shall have access to the chair of the Audit Committee. The auditors shall discuss any major findings in relation to the review reports with the Audit Committee, which shall report matters of significance to the Board of Directors. Internal Audit is engaged in performing following categories of audit.

- Financial Audit
- Operational Audit
- Compliance Audit

Terms of Reference

In line with best practices the Board of Directors has established the audit committee. The Term of Reference of the committee have been developed on the lines as laid down in the Code of Corporate Governance and approved by the Board.

These include:

To recommend to the Board of Directors the appointment of external auditors and consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service in addition to audit of its financial statements;

- To review the quarterly, half-yearly and annual financial statements prior to their approval by the Board of Directors;
- To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- To review the management letter issued by external auditors and management's response thereto;
- To ensure coordination between internal and external auditors;
- To review the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- To consider the major findings of internal investigation and management's response thereto;
- To ascertain that the internal control system including financial and operational control, accounting system and reporting structure is adequate and effective;
- Instituting special projects and value for money studies.
- To determine compliance with relevant statutory requirements ; and
- To monitor compliance with the best practices of corporate governance and identification of any significant violation thereof.

Reporting Procedure

The Audit Committee shall appoint secretary of the Committee. The Secretary shall circulate the minutes of the meetings of the Audit Committee to all members, person entitled to attend the meeting.

Terms of Reference of Human Resource & Remuneration Committee

The Terms of reference of the committee shall be determined by the board of directors, which may include the following:

- i. Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;
- ii. undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- iii. recommending human resource management policies to the board;
- iv. recommending to the board for the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- v. consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- vi. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

Role of the Committee in discharging its responsibilities for the significant issues in relation to the financial statements

The auditors have issued unqualified audit reports in respect of the above financial statements in line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP. Furthermore, post completion of the external audit, the Committee also got understanding of the significant issues in relation to the financial statements and the treatment by the external auditors and actions of management against those issues.

Internal Control System

The Board of Directors is responsible for ensuring an adequate and effective internal control system in the company. The management of the company assumes responsibility of designing, establishing and maintaining effective internal controls including controls over financial reporting. The objective of such controls is to ensure reliability and completeness of accounting records and timely preparation of reliable financial and management information. The internal control system also ensures compliance with all applicable laws and regulations, promises optimum utilization of resources and protects the Company's assets and stakeholder's interests.

The Company has a properly laid down organizational structure and system of documenting processes, to ensure orderly and efficient conduct of its business operations. All policies are approved by the Board of Directors and are reviewed periodically. In addition, the Company has a Whistle Blower's Policy to address fraud and other wrongdoings at workplace, if any. In Compliance of requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors of the Company has set up Internal Audit function, which is headed by Head Internal Audit who functionally reports to Audit Committee of the Board of Directors. Based on the work performed by the internal and external auditors and the reviews performed by the management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal controls including controls over financial reporting are sound in design and were effectively implemented and monitored during the financial year 2020-21.

Board Performance Evaluation

In pursuance of Clause 10(3)(v) of Listed Companies (Code of Corporate Governance) Regulations 2019 a formal and effective mechanism is in place for annual evaluation of the Board's own performance, Committees, and Members of the Board.

The Board has an evaluation process to assess its own performance. Board evaluations are carried out annually. The recent evaluation found that Archroma Pakistan Limited's Board holds many strong attributes including highly relevant Board capability and governance processes. The said evaluation was carried out for Financial Year 2020-21 as required under Clause No. 10 (v) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by the Securities and Exchange Commission of Pakistan. The performance framework is in the light of following guidelines:

- Is the composition of the board appropriate, having the right mix of knowledge, expertise, and skills to maximize performance.
- How well the board exercise its role ensuring that the organization supports and upholds the vision and mission, core values etc.
- What has been the board's contribution towards developing strategies.
- Is the board able to make timely strategic decisions ensuring operations are in line with strategies.
- Has the board ensured that internal control, audit function and IT security function works in an effective manner.
- Has the board ensured timely and accurate disclosure on all material information.
- Is the board as a whole, up to date with latest development in the regulatory environment.
- Are the board procedures conducive to effective performance and flexible enough to deal with all eventualities.
- Is the board effective in adherence to the code of conduct.
- Has the chairman played his role in ensuring adequate and constructive debate on important matters, conflict resolution, leadership qualities etc.

Mechanism for Board's Performance Evaluation Template contains areas such as Composition of the Board and its Committees, Functions and Performance of the Board and its Committees, Governance Structure and Practices, and Company Performance Monitoring System.

For FY 2020-21, Evaluation Templates were forwarded to all Board Members. The Directors were requested to rate each Factor on a scale of 1 to 5. The scores were consolidated and designed appropriately.

Results of Evaluation for FY 2020-21

Board Evaluation for the year 2020-21 revealed that the average mean value against all performance factors was above 3, which showed that in the opinion of the Directors, the composition and performance of the Board and overall governance of the affairs of the Company were satisfactory.

Board's Performance Evaluation by External Consultant

Evaluation of the Board, Committees and Individual Directors is significant activity during the period under review. After weighing all the pros and cons of different evaluation methods, the Company has adopted Self Evaluation Methodology for the Board's evaluation. However, the Company may engage the services of an external consultant in future for improving the evaluation mechanism and / or conducting the evaluation for more objective results.

Connection of External Search Consultancy for Appointment of Chairman or Independent Directors

The Company has effectively maintained the structure of its Board of Directors with the composition of a Chairman, two independent directors and four non-executive directors. During the year, the need for an external search consultancy for the appointment of chairman or independent directors did not arise.

Presence of the Chairperson Audit Committee at the Annual General Meeting (AGM)

Ex-Chairman of the Audit committee - Mr. Moin Mohajir was present at the last AGM to answer any questions on the Committee's activities and matters within the scope of the Committee's responsibilities.

Related Party Transactions During the year

The Company entered into Related party transactions during the year. Details of these transactions are disclosed in note 37 to financial statements attached therein.

Queries raised at last Annual General Meeting (AGM)

The Company's Annual General Meeting (AGM) was held on 29 December 2020, Chairman of Audit Committee also present in the meeting. During the last Annual General Meeting, we transparently briefed our shareholders about our performance. Some queries and clarifications were sought on the Company's financial statements and further prospects of the Company, which were resolved to the satisfaction of the Shareholders. Apart from the said queries, no significant issues or concerns were raised by the shareholders. Shareholders had expressed their gratitude over an excellent return on their investment in the form of cash dividend. The shareholders also appreciated excellent performance of the Company.

SYNOPSIS OF COMPANY'S POLICIES

Communication and Investor Relation Policy

The Communication and Investor Relation Policy sets out the Company's policies and procedures in terms of its communication and disclosures, which are aimed at ensuring that the Company complies with the applicable laws and regulations. The goal of this Policy is to ensure that all shareholders and stakeholders have, simultaneously and without delay, sufficient, reliable, essential and consistent information about the Company and its operations as well as about matters affecting the value of the Company's financial strength. Information that may affect the value of the Company's financial reports are announced to Capital Markets and other key stakeholders simultaneously without undue delay.

Related Party Transactions Policy

The Board of Directors of Archroma Pakistan Limited, in pursuance of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, has adopted the Related Party Transactions Policy to regulate the transactions between Archroma Pakistan Limited and its related parties. The Policy is applicable to all Related Party Transactions irrespective of their nature & value. The Policy is intended to ensure that Related Party Transactions are conducted in a manner that will protect the Company from conflict of interest, which may arise between the Company and its Related Parties and to ensure proper review approval, and disclosure of transactions between the Company and its Related Parties as required in compliance with regulatory requirements.

Whistleblowing Policy

This Policy intends to provide a mechanism where employees can, without fear of reprisal, report illegal and unethical activities for preemptive remedial measures in a confidential manner. The Whistleblowing Policy is applicable to all employees and outsiders for the reporting of any illegal or unethical activities that may harm the interests of Archroma Pakistan Limited and/or any stakeholder or external agency dealing with the Company. This Policy covers all illegal and unethical activities that include but are not limited to violation of any of the related laws or policies of Archroma Pakistan Limited.

Corporate Social Responsibility (CSR)

The objective of this Policy is to enable Archroma Pakistan Limited to contribute meaningfully to the society, the environment, and national causes, by creating opportunities for employees to participate in socially responsible initiatives, as well as establishing an implementation & monitoring mechanism for CSR initiatives. Archroma Pakistan Limited undertakes its activities in a manner that exhibits its responsibility towards the environment & society, and complements its core business strategy and corporate values.

Succession Planning Policy

Archroma Pakistan Limited is fully committed to maintaining the bench-strength of highly-skilled and professionally competent business leaders. The Company has a well-structured Succession Planning Policy for achieving the desired results. Critical or high turnover positions are reviewed frequently to ensure smooth succession planning and availability of the right resources.

SYNOPSIS OF COMPANY'S POLICIES

Environmental Policy

Archroma Pakistan Limited is committed to ensuring a safe and healthy workplace for its employees and minimizes any potential negative impact on the environment, either because of its products or because of its operations. The management is responsible for the safe operation of its manufacturing facilities in a manner that employees, neighboring communities and the environment is not endangered.

Internal Control System

The Board reviews the effectiveness of established internal controls through the Audit Committee, which receives reports from Internal Audit, and the External Auditor on the systems of internal control and risk management arrangements. The Board confirms that the actions they consider necessary have been taken to remedy such weaknesses as it has determined to be significant from its review of the system of internal control.

The Internal Control System carries out the internal audit of various activities in accordance with the audit plan approved by the Board Audit Committee (BAC) prior to execution. Emphasis continues to be on internal compliance measured against set standards and best practices.

Remuneration Policy for Non-Executive Directors including Independent Directors

This Policy sets out to provide remuneration guidelines for members of the Board. The policy is aimed at providing a market competitive remuneration to the members of the Board in furtherance of achieving the Company's objectives. The objectives of the remuneration policy for the Board Members are to attract and retain qualified and experienced Directors to drive the Company's strategy and attain its objectives and ensure the level of remuneration for Non-Executive Directors including Independent Directors is commensurate with the level of responsibilities and expertise to encourage value addition.

Risk Management Policy

Archroma Pakistan Limited's risks may come from any internal or external events which, if they incur, may affect the ability of the Company to efficiently and effectively operate. Internal risks are faced from within the Company and arise during the normal operations of the Company. External risks are those risks that are outside the control of the Company. External risks include risks related to market conditions and regulatory and/or legal obligations. The specific objectives of this Policy is to ensure that risk management is adopted throughout the Organization as a prudent management practice and to ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified and appropriately mitigated.

Procurement of Goods and Services

The policy has been established to assure that all company-purchasing activities are conducted in accordance with Legal Requirements, best Business Practices, Archroma's Quality Management Framework, Archroma's Sourcing Process, Company Policies and Guidelines for Environment, Safety and Health as well as Values described in the Archroma Code of Conduct and the Archroma Sustainability Policy.



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 AUDITORS' REVIEW REPORT

TO THE MEMBERS OF ARCHROMA PAKISTAN LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Archroma Pakistan Limited ("the Company") for the year ended 30 September 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

As 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. 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.



KPMG Taseer Hadi & Co.

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 2021.

Date: 01 November 2021

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF COMPLIANCE

Statement of Compliance with listed Companies (Code of Corporate Governance) Regulations, 2019

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

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

Male	6
Female	1

2. The composition of the Board is as follows:

Independent Directors	Mr. Shahid Ghaffar Ms. Yasmin Peermohammad
------------------------------	---

Non-Executive Directors	Mr. Michel Zumstein (Alternate Mr. Naveed Kamil) Mr. Marcos Furrer (Alternate Mr. Irfan Chawala) Mr. Thomas Bucher Mr. Veqar Arif
--------------------------------	--

Executive Director	Mr. Mujtaba Rahim
---------------------------	-------------------

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training program for the following:
 1. Mr. Mujtaba Rahim
 2. Mr. M. Veqar Arif
 3. Mr. Irfan Chawala
 4. Mr. Shahid Ghaffar
 5. Ms. Yasmin Peermohammad
 6. Mr. Naveed Kamil

STATEMENT OF COMPLIANCE

10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed the following Committees comprising of members given below:

Audit Committee

- Mr. Shahid Ghaffar - Chairman
- Mr. Michel Zumstein - Alternate Mr. Naveed Kamil
- Mr. Veqar Arif - Member
- Mr. Irfan Lakhani - Secretary

Human Resource and Remuneration Committee

- Ms. Yasmin Peermohammad - Chairman
- Mr. Mujtaba Rahim - Member
- Mr. Michel Zumstein - Alternate Mr. Naveed Kamil
- Mr. Irfan Lakhani - Secretary

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per following:

Audit Committee	Four quarterly meetings during the financial year ended September 30, 2021
HR and Remuneration	One meeting during the financial year ended 30 September 2021
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accounts of Pakistan (ICAP) and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP) and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head Of Internal Audit, Company Secretary or Director of the Company;
17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

STATEMENT OF COMPLIANCE

19. Explanations for not rounding up the fractional number under Regulation 6 (1) is as follows:

- a) Regulation 6 (1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 stipulates that it is mandatory for each listed company to have at least two or one-third members of the Board, whichever is higher, as independent directors. In a Board comprising 7 members, one-third works out to 2.33. Since the fraction is below half (i.e. 0.5) the fraction contained in such one-third is not rounded up to one.

Explanation for non-compliance with (non-mandatory requirements) , other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S. No.	Requirement	Explanation	Reg. No.
1	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the nomination committee are being taken care of at board level as and when needed so a separate committee is not considered to be necessary.	29
2	The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has not constituted a risk management committee as risk management framework is managed at Audit Committee level and the Chairman Audit Committee apprises the Board accordingly.	30

On behalf of the Board of Directors



MR. VEQAR ARIF
Chairman

Karachi
Dated: 29 October 2021

PERFORMANCE AND POSITION



HORIZONTAL ANALYSIS

Statement of Financial Position

	2021		2020		2019		2018		2017		2016	
	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age
ASSETS												
Non - current assets												
Property, plant and equipment	1,865.03	(5.66)	1,976.82	3.26	1,914.46	(1.96)	1,952.69	11.95	1,744.27	(3.92)	1,815.40	(6.15)
Long term loans	-	-	-	(100.00)	0.11	(81.3)	0.57	(68.01)	1.79	(70.82)	6.14	(56.74)
Long term deposits and prepayments	16.60	172.24	6.10	(14.91)	7.17	(10.55)	8.01	(15.24)	9.45	91.38	4.94	3.00
Deferred taxation - net	-	(100.00)	15.50	100.00	-	-	-	-	-	-	-	-
Deferred Assets	75.75	100.00	-	-	-	-	-	-	-	-	-	-
	1,957.39	(2.05)	1,998.42	3.99	1,921.74	(2.02)	1,961.27	11.72	1,755.52	(3.89)	1,826.48	(6.50)
Current assets												
Stores and spares	62.58	16.65	53.65	8.69	49.36	8.63	45.44	12.90	40.24	23.37	32.62	(15.45)
Stock-in-trade	2,652.65	(14.15)	3,089.89	1.11	3,056.05	13.42	2,694.53	27.85	2,107.64	28.40	1,641.48	(4.00)
Trade receivables	3,769.71	35.20	2,788.16	(28.81)	3,916.35	4.90	3,733.33	17.93	3,165.83	14.90	2,755.25	0.80
Loans and advances	2.93	318.57	0.70	56.25	0.45	(86.89)	3.42	(60.56)	8.66	(19.22)	10.72	(34.20)
Trade deposits and short-term prepayments	39.19	60.86	24.36	(57.77)	57.69	19.14	48.43	(18.03)	59.07	19.77	49.32	(27.89)
Other receivables	29.07	17.99	24.64	(27.84)	34.14	(26.15)	46.23	(35.55)	71.73	113.53	33.59	(53.16)
Sales Tax Refundable	1,327.96	(3.63)	1,377.99	(17.98)	1,680.11	(2.56)	1,724.25	(8.40)	1,882.28	(4.43)	1,969.56	(1.75)
Taxation - net	-	(100.00)	225.22	52.23	147.95	(14.00)	172.03	138.83	72.03	163.99	27.29	(70.44)
Short Term Investment	601.00	100.00	-	-	-	-	-	-	-	-	-	-
Cash and bank balances	1,267.87	370.92	269.24	(55.05)	598.96	12.56	532.11	(9.49)	587.89	74.18	337.52	(3.99)
	9,752.96	24.18	7,853.84	(17.68)	9,541.05	6.01	8,999.75	12.56	7,995.38	16.60	6,857.35	(3.24)
TOTAL ASSETS	11,710.34	18.86	9,852.25	(14.05)	11,462.79	4.58	10,961.03	12.41	9,750.89	12.29	8,683.83	(3.94)
EQUITY AND LIABILITIES												
Share capital and reserves												
Share capital												
Issued, subscribed and paid-up capital	341.18	-	341.18	-	341.18	-	341.18	-	341.18	-	341.18	-
Reserves												
Revenue reserve	3,138.00	(3.09)	3,238.00	4.59	3,096.00	4.31	2,968.00	5.70	2,808.00	(13.55)	3,248.00	8.88
Unappropriated profit	2,368.41	156.13	924.68	(44.97)	1,680.26	12.31	1,496.03	(19.93)	1,868.47	3.91	1,798.23	37.40
	5,506.41	32.28	4,162.68	(12.85)	4,776.26	6.99	4,464.03	(4.54)	4,676.47	(7.33)	5,046.23	17.58
	5,847.59	29.84	4,503.86	(11.99)	5,117.44	6.50	4,805.21	(4.23)	5,017.65	(6.86)	5,387.41	16.29
LIABILITIES												
Non - current liabilities												
Deferred taxation - net	52.22	100.00	-	(100.00)	59.58	(53.25)	127.46	(16.64)	152.90	34.45	113.73	(56.81)
Deferred liabilities	12.53	(96.33)	341.14	439.87	63.19	346.12	14.16	1.49	13.96	(92.53)	186.89	1,871.23
Long term loan - secured	44.38	78.84	209.78	100.00	-	-	-	-	-	-	-	-
Lease liabilities	104.34	9.07	95.67	916.45	9.41	(58.87)	22.89	(48.51)	44.45	(12.97)	51.07	36.87
Liabilities against diminishing musharika finance	59.02	(37.28)	94.10	15.94	81.16	17.31	69.18	82.90	37.83	100.00	-	-
	272.48	(63.21)	740.69	247.18	213.34	(8.71)	233.69	(6.20)	249.13	(29.16)	351.69	13.40
Current liabilities												
Trade and other payables	3,772.40	73.56	2,173.52	(28.21)	3,027.57	(8.06)	3,293.10	23.49	2,666.66	15.30	2,312.85	(2.32)
Unclaimed dividend	72.10	6.75	67.54	2.35	65.99	0.80	65.47	46.16	44.79	100.00	-	-
Mark-up accrued	3.64	(79.63)	17.85	(78.22)	81.99	102.71	40.44	259.12	11.26	57.01	7.17	(63.16)
Short-term borrowings - Secured	1,475.61	(31.14)	2,143.05	(26.61)	2,920.07	17.29	2,489.70	43.74	1,732.03	186.40	604.77	(64.40)
Current portion of long term loan - Secured	177.52	19.76	148.23	100.00	-	-	-	-	-	-	-	-
Current portion of lease liabilities	16.57	(22.87)	21.49	75.51	12.24	(29.51)	17.37	(20.81)	21.93	10.02	19.94	48.33
Current portion of liabilities against diminishing musharika finance	38.81	7.68	36.04	49.19	24.16	50.48	16.05	115.74	7.44	100.00	-	-
Taxation - net	33.63	100.00	-	-	-	-	-	-	-	-	-	-
	5,590.27	21.32	4,607.71	(24.86)	6,132.01	3.54	5,922.13	32.07	4,484.12	52.28	2,944.73	(28.17)
	5,862.75	9.62	5,348.40	(15.71)	6,345.35	3.08	6,155.82	30.05	4,733.25	43.59	3,296.42	(25.24)
TOTAL EQUITY AND LIABILITIES	11,710.34	18.86	9,852.25	(14.05)	11,462.79	4.58	10,961.03	12.41	9,750.89	12.29	8,683.83	(3.97)

HORIZONTAL ANALYSIS

Statement of Profit or Loss

	2021		2020		2019		2018		2017		2016	
	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age
Sales	23,561.07	31.67	17,893.71	(5.60)	18,955.83	24.68	15,204.08	14.95	13,226.37	6.03	12,473.71	27.21
Trade discounts and commission	923.60	23.66	746.89	(9.25)	822.99	36.11	604.64	(12.84)	693.72	3.96	667.31	12.85
Sales tax	2,765.24	31.19	2,107.88	170.31	779.80	152.07	309.36	6.70	289.94	(36.4)	456.17	18.19
	3,688.83	29.22	2,854.77	78.11	1,602.78	75.36	913.99	(7.08)	983.65	(12.4)	1,123.48	14.96
Net sales	19,872.24	32.14	15,038.94	(13.34)	17,353.05	21.43	14,290.09	16.72	12,242.72	7.86	11,350.23	28.56
Cost of goods sold	13,692.93	26.39	10,834.22	(9.77)	12,006.90	22.87	9,771.81	16.64	8,377.75	9.08	7,680.19	22.00
Gross profit	6,179.31	46.96	4,204.72	(21.35)	5,346.15	18.32	4,518.28	16.90	3,864.97	5.30	3,670.04	44.88
Distribution and marketing expenses	1,973.39	25.73	1,569.56	(10.02)	1,744.33	17.84	1,480.21	75.95	841.29	10.29	762.77	18.79
Administrative expenses	583.78	4.23	560.07	10.33	507.63	1.78	498.73	1.64	490.62	50.52	325.99	37.07
Impairment (Reversal)												
/loss on trade receivables	(28.02)	(312.55)	13.18	(90.81)	143.41	138.30	60.18	100.00	-	-	-	-
Other expenses	247.04	120.39	112.09	(17.87)	136.48	5.76	129.04	(27.75)	178.61	(4.22)	186.48	69.48
	2,776.18	23.12	2,254.90	(10.94)	2,531.84	16.77	2,168.17	43.53	1,510.56	18.45	1,275.23	28.82
Other income	57.93	123.51	25.92	62.20	15.98	(32.89)	23.81	10.92	21.46	(60.18)	53.91	(68.52)
Operating profit before finance costs	3,461.05	75.18	1,975.74	(30.19)	2,830.29	19.22	2,373.92	(0.08)	2,375.87	(3.97)	2,448.71	42.83
Finance costs	271.66	(38.15)	439.24	(35.43)	680.27	58.22	429.94	217.34	135.48	5.58	128.32	(4.50)
Profit before taxation	3,189.39	107.58	1,536.49	(28.54)	2,150.02	10.60	1,943.98	(13.23)	2,240.38	(3.45)	2,320.39	46.85
Taxation	880.03	139.64	367.23	(14.13)	427.64	4.89	407.70	(34.13)	618.91	3.09	600.36	77.58
Profit for the year	2,309.37	97.51	1,169.27	(32.11)	1,722.38	12.11	1,536.28	(5.25)	1,621.47	(5.73)	1,720.03	38.49

Statement of Financial Position

	2021		2020		2019		2018		2017		2016	
	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age
ASSETS												
Non - current assets												
Property, plant and equipment	1,865.03	15.93	1,976.82	20.06	1,914.46	16.70	1,952.69	17.81	1,744.27	17.89	1,815.40	20.91
Long term loans - secured	-	-	-	-	0.11	0.00	0.57	0.01	1.79	0.02	6.14	0.07
Long term deposits and prepayments	16.60	0.14	6.10	0.06	7.17	0.06	8.01	0.07	9.45	0.10	4.94	0.06
Deferred Assets	75.75	0.65	-	-	-	-	-	-	-	-	-	-
Deferred taxation - net	-	-	15.50	0.16	-	-	-	-	-	-	-	-
	<u>1,957.39</u>	<u>16.72</u>	<u>1,998.42</u>	<u>20.28</u>	<u>1,921.74</u>	<u>16.77</u>	<u>1,961.27</u>	<u>17.89</u>	<u>1,755.52</u>	<u>18.00</u>	<u>1,826.48</u>	<u>21.03</u>
Current assets												
Stores and spares	62.58	0.53	53.65	0.54	49.36	0.43	45.44	0.41	40.24	0.41	32.62	0.38
Stock-in-trade	2,652.65	22.65	3,089.89	31.36	3,056.05	26.66	2,694.53	24.58	2,107.64	21.61	1,641.48	18.90
Trade receivables	3,769.71	32.19	2,788.16	28.30	3,916.35	34.17	3,733.33	34.06	3,165.83	32.47	2,755.25	31.73
Loans and advances	2.93	0.03	0.70	0.01	0.45	0.00	3.42	0.03	8.66	0.09	10.72	0.12
Trade deposits and short-term prepayments	39.19	0.33	24.36	0.25	57.69	0.50	48.43	0.44	59.07	0.61	49.32	0.57
Other receivables	29.07	0.25	24.64	0.25	34.14	0.30	46.23	0.42	71.73	0.74	33.59	0.39
Sales Tax Refundable	1,327.96	11.34	1,377.99	13.99	1,680.11	14.66	1,724.25	15.73	1,882.28	19.30	1,969.56	22.68
Taxation - net	-	-	225.22	2.29	147.95	1.29	172.03	1.57	72.03	0.74	27.29	0.31
Short term Investment	601.00	5.13	-	-	-	-	-	-	-	-	-	-
Cash and bank balances	1,267.87	10.83	269.24	2.73	598.96	5.23	532.11	4.85	587.89	6.03	337.52	3.89
	<u>9,752.96</u>	<u>83.28</u>	<u>7,853.84</u>	<u>79.72</u>	<u>9,541.05</u>	<u>83.23</u>	<u>8,999.75</u>	<u>82.11</u>	<u>7,995.38</u>	<u>82.00</u>	<u>6,857.35</u>	<u>78.97</u>
TOTAL ASSETS	<u>11,710.34</u>	<u>100.00</u>	<u>9,852.25</u>	<u>100.00</u>	<u>11,462.79</u>	<u>100.00</u>	<u>10,961.03</u>	<u>100.00</u>	<u>9,750.89</u>	<u>100.00</u>	<u>8,683.83</u>	<u>100.00</u>
EQUITY AND LIABILITIES												
Share capital and reserves												
Share capital												
Issued, subscribed and paid-up capital	341.18	2.91	341.18	3.46	341.18	2.98	341.18	3.11	341.18	3.50	341.18	3.93
Reserves												
Revenue reserve	3,138.00	26.80	3,238.00	32.87	3,096.00	27.01	2,968.00	27.08	2,808.00	28.80	3,248.00	37.40
Unappropriated profit	2,368.41	20.22	924.68	9.39	1,680.26	14.66	1,496.03	13.65	1,868.47	19.16	1,798.23	20.71
	<u>5,506.41</u>	<u>47.02</u>	<u>4,162.68</u>	<u>42.25</u>	<u>4,776.26</u>	<u>41.67</u>	<u>4,464.03</u>	<u>40.73</u>	<u>4,676.47</u>	<u>47.96</u>	<u>5,046.23</u>	<u>58.11</u>
	<u>5,847.59</u>	<u>49.94</u>	<u>4,503.86</u>	<u>45.71</u>	<u>5,117.44</u>	<u>44.64</u>	<u>4,805.21</u>	<u>43.84</u>	<u>5,017.65</u>	<u>51.46</u>	<u>5,387.41</u>	<u>62.04</u>
LIABILITIES												
Non - current liabilities												
Deferred taxation - net	-	-	-	-	59.58	0.52	127.46	1.16	152.90	1.57	113.73	1.31
Deferred liabilities	12.53	0.11	341.14	3.46	63.19	0.55	14.16	0.13	13.96	0.14	186.89	2.15
Long term loan - secured	44.38	0.38	209.78	2.13	-	-	-	-	-	-	-	-
Lease liabilities	104.34	0.89	95.67	0.97	9.41	0.08	22.89	0.21	44.45	0.46	51.07	0.59
Liabilities against diminishing musharika finance	59.02	0.50	94.10	0.96	81.16	0.71	69.18	0.63	37.83	0.39	-	-
	<u>272.48</u>	<u>2.33</u>	<u>740.69</u>	<u>7.52</u>	<u>213.34</u>	<u>1.86</u>	<u>233.69</u>	<u>2.13</u>	<u>249.13</u>	<u>2.55</u>	<u>351.69</u>	<u>4.05</u>
Current liabilities												
Trade and other payables	3,772.40	32.21	2,173.52	22.06	3,027.57	26.41	3,293.10	30.04	2,666.66	27.35	2,312.85	26.63
Unclaimed dividend	72.10	0.62	67.54	0.69	65.99	0.58	65.47	0.60	44.79	0.46	-	-
Taxation - net	33.63	0.29	-	-	-	-	-	-	-	-	-	-
Mark-up accrued	3.64	0.03	17.85	0.18	81.99	0.72	40.44	0.37	11.26	0.12	7.17	0.08
Short-term borrowings - secured	1,475.61	12.60	2,143.05	21.75	2,920.07	25.47	2,489.70	22.71	1,732.03	17.76	604.77	6.96
Current portion of long term loan - secured	177.52	1.52	148.23	1.50	-	-	-	-	-	-	-	-
Current portion of lease liabilities	16.57	0.14	21.49	0.22	12.24	0.11	17.37	0.16	21.93	0.22	19.94	0.23
Current portion of liabilities against D.M.	38.81	0.33	36.04	0.37	24.16	0.21	16.05	0.15	7.44	0.08	-	-
	<u>5,590.27</u>	<u>47.74</u>	<u>4,607.71</u>	<u>46.77</u>	<u>6,132.01</u>	<u>53.49</u>	<u>5,922.13</u>	<u>54.03</u>	<u>4,484.12</u>	<u>45.99</u>	<u>2,944.73</u>	<u>33.91</u>
	<u>5,862.75</u>	<u>50.06</u>	<u>5,348.40</u>	<u>54.29</u>	<u>6,345.35</u>	<u>55.36</u>	<u>6,155.82</u>	<u>56.16</u>	<u>4,733.25</u>	<u>48.54</u>	<u>3,296.42</u>	<u>37.96</u>
TOTAL EQUITY AND LIABILITIES	<u>11,710.34</u>	<u>100.00</u>	<u>9,852.25</u>	<u>100.00</u>	<u>11,462.79</u>	<u>100.00</u>	<u>10,961.03</u>	<u>100.00</u>	<u>9,750.89</u>	<u>100.00</u>	<u>8,683.83</u>	<u>100.00</u>

Statement of Profit or Loss

	2021		2020		2019		2018		2017		2016	
	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age	Rs. in mio	%age
Sales	23,561.07	100.00	17,893.71	100.00	18,955.83	100.00	15,204.08	100.00	13,226.37	100.00	12,473.71	100.00
Trade discounts and commission	923.60	3.92	746.89	4.17	822.99	4.34	604.64	3.98	693.72	5.24	667.31	5.35
Sales tax	2,765.24	11.74	2,107.88	11.78	779.80	4.11	309.36	2.03	289.94	2.19	456.17	3.66
	3,688.83	15.66	2,854.77	15.95	1,602.78	8.46	913.99	6.01	983.66	7.44	1,123.48	9.01
Net sales	19,872.24	84.34	15,038.94	84.05	17,353.05	91.54	14,290.09	93.99	12,242.72	92.56	11,350.23	90.99
Cost of goods sold	13,692.93	58.12	10,834.22	60.55	12,006.90	63.34	9,771.81	64.27	8,377.75	63.34	7,680.19	61.57
Gross profit	6,179.31	26.23	4,204.72	23.50	5,346.15	28.20	4,518.28	29.72	3,864.97	29.22	3,670.04	29.42
Distribution and marketing expenses	1,973.39	8.38	1,569.56	8.77	1,744.33	9.20	1,480.21	9.74	841.29	6.36	762.77	6.11
Administrative expenses	583.78	2.48	560.07	3.13	507.63	2.68	498.73	3.28	490.66	3.71	325.99	2.61
Impairment (Reversal) /loss on trade receivables	(28.02)	(0.12)	13.18	0.07	143.41	0.76	60.18	0.40	-	-	-	-
Other expenses	247.04	1.05	112.09	0.63	136.48	0.72	129.04	0.85	178.61	1.35	186.48	1.49
	2,776.18	11.78	2,254.90	12.60	2,531.84	13.36	2,168.17	14.26	1,510.56	11.42	1,275.23	10.22
Other income	57.93	0.25	25.92	0.14	15.98	0.08	23.81	0.16	21.46	0.16	53.91	0.43
Operating profit	3,461.05	14.69	1,975.74	11.04	2,830.29	14.93	2,373.92	15.61	2,375.87	17.96	2,448.71	19.63
Finance costs	271.66	1.15	439.24	2.45	680.27	3.59	429.94	2.83	135.48	1.02	128.32	1.03
Profit before taxation	3,189.39	13.54	1,536.49	8.59	2,150.02	11.34	1,943.98	12.79	2,240.38	16.94	2,320.39	18.60
Taxation	880.03	3.74	367.23	2.05	427.64	2.26	407.70	2.68	618.91	4.68	600.36	4.81
Profit for the year	2,309.37	9.80	1,169.27	6.53	1,722.38	9.09	1,536.28	10.10	1,621.47	12.26	1,720.03	13.79

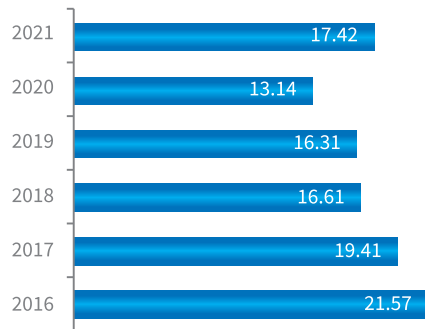
PERFORMANCE INDICATORS

		2021	2020	2019	2018	2017	2016
Profitability Ratios							
Net profit to net sales	%	11.62	7.77	9.93	10.75	13.24	15.15
Operating profit to net sales	%	17.42	13.14	16.31	16.61	19.41	21.57
EBITDA margin to net sales	%	18.78	14.99	17.79	18.37	21.53	23.76
Return on equity	%	39.49	25.96	33.66	31.97	32.32	31.93
Liquidity Ratios							
Current ratio	Times	1.74	1.71	1.56	1.52	1.78	2.33
Quick Ratio	Times	1.26	1.03	1.06	1.06	1.31	1.77
Cash to current liabilities	Times	0.23	0.06	0.10	0.09	0.13	0.11
Activity / Turnover Ratios							
Cash conversion cycle	Days	75	131	113	112	102	91
Days sales outstanding / debtor days	Days	69	68	82	95	94	89
Days inventory outstanding	Days	71	104	93	101	92	78
Days payable outstanding	Days	65	41	62	84	84	76
Debtor turnover	Times	5.27	5.39	4.43	3.83	3.87	4.12
Total assets turnover	Times	1.70	1.54	1.51	1.30	1.26	1.31
Fixed assets turnover	Times	10.66	7.61	9.06	7.32	7.02	6.25
Investment / Market Ratios							
Earnings per share (EPS)	Rupees	67.69	34.27	50.48	45.03	47.53	50.41
Price earnings - on the basis of earning per share	Times	9.23	16.54	9.11	11.44	13.82	11.72
Price to book ratio	Times	3.65	4.30	3.07	3.66	4.47	3.74
Dividend yield	%	14.40	5.29	9.77	7.76	7.61	10.11
Dividend payout ratio	%	133.25	87.54	89.14	88.82	105.20	119.02
Dividend per share	Rupees	90	30	45	40	50	60
Market value per share							
Year end	Rupees	625	567	460	515	657	591
Highest during the year	Rupees	650	699	620	675	905	610
Lowest during the year	Rupees	518	456	440	445	555	390
Capital Structure Ratios							
Mark-up cover ratio	Times	35.56	8.43	10.40	15.73	28.99	29.48

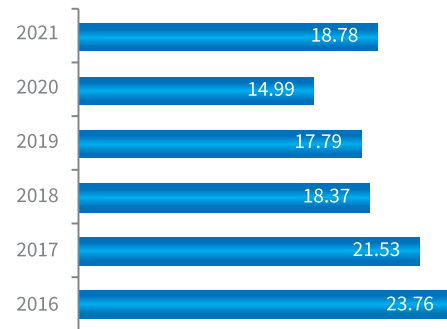
PERFORMANCE INDICATORS

Profitability Ratios

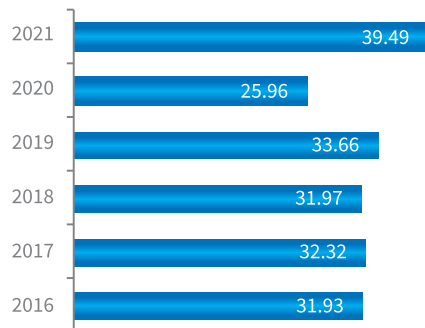
Operating profit to net sales
(Percentage)



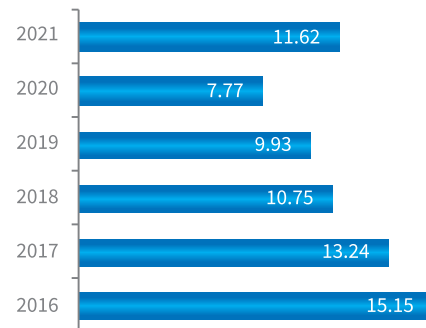
EBITDA margin to net sales
(Percentage)



Return on equity
(Percentage)

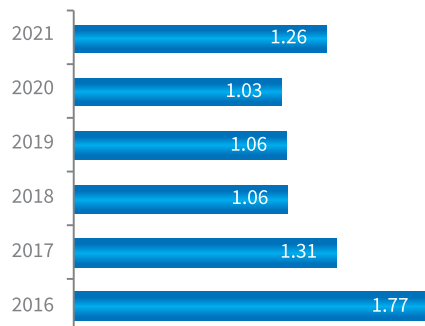


Net profit to net sales
(Percentage)

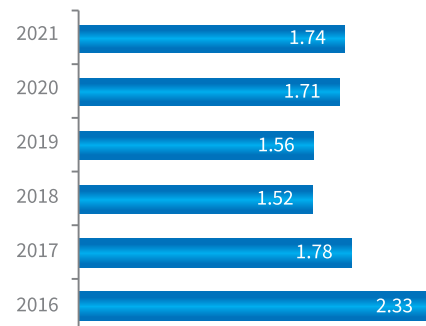


Liquidity Ratios

Quick Ratio
(Times)



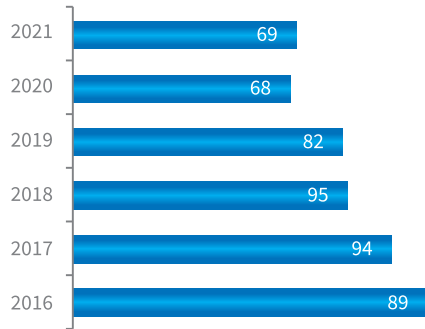
Current ratio
(Times)



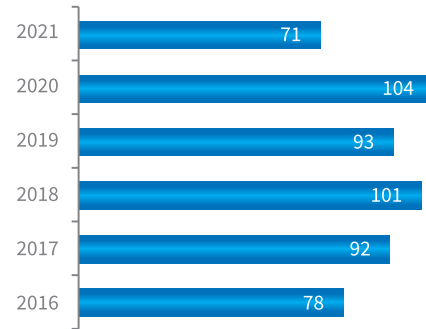
PERFORMANCE INDICATORS

Activity Ratios

Days sales outstanding
(Days)

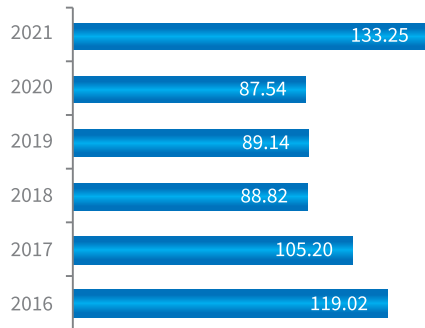


Days inventory outstanding
(Days)

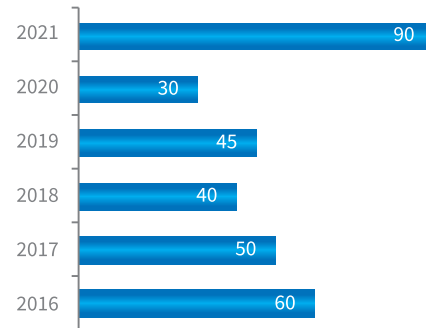


Investment / Market Ratios

Dividend payout ratio
(Percentage)

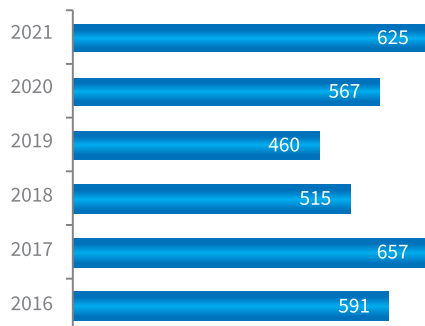


Dividend per share
(Rupees)

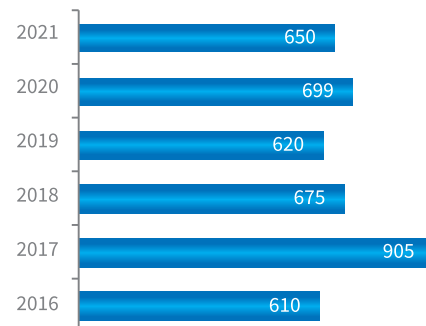


Market value per share

Year end
(Rupees)



Highest during the year
(Rupees)

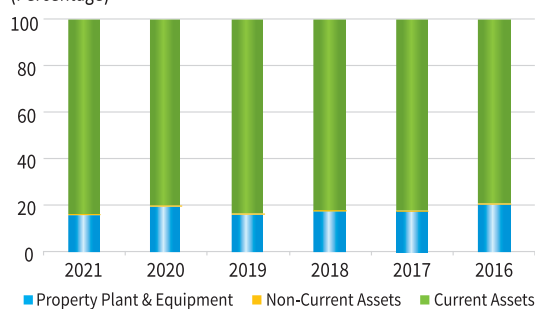


SIX YEARS AT A GLANCE

	2021	2020	2019	2018	2017	2016
	(Rupees '000)					
Property Plant & equipment	1,865,030	1,976,820	1,914,464	1,952,688	1,744,273	1,815,404
Other assets	92,356	21,598	7,275	8,586	11,245	11,078
Current assets	9,752,958	7,853,837	9,541,052	8,999,754	7,995,376	6,857,347
Total assets employed	11,710,344	9,852,255	11,462,791	10,961,028	9,750,894	8,683,829
Share capital	341,179	341,179	341,179	341,179	341,179	341,179
Revenue reserves and unappropriated profit	5,506,412	4,162,681	4,776,258	4,464,033	4,676,467	5,046,233
Bank borrowings	1,697,510	2,501,054	2,920,070	2,489,701	1,732,030	604,765
Other liabilities	4,165,243	2,847,341	3,425,284	3,666,115	3,001,218	2,691,652
Total Funds Employed	11,710,344	9,852,255	11,462,791	10,961,028	9,750,894	8,683,829
Net Sales	19,872,237	15,038,941	17,353,050	14,290,089	12,242,715	11,350,227
Profit before tax	3,189,391	1,536,493	2,150,019	1,943,980	2,240,384	2,320,392
Profit after Tax	2,309,366	1,169,266	1,722,380	1,536,276	1,621,473	1,720,031
Cash Dividend %	900	300	450	400	500	600
Earning Per share (Rupees)	67.69	34.27	50.48	45.03	47.53	50.41
Break-up value per share	161.39	132.00	149.99	140.84	147.07	157.91

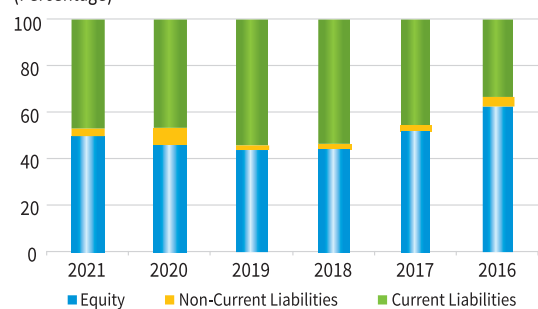
Financial Position Assets

(Percentage)



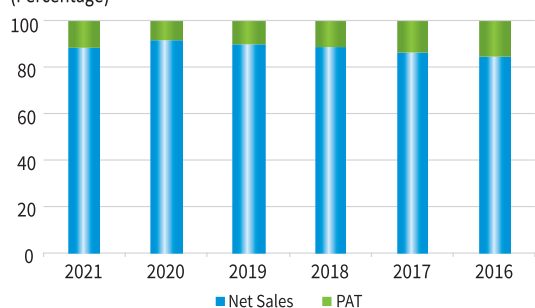
Financial Position Equity & Liabilities

(Percentage)



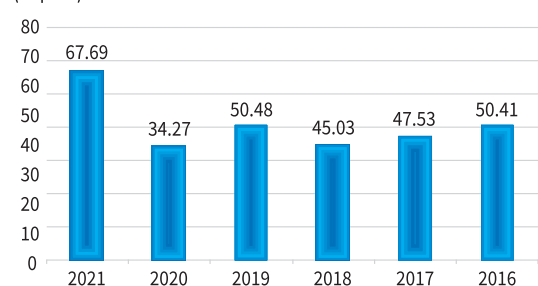
Profit or Loss Income over Sales

(Percentage)



Profit or Loss EPS

(Rupees)



FINANCIAL STATEMENTS





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 AUDITORS' 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 2021, 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 2021 and of the profit or loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' 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



KPMG Taseer Hadi & Co.

whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 4.10 and 25 to the Company's financial statements.</p> <p>The Company's revenue for the year ended 30 September 2021 was Rs. 19.87 billion.</p> <p>Revenue is recognized when control of the underlying product has been transferred to the customer.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential inherent risk that revenue transactions 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"> • assessed the design, implementation and tested the operating effectiveness of the relevant key internal controls over the Company's system which governs revenue recognition; • assessed the appropriateness of the Company's accounting policies for revenue recognition including its compliance with applicable accounting standards; • obtained an understanding of the nature of the revenue contracts entered and tested a sample of sales contracts to understand and assess appropriateness of management's application of applicable accounting standard's requirements; • obtained invoices and related documents, on sample basis, for selected revenue transactions recorded during the current year to assess whether the related revenue was recognized in accordance with the requirements of applicable accounting standard; and • tested on sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period.

Handwritten signature



KPMG Taseer Hadi & Co.

S No.	Key audit matters	How the matters were addressed in our audit
2.	<p>Valuation of Stock-in-trade</p> <p>Refer notes 4.4 and 7 to the Company's financial statements.</p> <p>The Company's stock-in-trade as at 30 September 2021 was Rs. 2.65 billion.</p> <p>Stock-in-trade forms a significant part of the Company's total assets. Stock-in-trade comprise of raw material, packing material, work in process and finished goods which are stated at lower of cost and estimated net realizable value.</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 net realizable value (NRV) being lower than their cost and provisions for obsolete and slow moving stock-in-trade involves significant management judgment and estimation.</p>	<p>Our audit procedures in relation to valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> • obtained an understanding of and assessed the design and implementation of management's controls over valuation of stock-in-trade including identification of slow moving and obsolete stock-in-trade and estimation of NRV; • assessed that valuation of stock-in-trade has been appropriately done at lower of cost and net realizable value by testing on a sample basis, management's assessment of the NRV of stock-in-trade by comparing to its recent sales prices and executed purchase orders for future sales, if any; and • tested the accuracy of provision for slow moving and obsolete stock-in-trade with the help of aging report and underlying documentation.

KPMG



KPMG Taseer Hadi & Co.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Auditors' 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 auditors' 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

KPMG



KPMG Taseer Hadi & Co.

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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

KPMG



KPMG Taseer Hadi & Co.

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 auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is **Amyr Malik**.

Date: 01 November 2021

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,865,030	1,976,820
Long term deposits and prepayments		16,604	6,099
Deferred taxation - net	16	-	15,499
Deferred assets	17	75,752	-
		1,957,386	1,998,418
Current assets			
Stores and spares	6	62,578	53,645
Stock-in-trade	7	2,652,654	3,089,893
Trade receivables	8	3,769,706	2,788,159
Loans and advances	9	2,930	700
Trade deposits and short-term prepayments	10	39,189	24,362
Other receivables	11	29,072	24,639
Sales tax refundable	12	1,327,959	1,377,985
Taxation - net		-	225,219
Short term investments	13	601,000	-
Cash and bank balances	14	1,267,870	269,235
		9,752,958	7,853,837
TOTAL ASSETS		11,710,344	9,852,255
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Issued, subscribed and paid-up share capital	15	341,179	341,179
Reserves			
Revenue reserve		3,138,000	3,238,000
Unappropriated profit		2,368,412	924,681
		5,506,412	4,162,681
		5,847,591	4,503,860
LIABILITIES			
Non-current liabilities			
Deferred taxation - net	16	52,217	-
Deferred liabilities	17	12,526	341,138
Long term loan - secured	18	44,382	209,782
Lease liabilities	19	104,341	95,668
Liabilities against diminishing musharika financing	20	59,018	94,097
		272,484	740,685
Current liabilities			
Trade and other payables	21	3,772,401	2,173,522
Unclaimed dividend		72,097	67,536
Taxation - net		33,627	-
Mark-up accrued	22	3,636	17,853
Short-term borrowings - secured	23	1,475,606	2,143,046
Current portion of long term loan - secured	18	177,522	148,226
Current portion of lease liabilities	19	16,573	21,488
Current portion of liabilities against diminishing musharika financing	20	38,807	36,039
		5,590,269	4,607,710
		5,862,753	5,348,395
Contingencies and commitments	24		
TOTAL EQUITY AND LIABILITIES		11,710,344	9,852,255


The annexed notes 1 to 46 form an integral part of these financial statements.



Mujtaba Rahim
Chief Executive Officer



Naveed Kamil
Director



Irfan Chawala
Director and Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME


For the year ended 30 September 2021

	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Sales	25	23,561,070	17,893,711
Trade discounts and commission		(923,597)	(746,891)
Sales tax		(2,765,236)	(2,107,879)
		(3,688,833)	(2,854,770)
Net sales	25	19,872,237	15,038,941
Cost of goods sold	26	(13,692,930)	(10,834,222)
Gross profit		6,179,307	4,204,719
Distribution and marketing expenses	27	(1,973,388)	(1,569,555)
Administrative expenses	28	(583,781)	(560,070)
Impairment reversal / (loss) on trade receivables	8.1	28,021	(13,183)
Other expenses	30	(247,035)	(112,091)
		(2,776,183)	(2,254,899)
Other income	31	57,928	25,917
		3,461,052	1,975,737
Finance costs	32	(271,661)	(439,244)
Profit before taxation		3,189,391	1,536,493
Taxation	33	(880,025)	(367,227)
Profit for the year		2,309,366	1,169,266
Other comprehensive income / (loss)			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement gain / (loss) on defined benefit obligations	29	75,752	(323,782)
Impact of deferred tax		(17,851)	76,244
		57,901	(247,538)
Total comprehensive income for the year		2,367,267	921,728
		(Rupees)	(Rupees)
Earnings per share (basic and diluted)	34	67.69	34.27

The annexed notes 1 to 46 form an integral part of these financial statements.


Mujtaba Rahim
Chief Executive Officer


Naveed Kamil
Director



Irfan Chawala
Director and Chief Financial Officer

STATEMENT OF CASH FLOWS


For the year ended 30 September 2021

	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	4,668,088	2,649,976
Staff gratuity paid		(377,664)	(73,053)
Other long term employee benefits paid		(3,341)	(1,283)
Mark-up paid		(61,734)	(270,748)
Income taxes paid		(571,314)	(519,578)
Movement in long term loans		-	107
Movement in long term deposits and prepayments		(10,505)	1,069
Net cash generated from operating activities		3,643,530	1,786,490
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(158,244)	(162,349)
Proceeds from disposal of property, plant and equipment		30,922	7,646
Net cash used in investing activities		(127,322)	(154,703)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against lease liabilities		(23,320)	(31,873)
Financing against diminishing musharika financing - net		(60,318)	24,819
Long term loans - proceeds		-	356,324
Long term loans - payment		(146,520)	-
Short-term borrowings - proceeds		2,678,222	2,022,246
Short-term borrowings - repayments		(3,433,996)	(2,080,973)
Dividend paid		(1,018,975)	(1,533,755)
Net cash used in financing activities		(2,004,907)	(1,243,212)
Net increase in cash and cash equivalents		1,511,301	388,575
Cash and cash equivalents at beginning of the year		110,185	(278,390)
Cash and cash equivalents at end of the year	41	1,621,486	110,185

The annexed notes 1 to 46 form an integral part of these financial statements.


Mujtaba Rahim
Chief Executive Officer


Naveed Kamil
Director


Irfan Chawala
Director and Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY


For the year ended 30 September 2021

	Issued, subscribed and paid-up capital	General Reserves		Total
		Revenue reserves	Unappro- priated profit	
------(Rupees in '000)-----				
Balance as at 30 September 2019	341,179	3,096,000	1,680,258	5,117,437
Transaction with owners in the capacity as owners directly recorded in equity - distribution				
- Final dividend at 450% (i.e. Rs. 45 per share) for the year ended 30 September 2019	-	-	(1,535,305)	(1,535,305)
Transfer to revenue reserves appropriated subsequent to year end	-	142,000	(142,000)	-
Total comprehensive income for the year ended 30 September 2020				
Profit for the year	-	-	1,169,266	1,169,266
Other comprehensive loss	-	-	(247,538)	(247,538)
	-	-	921,728	921,728
Balance as at 30 September 2020	341,179	3,238,000	924,681	4,503,860
Transaction with owners in the capacity as owners directly recorded in equity - distribution				
- Final dividend at 300% (i.e. Rs. 30 per share) for the year ended 30 September 2020	-	-	(1,023,536)	(1,023,536)
Transfer from revenue reserves appropriated subsequent to year end	-	(100,000)	100,000	-
Total comprehensive income for the year ended 30 September 2021				
Profit for the year	-	-	2,309,366	2,309,366
Other comprehensive income	-	-	57,901	57,901
	-	-	2,367,267	2,367,267
Balance as at 30 September 2021	341,179	3,138,000	2,368,412	5,847,591

The annexed notes 1 to 46 form an integral part of these financial statements.


Mujtaba Rahim
Chief Executive Officer


Naveed Kamil
Director


Irfan Chawala
Director and Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

1. THE COMPANY AND ITS OPERATIONS

Archroma Pakistan Limited ("the Company") is a limited liability company and is incorporated and domiciled in Pakistan. The address of its registered office is 1-A/1, Sector 20 Korangi Industrial Area, Korangi, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange. The Company is a subsidiary of Archroma Textiles GmbH, registered and having head quarter in Reinach, Switzerland which holds 75% of share capital of the Company.

The Company is primarily engaged in the manufacture, import 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
- LX-10, LX-11 Landhi Industrial Area Karachi

Regional Sales offices & Labs

- Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore
- P-277, Kashmir Road, Amin Town, Faisalabad
- B157 Lalarukh, Wah Cantt

2. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The COVID-19 pandemic has spread rapidly all across the world and has not only endangered human lives but has also adversely impacted the global economy. In March 2020, the Government of Pakistan announced a temporary lock down as a measure to reduce the spread of the COVID-19. The management has taken all necessary steps to ensure smooth and adequate continuation of its business by following standard operating procedures (SOPs).

In view of the financial and operational effects of COVID-19 on the Company's business and disclosures, the management has assessed the accounting implications of these developments on these financial statements, including but not limited to following areas: expected credit losses and modification of financial liability under IFRS 9, 'Financial Instruments', impairment of tangible and intangible assets under IAS 36, 'Impairment of Assets', net realisable value of inventory under IAS 2, 'Inventories' and going concern assumption used for the preparation of these financial statements.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in these financial statements.

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 the IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for retirement benefit obligations, which have been measured at fair value of plan assets less the present value of the defined benefit obligation.

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 Use of judgments and estimates

The preparation of these financial statements in conformity with accounting and reporting 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 and reporting 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 subsequent year are described in the following:

- i) Useful lives and residual values of property, plant and equipment and leases (notes 4.1, 4.2, 5.1 and 19);
- ii) Estimation in writing down items of stock in trade and stores and spares to their net realisable value (notes 4.3, 4.4, 6 and 7);
- iii) Allowance for impairment loss against trade receivables (notes 4.7.1 and 8);
- iv) Taxation (notes 4.5 and 33);
- v) Employee benefits (notes 4.9 and 29); and
- vi) Provisions and contingencies (notes 4.12 and 24).

3.5 Changes in accounting standards, interpretations and pronouncements

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

Following are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on or after 01 July 2021. However, these do not have any significant impact on the Company's financial reporting.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

- Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) - the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
 - There is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
 - The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.
 - IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted:
- Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

4.1 Property, plant and equipment

Recognition and measurement

All items of property and equipment except for freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is measured at cost less impairment, if any.

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.

Subsequent expenditure

Subsequent expenditure incurred is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment, other than freehold land, less their estimated residual values using the straight-line method and is charged to the statement of profit or loss at the rates specified in note 5 to these financial statements. The cost of leasehold land is amortised equally over the lease period. Depreciation on additions during the year is charged from the month in which the asset is put to use, whereas no depreciation is charged for the month the asset is disposed off. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposal

Gains and losses on disposals of property, plant and equipment is recognised in the statement of profit or loss.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and consists of expenditure incurred in respect of operating property, plant and equipment in the course of their acquisition, construction and installation. The assets are transferred to relevant category of operating property, plant and equipment when they are available for use.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

4.2 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases and leases of low value assets (if any). The Company recognises lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets. At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises right-of-use asset (ROU asset) and its related lease liability at the commencement date of the lease .

i) Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The company present right-of-use asset that do not meet the definition of investment property in property, plant and equipment .

ii) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing source and makes certain adjustments, if needed to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents lease liabilities as a separate line item in the statement of financial position.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.3 Stores and spares

Stores and spare parts are measured at lower of cost and net realisable value. Cost is determined using the weighted average method and comprises all costs of purchase and other costs incurred in bringing the stores and spares to their present location and condition and is also adjusted through systematic provision for damaged, obsolete and slow moving items. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

4.4 Stock-in-trade

Stock-in-trade are measured at the lower of cost determined on the weighted average method and realisable value.

Cost of work-in-process and manufactured finished goods comprises cost of direct materials, direct labour and an appropriate share of production overheads based on normal operating capacity. 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.

4.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of prior years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising under final tax regime.

Current tax assets and liabilities are offset only if certain criteria are met.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

Deferred

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.6 Financial instruments

4.6.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.6.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as: amortised cost, FVOCI - debt investment, FVOCI - equity investment, or FVTPL (if any).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (mark-up) on the principal amount outstanding.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (mark-up) on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual mark-up income, maintaining a particular mark-up rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest (mark-up)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' (mark-up) is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

In assessing whether the contractual cash flows are solely payments of principal and interest (mark-up), the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest (mark-up) criterion if the prepayment amount substantially represents unpaid amounts of principal and interest (mark-up) on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (mark-up) (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest (mark-up) or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest (mark-up) income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest (mark-up) income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest (mark-up) expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest (mark-up) expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

4.6.3 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4.6.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.7 Impairment

4.7.1 Impairment on financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt instruments measured at FVOCI, if any; and
- contract assets, if any.

The Company measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs), except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date, if any; and
- other debt securities and bank balances, if any for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes inducing forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the customer is unlikely to pay its balance to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is past due on the agreed terms.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 - month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being past due for more than the agreed term;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.7.2 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then an asset's recoverable amount is estimated.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows i.e cash-generating units (CGU).

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognised as an expense in the profit or loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is ascertained through discounting of the estimated future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the assets. The fair value less costs to sell calculation is based on the available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.8 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, balances held with banks in current and saving 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

4.9 Employee benefits

4.9.1 Retirement benefits

a) Defined contribution plan (provident fund)

The Company operates an approved contributory provident fund for all eligible employees. Equal monthly contributions are made to the fund, both by the Company and the employees. The Company has no further payment obligations once the contributions have been paid.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

b) Defined benefit plan (gratuity fund)

The Company operates an approved gratuity fund for all its eligible employees.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Contributions to the fund is made periodically on the basis of recommendations of the actuary.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. 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 annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

c) Other long-term employee benefits (long service award)

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

The calculation of it is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. Remeasurements are recognised in profit or loss in the period in which they arise.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

4.9.2 Compensated absences

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

4.10 Revenue recognition

The Company is in the business of sale of goods to customers under the contractual arrangement. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Standard products - sale of goods	Customers obtain control of products when the goods are delivered to and have been accepted. Invoices are generated at that point in time.	Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer i.e. when goods are dispatched and invoiced. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (i.e. discounts and volume rebates). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).
Indenting Commission	Customers obtain control of products when the goods are delivered to and have been accepted.	Indenting Income is recognised at the point in time when control of the goods is transferred to the customer i.e. when receipt of shipment is confirmed from the suppliers.

4.11 Foreign currency transactions

Transactions in foreign currencies are translated to Pakistan Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the Pakistan Rupees at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into Pakistan Rupees at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

4.12 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.

4.13 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 executive officer 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.

4.14 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognises government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognised on a systematic basis in the income for the year in which the related expenses are recognised. Grants that compensate for the cost of an asset are recognised as income in profit or loss on a systematic basis over the expected useful life of the related asset.

The benefit of below-market interest loan obtained under Government (SBP) scheme is accounted for as government grant. The benefit, measured as the difference between the initial carrying value of the loan (i.e. fair value of the loan) and the proceeds received, is government grant. This amount of grant is recognized and presented in the financial statements as 'grant income'. In subsequent periods, the grant is recognised in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating. This amount is presented as 'other income'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

4.15 Finance costs and finance income

The Company's finance income and finance costs include:

- mark-up income, if any;
- mark-up expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating mark-up income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4.16 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.

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. PROPERTY, PLANT AND EQUIPMENT

	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Operating property, plant and equipment	5.1	1,780,923	1,831,239
Capital work-in-progress	5.5	84,107	145,581
		<u>1,865,030</u>	<u>1,976,820</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

5.1 Operating property, plant and equipment

	30 September 2021										
	Land		Buildings			Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total
	Freehold	Leasehold	On leasehold land	On freehold land	ROUA	Owned	ROUA	Owned	ROUA		
	----- (Rupees in '000) -----										
At 1 October 2020											
Cost	47	392,232	203,123	565,763	119,317	2,563,872	690,549	52,928	52,456	192,064	4,832,351
Accumulated depreciation	-	(22,352)	(91,679)	(361,979)	(11,419)	(1,814,249)	(545,768)	(42,574)	(15,613)	(95,479)	(3,001,112)
Net book value	47	369,880	111,444	203,784	107,898	749,623	144,781	10,354	36,843	96,585	1,831,239
Year ended 30 September 2021											
Opening net book value	47	369,880	111,444	203,784	107,898	749,623	144,781	10,354	36,843	96,585	1,831,239
Additions / transfers	-	-	4,920	6,273	13,244	116,374	92,151	8,502	-	10,791	252,255
Disposals / write-offs:											
Cost	-	-	-	-	-	-	7,216	5,744	1,515	57,491	71,966
Accumulated depreciation	-	-	-	-	-	-	(5,610)	(798)	(1,515)	(32,463)	(40,386)
Depreciation charge for the year	-	(3,962)	(7,105)	(25,595)	(9,897)	(147,006)	(43,440)	(3,490)	(447)	(30,049)	(270,991)
Closing net book value	47	365,918	109,259	184,462	111,245	718,991	191,886	10,420	36,396	52,299	1,780,923
At 30 September 2021											
Cost	47	392,232	208,043	572,036	132,561	2,680,246	775,484	55,686	50,941	145,364	5,012,640
Accumulated depreciation	-	(26,314)	(98,784)	(387,574)	(21,316)	(1,961,255)	(583,598)	(45,266)	(14,545)	(93,065)	(3,231,717)
Net book value	47	365,918	109,259	184,462	111,245	718,991	191,886	10,420	36,396	52,299	1,780,923
	----- % -----										
Depreciation rate	-	1.00%	3.33%	2.5 - 10%	2 - 80%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%	

	30 September 2020										
	Land		Buildings			Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total
	Freehold	Leasehold	On leasehold land	On freehold land	ROUA	Owned	ROUA	Owned	ROUA		
	----- (Rupees in '000) -----										
At 1 October 2019											
Cost	47	392,232	203,123	565,307	-	2,557,785	649,821	43,317	53,495	158,768	4,623,895
Recognition of right-of-use assets on initial application of IFRS 16	-	-	-	-	119,317	-	-	-	-	-	119,317
Accumulated depreciation	-	(18,390)	(84,631)	(336,313)	-	(1,670,264)	(513,734)	(39,962)	(15,600)	(75,152)	(2,754,046)
Net book value	47	373,842	118,492	228,994	119,317	887,521	136,087	3,355	37,895	83,616	1,989,166
Year ended 30 September 2020											
Opening net book value	47	373,842	118,492	228,994	119,317	887,521	136,087	3,355	37,895	83,616	1,989,166
Additions / transfers	-	-	-	539	-	13,728	47,116	9,611	-	56,749	127,743
Disposals / write-offs:											
Cost	-	-	-	83	-	7,641	6,388	-	1,039	23,453	38,604
Accumulated depreciation	-	-	-	(83)	-	(7,250)	(6,104)	-	(1,039)	(16,430)	(30,906)
Depreciation charge for the year	-	(3,962)	(7,048)	(25,749)	(11,419)	(151,235)	(38,138)	(2,612)	(1,052)	(36,757)	(277,972)
Closing net book value	47	369,880	111,444	203,784	107,898	749,623	144,781	10,354	36,843	96,585	1,831,239
At 30 September 2020											
Cost	47	392,232	203,123	565,763	119,317	2,563,872	690,549	52,928	52,456	192,064	4,832,351
Accumulated depreciation	-	(22,352)	(91,679)	(361,979)	(11,419)	(1,814,249)	(545,768)	(42,574)	(15,613)	(95,479)	(3,001,112)
Net book value	47	369,880	111,444	203,784	107,898	749,623	144,781	10,354	36,843	96,585	1,831,239
	----- % -----										
Depreciation rate	-	1.00%	3.33%	2.5 - 10%	2 - 80%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%	

5.1.1 The cost of fully depreciated assets of the Company are Rs. 1,868.5 million as of 30 September 2021 (2020: Rs. 1,718.7 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

5.2	The depreciation charge for the year has been allocated as follows:	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
	Cost of goods sold	26	221,553	223,380
	Distribution and marketing expenses	27	25,120	29,332
	Administrative expenses	28	24,318	25,260
			270,991	277,972

5.3 Details of operating property, plant and equipment disposed off / written off during the year having book value of Rs. 500,000 or more where the aggregate book value of the operating property, plant and equipment sold exceeds five million rupees are as follows:

Description	Mode of disposal	Cost	Book Value	Sale proceeds	Gain/(loss) on disposal	Purchaser	Relationship with purchaser
----- (Rupees in '000) -----							
Equipment - owned	Company policy	1,566	966	298	(668)	M.Veqar Arif	Ex- Employee
Vehicles - leased							
Audi A6	Company policy	7,788	2,570	2,723	153	M. Veqar Arif	Ex- Employee
Mercedes Benz	Company policy	7,450	1,490	1,490	-	Qazi Naeem	Employee
Toyota Hilux Revo	Company policy	5,300	4,328	4,366	38	M. Haroon	Ex- Employee
Honda Civic	Company policy	2,869	1,934	1,921	(13)	Imran Habib	Ex- Employee
Toyota Corolla GLI	Company policy	2,826	2,443	2,461	18	Abdul Qayoom	Ex- Employee
Honda BRV	Company policy	2,527	2,121	2,115	(6)	Shahab Ullah	Ex- Employee
Toyota Rush	Company policy	2,479	1,582	1,605	23	Nasir Vohra	Ex- Employee
Toyota Altis	Company policy	2,355	1,452	1,431	(21)	Mohammad Fahim	Ex- Employee
Toyota Rush	Company policy	2,327	1,878	1,878	-	Ghulam Rasool	Ex- Employee
Honda Civic	Company policy	2,123	580	580	-	Saleh Mohammad	Ex- Employee
Honda Civic	Company policy	2,123	580	580	-	Kamran Khan	Ex- Employee
Honda City	Company policy	1,593	504	500	(4)	S. Irfan Ali	Ex- Employee
		43,326	22,428	21,948	(480)		

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

Locations	Usage of immovable property	Classification	Total Area (in Sq. Ft)	Covered Area (in Sq. Ft)
Landhi	Manufacturing Plant	Leasehold land	451,920	176,195
Jamshoro	Manufacturing Plant	Freehold land	3,964,204	2,047,320

5.5	Capital work-in-progress	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
	Plant and machinery		66,978	145,581
	Equipment		17,129	-
		5.5.1	84,107	145,581
5.5.1	Capital work-in-progress - movement			
	Opening balance		145,581	44,615
	Capital expenditure		159,156	196,822
	Transferred to operating property, plant and equipment		(220,630)	(95,856)
	Closing balance		84,107	145,581

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
6. STORES AND SPARES			
Stores and spares	6.1	61,048	51,869
In transit		1,530	1,776
		62,578	53,645
6.1	Provision against slow moving and obsolete stores and spares amounts to Rs. 6.389 million (2020: Rs.6.389 million) and written off there against amounting to Rs. Nil (2020: Rs. Nil).		
7. STOCK-IN-TRADE			
Raw and packing materials including goods in transit of Rs. 226.103 million (2020: Rs. 333.797 million)	7.2 & 7.3	1,826,808	1,932,820
Work-in-process	26	257,237	99,836
Finished goods including goods in transit of Rs. 38.514 million (2020: Rs. 10.921 million)	7.1 & 7.2	568,609	1,057,237
		2,652,654	3,089,893
7.1	This includes imported finished goods amounting to Rs. 117.781 million (2020: Rs. 310.085 million).		
7.2	Provision against slow moving and obsolete stock amounts to Rs. 282.898 million (2020: Rs. 173.858 million) and written off there against amounting to Rs. 17.404 million (2020: Rs. Nil).		
7.3	Raw and packing material amounting to Rs. 0.584 million (2020: Rs. 4.044 million) has been written off directly during the year.		
8. TRADE RECEIVABLES			
Related parties - secured			
- PT Archroma Indonesia		1,390	-
- Archroma (Thailand) Company Limited		-	19,700
- Archroma Textile Mexico		4,692	-
- Archroma Peru S.A.		6,402	-
- Archroma Singapore Pte Limited		136,514	121,600
- Archroma Chemicals China Limited		-	2,984
	8.2	148,998	144,284
Others			
- Secured		192,707	100,173
- Unsecured		3,949,095	3,092,817
	8.3	4,290,800	3,337,274
Less: Impairment loss on trade receivables	8.1	(521,094)	(549,115)
		3,769,706	2,788,159
8.1 Movement of impairment loss on trade receivables:			
Opening provision		549,115	535,932
(Reversal) / Charge for the year		(28,021)	13,183
Closing provision		521,094	549,115
8.2	The aging of the trade receivables from related parties as at the reporting date is as under:		
Not past due		148,998	144,284

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

8.3 The aging of the total trade receivables as at the reporting date is as under:

	Weighted average loss rate	Gross	Impairment	Net
-----Rupees in '000-----				
Not past due	-	3,718,078	-	3,718,078
Past due 1 - 30 days	-	38,770	-	38,770
Past due 31 - 60 days	-	11,613	-	11,613
Past due 61 - 90 days	-	811	-	811
Past due 91 - 180 days	-	434	-	434
Past due 181 - 360 days	100%	170	170	-
Over 360 days	100%	520,924	520,924	-
		<u>4,290,800</u>	<u>521,094</u>	<u>3,769,706</u>

8.4 Majority of trade receivables of the Company are located in Pakistan. The exposure to credit risk from trade debts at 30 September 2021 by geographic region are as follows:

Country	Gross	Impairment	Net
-----Rupees in '000-----			
Pakistan	3,949,093	521,094	3,427,999
Singapore	136,515	-	136,515
Bangladesh	133,462	-	133,462
Vietnam	59,245	-	59,245
Others	12,485	-	12,485
	<u>4,290,800</u>	<u>521,094</u>	<u>3,769,706</u>

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

	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
- Archroma Turkey Chemical Industry and Trade Limited Liability Company	321,815	224,537
- PT Archroma Indonesia	7,918	10,577
- Archroma (Thailand) Company Limited	82,784	69,619
- Archroma Tianjin Limited	-	976
- Archroma Shanghai (WFOE)	-	34,459
- Archroma Textile Mexico	6,540	-
- Archroma Peru S.A.	6,402	64,630
- Archroma Singapore Pte Limited	136,514	217,831
- Archroma Iberica S.L.	1,803	-
- Archroma Chemical China Ltd.	36,297	-
- Archroma U.S. Inc	-	10,188
- PT Archroma Specialties	12,397	13,315
	<u>612,470</u>	<u>646,132</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

9. LOANS AND ADVANCES	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Secured			
Amounts due from:			
- Executives		-	25
- Employees	9.1	-	76
		<u>-</u>	<u>101</u>
Unsecured			
Advances for supplies and services		2,930	599
		2,930	<u>700</u>
9.1	These advances did not carry any mark-up arrangement.		
10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		1,581	6,011
Short-term prepayments		37,608	18,351
		<u>39,189</u>	<u>24,362</u>
11. OTHER RECEIVABLES			
Indenting commission due from related parties	11.1	11,180	3,802
Receivable from provident fund - related party		2,398	10,008
Others		15,494	10,829
		<u>29,072</u>	<u>24,639</u>
11.1 Indenting commission due from related parties:			
Archroma Management GmbH		10,086	2,218
Archroma India Private Limited		-	132
Archroma (Thailand) Company Limited		-	349
Archroma Hong Kong Private Limited		-	186
Archroma Singapore Pte Limited		1,052	410
Archroma Indonesia Private Limited		42	507
	11.1.1	<u>11,180</u>	<u>3,802</u>
11.1.1	The aging of the indenting commission due from related parties as at the reporting date is as under:		
Not past due		11,180	3,438
Past due more than 1 year		-	364
		<u>11,180</u>	<u>3,802</u>
12. SALES TAX REFUNDABLE			
Tax refunds due from Government - Sales Tax	12.1	<u>1,327,959</u>	<u>1,377,985</u>
12.1	Up to June 2019, under S.R.O.1125(I)/2011, the Company's local sales to export oriented sectors were taxed at reduced rates under which the Company is claiming sales tax refunds. During the current year, the Company received sales tax refunds amounting to Rs. 50 million and the contingencies with respect to sales tax refundable are disclosed in Note 24 to these financial statements.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

13. SHORT TERM INVESTMENTS	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
	13.1	601,000	-
13.1	These carry mark-up rates ranging from 7.2% to 7.5% with original maturities up to 3 months.		
14. CASH AND BANK BALANCES			
Cash at banks			
- In current accounts	14.1	443,966	201,430
- In Islamic saving accounts	14.2	823,505	67,548
Cash in hand		399	257
		1,267,870	269,235
14.1	The current accounts are placed with banks under Islamic banking arrangements.		
14.2	The saving accounts are placed with the bank under Islamic banking arrangements. These carries mark-up ranging from 5.75% to 6%.		
15. SHARE CAPITAL			
15.1 Authorised capital		30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
2021 2020 (Number of shares)			
50,000,000	50,000,000	500,000	500,000
	Ordinary shares of Rs. 10 each		
15.2 Issued, subscribed and paid-up share capital			
2021 2020 (Number of shares)			
7,441,639	7,441,639	74,416	74,416
	Ordinary shares of Rs. 10 each issued for consideration other than cash		
26,676,242	26,676,242	266,763	266,763
	Ordinary shares of Rs. 10 each issued as bonus shares		
34,117,881	34,117,881	341,179	341,179
15.3	Archroma Textiles GmbH, held 25,588,533 (2020: 25,588,533) ordinary shares of Rs. 10 each at 30 September 2021.		
15.4	All the ordinary shares carry one vote per share and right to dividend.		
16. DEFERRED TAXATION - NET			
<i>Deferred tax liabilities arising on taxable temporary differences:</i>			
Accelerated tax depreciation allowance		211,663	252,370
Employees retirement benefits - net		17,851	-
		229,514	252,370
<i>Deferred tax assets arising on deductible temporary differences:</i>			
Impairment loss against trade receivables		122,798	129,306
Other long term employee benefits		2,952	4,165
Obligation under finance lease		51,547	58,232
Employees retirement benefits - net		-	76,166
		177,297	267,869
Deferred tax liability / (asset) - net		52,217	(15,499)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

16.1 Analysis of change in deferred tax	Net balance at at 1 October 2020	Recognized in profit or loss	Recognized in OCI	Net balance at 30 September 2021
-----Rupees in '000-----				
Taxable / (deductible) temporary differences				
Property, plant and equipment	252,370	(40,708)	-	211,663
Employee retirement benefits - net	(76,166)	76,166	17,851	17,851
Allowance for impairment loss against trade receivables	(129,306)	6,508	-	(122,798)
Other long term employee benefits	(4,165)	1,213	-	(2,952)
Obligation under finance lease	(58,232)	6,686	-	(51,547)
	<u>(15,499)</u>	<u>49,865</u>	<u>17,851</u>	<u>52,217</u>

17. DEFERRED ASSETS AND DEFERRED LIABILITIES	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Net defined benefit - asset			
Employee retirement benefits - Gratuity	29.1.3	<u>75,752</u>	-
Net defined benefit - liability			
Employee retirement benefits - Gratuity	29.1.3	-	323,452
Other long term employee benefits - Long service award	17.1 & 29.3.4	<u>12,526</u>	17,686
		<u>12,526</u>	<u>341,138</u>

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.

18. LONG TERM LOAN - SECURED	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
From banking companies - Islamic			
Loan obtained under refinance scheme for payment of wages and salaries	18.1	215,403	337,099
Less: current portion of long term loan		<u>(172,322)</u>	<u>(133,621)</u>
		43,081	203,478
Deferred income - government grant		<u>6,501</u>	<u>20,909</u>
Current portion of deferred income - government grant		<u>(5,200)</u>	<u>(14,605)</u>
		1,301	6,304
		<u>44,382</u>	<u>209,782</u>

18.1 Due to the effects of COVID-19 pandemic, State Bank of Pakistan (SBP) took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The Company has obtained the said borrowing from commercial bank at subsidized rate in 5 tranches on 20 May 2020, 29 June 2020, 27 July 2020, 26 August 2020 and 24 September 2020 at 3% and 2% concessional interest rates and is repayable by December 2022 in 8 quarterly installments to commercial bank under the SBP scheme.

Government grant amounting to Rs. 14.41 million (2020: Rs 3.78 million) has been amortised during the year ended 30 September 2021 and Rs. 5.2 million will be amortised during the next year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

19. LEASE LIABILITIES	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
19.1 Lease liabilities included in the statement of financial position			
Current		16,573	21,488
Non-current	19.3	104,341	95,668
		120,914	117,156
19.2 Maturity Analysis			
Payable within one year		16,573	21,488
Payable after one year but not later than 5 years		65,442	61,187
Payable after 5 years		38,899	34,481
		120,914	117,156

19.3 The lease rentals carry mark-up ranging from 3 months KIBOR + 0.21% to 14.158%. The said mark-up rates are revised on periodic basis and lease rentals are payable on annual basis except for Faisalabad Office lease, the rentals of which are paid on monthly basis. These assets have been leased from various lessors under leasing arrangements for different tenors.

20. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCING

	Due within one year		Due after one year but within 5 years		Total 30 September	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					
Liabilities against diminishing musharika financing	38,807	36,039	59,018	94,097	97,825	130,136

During the year, the Company has obtained various vehicles under diminishing musharika financing arrangement entered into with a Modaraba having various maturity dates up to 15 September 2026 with monthly principal repayments. The financing is secured against the respective vehicles. The rate of profit on the borrowing is 6 months KIBOR + 0.75% per annum and 3 months KIBOR + 0.9% per annum.

21. TRADE AND OTHER PAYABLES	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Creditors		862,591	477,680
Accrued liabilities	21.1	550,436	463,788
Advance from customers	21.2	1,757	1,571
Bills payable:			
- Related parties		159,334	234,041
- Others		1,397,939	500,014
Export commission payable to related parties		45,572	25,235
Workers' Profit Participation Fund	21.3	32,813	39,717
Workers' Welfare Fund		120,314	81,584
Royalty payable to Archroma Management GmbH		216,099	143,058
Sales tax payable		159,320	55,133
Payable to employees cooperative society (related party)	21.4	40,609	37,011
Others		185,617	114,690
		3,772,401	2,173,522

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

21.1 This includes contract liabilities amounting to Rs. 82.793 million (2020: Rs. 132.7 million) and provision for employees compensated absences amounting to Rs. 83.697 million (2020: Rs. 61.479 million).

21.2 The amount of Rs. 1.571 million outstanding in relation to advance from customers at the beginning of the year has been recognised as revenue for the year ended 30 September 2021, while new advances amounting to Rs. 1.757 million were further received during the year which will be recognized as revenue in the next year.

21.3 Workers' Profit Participation Fund	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Opening balance		39,717	56,569
Allocation for the year	30	171,541	82,231
		211,258	138,800
Interest on funds utilised in the Company's business	32	509	1,798
		211,767	140,598
Less: Amounts paid to and on behalf of the fund		(178,954)	(100,881)
Closing balance		32,813	39,717

21.4 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.

22. MARK-UP ACCRUED	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Mark-up accrued on:			
Short term finance facilities		928	6,140
Short term borrowing under Islamic Export Refinance Scheme		2,708	11,713
		3,636	17,853
23. SHORT-TERM BORROWINGS - SECURED			
From banking companies - Islamic			
Short-term running facilities under Islamic mode	23.1	247,384	159,050
Short-term borrowing under Islamic Export Refinance Scheme	23.1 & 23.2	1,228,222	1,983,996
		1,475,606	2,143,046

23.1 Short term Islamic and conventional finance facilities are available under Islamic financing from various banks under profit arrangements, amounting to Rs. 6,250 million (Islamic Rs. 5,000 million & Conventional Rs. 1,250 million) (2020: Rs. 5,000 million). These facilities have various maturity dates up to 31 August 2022. These arrangements are secured against a pari passu charge of hypothecation on stock-in-trade and trade receivables with minimum 16.67% margin. These facilities carry profit ranging from 1 month KIBOR + 0.20% to 3 months KIBOR + 0.35% 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. 4,774 million (2020: Rs. 2,501 million).

23.2 The Company has availed Islamic Export Refinance Facility - Part I amounting to Rs. Nil (2020: Rs. 332.99 million) and Islamic Export Refinance Facility - Part II amounting to Rs. 1,228 million (30 September 2020: Rs. 1,651 million) under the Export Financing Scheme of the State Bank of Pakistan (SBP). The profit rates on these facilities range from 2.5% to 3.0% per annum (30 September 2020: 3.0% per annum).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Octroi levies amounting to Rs. 31.32 million (2020: Rs 31.32 million) are in dispute with a contractor. A petition has been filed by the Company in the Court challenging the above levies which was decided in favor of the Company during the year ended 31 December 2012. However, an appeal has been filed by the counter party which is pending for hearing. The management along with its advisors are confident that the decision will be in favour of the Company, therefore no provision has been recognised in these financial statements in respect of the aforesaid amount.

24.1.2 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 (including damages) 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.

24.1.3 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 had issued decree dated 04 August 2017 in favour of the Company. In the decree the Court had 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 have 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, no provision has been recognised in these financial statements.

24.1.4 The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company, whereby sales tax demand of Rs. 91.08 million along with penalty of Rs. 6.63 million had been established on short payment of sales tax for the tax periods from July 2017 to June 2018. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals)[CIRA]. CIR(A) has remanded back the case on certain allegations to the extent of Rs. 69.18 million and remaining impugned demand has been annulled. The department has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against order of CIR(A). The management in consultation with its tax advisor are confident that the outcome of the appeal effect will be in the favour of the Company therefore, no provision is required to be recognized in these financial statements.

24.1.5 The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company, whereby sales tax demand of Rs. 9.7 million along with penalty of Rs. 0.49 million has been raised on account of input sales tax claimed by the Company for the tax periods from October 2015 to September 2016. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals). The case is pending before this forum. The management in consultation with its tax advisor are confident that the outcome of the appeal effect will be in the favour of the Company therefore, no provision is required to be recognized in these financial statements.

24.1.6 Tax contingencies are disclosed in note 33.3 to these financial statements.

24.2 Commitments

24.2.1 Commitments for capital expenditure as at 30 September 2021 aggregated Rs. 20.016 million (2020: Rs. 15.395 million).

24.2.2 Commitments under letters of credit for stock-in-trade and stores and spares as at 30 September 2021 amounted to Rs. 841 million (2020: Rs. 428 million).

24.2.3 Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 30 September 2021 amounted to Rs. 153.763 million (2020: Rs. 119.417 million).

24.2.4 The Company has provided post dated cheques amounting to Rs. 3,739.30 million (2020: Rs. 4,466.84 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 AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

25. SALES - net

	Brand & Performance Textile Specialties		Others *		Total	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020
----- (Rupees in '000) -----						
Sales						
Local	17,370,012	13,238,773	2,351,973	1,814,964	19,721,985	15,053,737
Export	3,826,478	2,755,976	12,607	83,998	3,839,085	2,839,974
Total sales	21,196,490	15,994,749	2,364,580	1,898,962	23,561,070	17,893,711
Discounts and commission	(910,957)	(734,380)	(12,640)	(12,511)	(923,597)	(746,891)
Sales tax	(2,405,735)	(1,857,853)	(359,501)	(250,026)	(2,765,236)	(2,107,879)
	(3,316,692)	(2,592,233)	(372,141)	(262,537)	(3,688,833)	(2,854,770)
Sales - net	17,879,798	13,402,516	1,992,439	1,636,425	19,872,237	15,038,941

*Others do not constitute a separately reportable segment as per IFRS 8 "Operating Segments".

26. COST OF GOODS SOLD

	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Raw and packing materials consumed		11,398,030	8,590,148
Stores, spares and supplies consumed		114,933	80,238
Salaries, wages and benefits	26.1	447,290	430,880
Outside service charges		281,543	265,942
Fuel and power		242,589	209,688
Legal and professional charges		4,532	2,113
Traveling and entertainment		1,756	2,366
Communication		2,374	2,443
Rent, rates and taxes		4,472	2,415
Insurance		17,000	13,045
Repairs and maintenance		40,432	35,779
Depreciation	5.2	221,553	223,380
Printing and stationery		5,040	5,843
Opening stock of work-in-process		99,836	108,614
Closing stock of work-in-process	7	(257,237)	(99,836)
Cost of goods manufactured		12,624,143	9,873,058
Opening stock of finished goods		1,057,237	1,302,701
Finished goods purchased		582,616	720,531
Included under distribution and marketing expenses:			
Cost of samples issued	27	(2,146)	(3,834)
Cost of shortages and breakages	27	(257)	(626)
Rebate on exports		(54)	(371)
Closing stock of finished goods	7	(568,609)	(1,057,237)
		13,692,930	10,834,222

26.1 Salaries, wages and benefits include Rs. 14.424 million and Rs. 34.706 million (2020: Rs. 15.371 million and Rs. 12.372 million) in respect of defined benefit scheme and defined contribution plan respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

27. DISTRIBUTION AND MARKETING EXPENSES	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Salaries and benefits	27.1	297,538	247,795
Outside service charges		77,472	74,324
Traveling and entertainment		12,174	31,663
Repairs and maintenance		16,332	13,827
Business event participation		6,593	6,321
Rent, rates and taxes		26,239	33,359
Communication		3,680	4,669
Supplies, printing and stationery		49,901	49,013
Insurance		13,372	14,199
Royalty	27.2	951,634	703,753
Legal and professional charges		3,408	1,420
Fuel and power		26,786	18,252
Depreciation	5.2	25,120	29,332
Outward freight and handling		458,651	334,939
Shortages and breakages	26	257	626
Samples issued	26	2,146	3,834
Fees and subscription		2,038	1,445
Books and periodicals		47	784
		1,973,388	1,569,555

27.1 Salaries and benefits include Rs. 10.858 million and Rs. 14.786 million (2020: Rs. 10.744 million and Rs. 5.271 million) in respect of defined benefit scheme and defined contribution plan respectively.

27.2 This represents royalty expense payable to Archroma Management GmbH, Reinach, Switzerland which is the holding company of Archroma Pakistan Limited.

28. ADMINISTRATIVE EXPENSES	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Salaries and benefits	28.1	274,073	244,096
Outside service charges		228,793	223,823
Traveling and entertainment		2,139	3,280
Repairs and maintenance		13,581	23,765
Rent, rates and taxes		373	-
Communication		3,285	5,527
Printing and stationery		8,731	9,759
Insurance		1,477	1,499
Legal and professional charges		15,409	15,744
Fuel and power		3,603	2,722
Depreciation	5.2	24,318	25,260
Fees and subscription		7,876	4,479
Books and periodicals		123	116
		583,781	560,070

28.1 Salaries and benefits include Rs. 11.346 million and Rs. 4.720 million (2020: Rs. 11.151 million and Rs. 1.682 million) in respect of defined benefit scheme and defined contribution plan respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

29. STAFF RETIREMENT BENEFITS

29.1 Defined benefit plan - approved gratuity fund

29.1.1 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 Trust Act, 1882, Trust Deed and Rules of Fund, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Company is exposed to 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.

29.1.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at September 30, 2021 and June 30, 2020 by the Archroma Group on global basis. The information provided in notes 29.1.3 to 29.1.13 has been obtained from the actuarial valuation carried out as at 30 September 2021 and 30 June 2020. The following significant assumptions have been used for valuation of this scheme:

Financial assumptions

- a) Expected rate of increase in salary level
- b) Discount rate
- c) Expected return on plan assets
- d) Price inflation

Demographic assumptions

- Mortality rate
- Rates of employee turnover

	2021	2020
	6.5%	6.5%
	9.4%	8.7%
	9.4%	8.7%
	6.0%	6.0%
	SLIC (2001-05)	SLIC (2001-05)
	Low	Low

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

29.1.3 Amounts recognised in the statement of financial position:	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Present value of defined benefit obligation	29.1.4	1,008,149	1,226,718
Less: Fair value of plan assets	29.1.5	(1,083,901)	(903,266)
		<u>(75,752)</u>	<u>323,452</u>
29.1.4 Movement in present value of defined benefit obligation:			
Obligation at beginning of the year		1,226,718	865,614
Current service cost		40,142	30,905
Interest cost		95,443	99,693
Benefits paid		(330,018)	(23,988)
Remeasurement (gain) / loss		(24,136)	254,494
Obligation at end of the year		<u>1,008,149</u>	<u>1,226,718</u>
29.1.5 Movement in fair value of plan assets:			
Fair value at beginning of the year		903,266	812,216
Return on plan assets		81,373	111,273
Company contributions		377,664	73,053
Benefits paid		(330,018)	(23,988)
Remeasurement gain / (loss)		51,616	(69,288)
Fair value at end of the year		<u>1,083,901</u>	<u>903,266</u>
29.1.6 Movement in the net defined benefit asset / (liability)			
Opening balance		(323,452)	(53,398)
Net periodic cost for the year		(54,212)	(19,325)
Contribution paid during the year		377,664	73,053
Re-measurements recognised in other comprehensive income during the year		75,752	(323,782)
Closing balance		<u>75,752</u>	<u>(323,452)</u>
29.1.7 Amounts recognised in statement of profit or loss and other comprehensive income:			
The following amounts have been charged in respect of these benefits to statement of profit or loss and other comprehensive income:			
<i>Component of defined benefit costs recognised in statement of profit or loss and other comprehensive income</i>			
- Current service cost		40,142	30,905
- Net interest		14,070	(11,580)
		<u>54,212</u>	<u>19,325</u>
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>			
(Gain)/ Loss due to change in experience adjustments		(24,136)	254,494
Actuarial (gain) / loss on fair value of plan assets during the year		(51,616)	69,288
Net re-measurement recognised in other comprehensive income		<u>(75,752)</u>	<u>323,782</u>
Total defined benefit (cost) / reversal recognised in statement of profit or loss and other comprehensive income		<u>21,540</u>	<u>(343,107)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

29.1.8 Actual return on plan assets during the year was Rs. 101.889 million (2020: Rs. 41.985 million).

29.1.9 Sensitivity analysis

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

	2021		
	Change in assumption	Percentage change	Increase / (decrease) in assumption
		(%)	(Rupees in '000)
Increase by 50 basis points	Discount rate	+ 0.5%	(24,392)
Decrease by 50 basis points	Discount rate	- 0.5%	25,685

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:

	2020		
	Change in assumption	Percentage change	Increase / (decrease) in assumption
		(%)	(Rupees in '000)
Increase by 50 basis points	Discount rate	+ 0.5%	(29,708)
Decrease by 50 basis points	Discount rate	- 0.5%	31,281

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

29.1.11 Plan assets comprise of the following:

	30 September 2021 (Rs '000) (unaudited)	30 September 2021 Percentage composition	30 September 2020 (Rs '000) (unaudited)	30 September 2020 Percentage composition
Term finance certificates	58,026	5.35%	9,625	1.07%
Investments in units of mutual funds	1,013,064	93.47%	882,218	97.67%
Cash	12,811	1.18%	11,423	1.26%
	1,083,901	100.00%	903,266	100.00%

29.1.12 As per the actuarial recommendations, the expected return on plan assets was taken as 9.4% (2020: 8.7%), 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.

29.1.13 Based on actuarial advice, the Company intends to charge an amount of Rs. 28.933 million in the financial statements for the year ending 30 September 2022.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

29.2 Defined contribution plan - Employees Provident Fund

29.2.1 During the year, an amount of Rs. 36.628 million (2020: Rs. 37.266 million) has been charged to profit or loss in respect of the Company's contributions towards employees provident fund.

29.2.2 All investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

29.3 Defined benefit plan - Long service awards

29.3.1 Salient features

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.

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.

29.3.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at September 30, 2021 and June 30, 2020 by the Archroma Group on global basis. The information provided in notes 29.3.2 to 29.3.6 has been obtained from the actuarial valuation carried out as at September 30, 2021 and June 30, 2020. The following significant assumptions have been used for valuation of this scheme:

Financial assumptions

- a) Discount rate
- b) Price inflation

Demographic assumptions

- Mortality rate
- Rates of employee turnover

	2021	2020
	8.8%	8.7%
	6.0%	6.0%
	SLIC (2001-05)	SLIC (2001-05)
	Low	Low

29.3.3 Amounts recognised in the statement of financial position

Present value of defined benefit obligation

	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
	12,527	17,687
	17,687	9,791
	1,087	588
	1,409	1,252
	(3,341)	(1,328)
	(4,315)	7,384
	12,527	17,687

29.3.4 Movement in present value of defined benefit obligation

Obligation at beginning of the year
Current service cost
Interest cost
Benefits paid
Remeasurement (gain) / loss
Obligation at end of the year

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

29.3.5 Amounts recognised in statement of profit or loss and other 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 2021 (Rs '000)	30 September 2020 (Rs '000)
<i>Component of defined benefit costs recognised in statement of profit or loss and other comprehensive Income</i>		
- Current service cost	1,087	588
- Net interest	1,409	1,252
Net charge recognised in profit or loss	2,496	1,840
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>		
Actuarial loss / (gain) on defined benefit obligation for the year	(4,315)	7,384
Net re-measurement recognised in profit or loss	(4,315)	7,384
Total defined benefit (cost) / reversal recognised in profit or loss	(1,819)	9,224

29.3.6 Based on actuarial advice, the Company intends to charge an amount of Rs. 1.702 million in the financial statements for the year ending 30 September 2022.

30. OTHER EXPENSES	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Auditors' remuneration	30.1	4,093	4,093
Workers' Profit Participation Fund	21.3	171,541	82,231
Workers' Welfare Fund		68,616	23,919
Donations	30.2	1,000	1,000
Others		1,127	796
Loss on disposal of operating property, plant and equipment		658	52
		247,035	112,091
30.1 Auditors' remuneration			
Annual audit fee		2,824	2,585
Fee for half yearly review		585	585
Special certifications and sundry services		350	350
Out of pocket expenses and others		334	573
		4,093	4,093

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

31. OTHER INCOME		30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Indenting commission - net of payment of Rs. 4.533 million (2020: Rs. 4.335 million)		20,195	4,909
Sale of scrap		23,324	17,224
Grant income		14,409	3,784
		57,928	25,917

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

32. FINANCE COSTS	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Interest on Workers' Profit Participation Fund	21.3	509	1,798
Mark-up on:			
- Lease obligations		22,548	35,765
- Short-term running finances	32.1	6,991	136,469
- Export refinance facility	32.2	40,526	51,941
- Long-term loans		24,825	5,901
- Deposits by employees society		1,943	2,400
Exchange loss		143,462	186,608
Bank charges		30,857	18,362
		271,661	439,244

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

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

33. TAXATION	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Current		830,160	366,060
Deferred		49,865	1,167
	33.1	880,025	367,227

33.1 Relationship between income tax expense and accounting profit

	30 September 2021 (Effective tax rate %)	30 September 2020 (Effective tax rate %)	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Profit before taxation			3,189,391	1,536,493
Tax at the enacted tax rate	29.00	29.00	924,923	445,583
Tax effect of rebate / credits	(0.01)	(0.02)	(290)	(290)
Tax effect on exports under Final Tax Regime	(3.25)	(4.83)	(103,780)	(74,243)
Tax effect of items that are not deductible in determining taxable profit - permanent differences	1.86	(0.25)	59,172	(3,823)
	27.60	23.90	880,025	367,227

33.2 Income tax returns of the Company have been submitted up to tax year 2020 on self-assessment basis under section 120 of the Income Tax Ordinance 2001 (the Ordinance).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

33.3 Description of tax proceedings

Name of the court, agency or authority	Description of the factual basis of the proceedings and relief sought	Principal parties	Date instituted
Appellate Tribunal Inland Revenue (ATIR)	For the tax year 2011, the Company was selected for tax audit under Section 177 of the Income Tax Ordinance, 2001 (the Ordinance). The Deputy Commissioner Inland Revenue (DCIR) had passed an Order that amended the assessment under section 122(4) of the Ordinance. The Company filed an appeal before the CIR(A) against the Order passed by DCIR, which was decided in favor of the Company against certain disallowances made by DCIR. The income tax department has filed an appeal before the learned ATIR against the decisions of CIR(A). The appeal is pending for adjudication. The management in consultation with its tax advisor believes that the outcome will be in its favour and therefore no provision is required to be recognized in these financial statements.	The Deputy Commissioner Inland Revenue (DCIR) and the Company	21 June 2017
Federal Board of Revenue	The Company was selected for audit for tax year 2014 under section 177 and consequently Order u/s 122(1) was passed creating a demand on certain disallowances. The Company filed an appeal against the amended assessment Order before CIR(A) who vide its Order dated 19 October 2020 has provided certain reliefs. The Company has preferred an appeal before the ATIR on the issues decided by the CIR(A) against the Company. The management based on consultation with its tax advisor is confident that there will be no unfavorable outcome for said tax year and accordingly no provision has been made in these financial statements.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	19 October 2020
Federal Board of Revenue	The income tax return for tax year 2015 was selected for audit under section 214D of the Income Tax Ordinance, 2001. The audit proceedings have been completed and ACIR passed an Order, wherein certain additions and disallowances were made. The management filed an appeal against the aforementioned Order before the CIR(A). The CIR(A) passed an Order with immediate relief. The management along with its tax advisor are confident that the outcome of the case will be in their favour, therefore, no provision has been recognised in the financial statements.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	29 March 2021
Appellate Tribunal Inland Revenue (ATIR)	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. Currently, these appeals are pending before Appellate Tribunal Inland Revenue (ATIR) for adjudication. The management in consultation with its tax advisor believes that the outcome will be in its favour and therefore no provision is required to be recognized in these financial statements.	Commissioner Inland Revenue Appeals and the Company	18 March 2015

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

34. EARNINGS PER SHARE	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
34.1 Basic		
Profit after taxation attributable to ordinary shareholders	2,309,366	1,169,266
	(Number of shares)	(Number of shares)
Weighted average number of ordinary shares outstanding during the year	34,117,881	34,117,881
	(Rupees)	(Rupees)
Earnings per share	67.69	34.27

34.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 September 2021 and 30 September 2020.

35. SEGMENT INFORMATION

	Brand & Performance Textile Specialties		Others *		Total	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	(Rupees in '000)					
Net sales	17,879,798	13,402,516	1,992,439	1,636,425	19,872,237	15,038,941
Segment results based on 'management approach'	3,132,563	1,795,623	565,888	278,065	3,698,451	2,073,688
Other operating expenses - WPPF and WWF					(240,157)	(106,150)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					2,865	8,199
Operating profit					3,461,159	1,975,737
Finance costs					(271,661)	(439,244)
Profit before taxation					3,189,498	1,536,493
35.1 Segment assets	7,563,163	7,254,114	411,120	320,948	7,974,283	7,575,062
Unallocated					3,736,061	2,277,193
					11,710,344	9,852,255
35.2 Segment liabilities	2,739,978	1,605,725	231,115	106,707	2,971,093	1,712,432
Unallocated					2,891,660	3,635,963
					5,862,753	5,348,395
35.3 Fixed capital expenditures	156,701	146,413	90	1,324	156,791	147,737
Unallocated					1,453	14,612
					158,244	162,349
35.4 Depreciation	248,613	253,946	4,141	2,046	252,754	255,992
Unallocated					18,237	21,980
					270,991	277,972

*Others do not constitute a separately reportable segment as per IFRS 8 "Operating Segments".

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

35.5 Geographical information

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

Domestic sales
Export sales

30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
19,721,985	15,053,737
3,839,085	2,839,974
23,561,070	17,893,711

The Company exports its products to numerous countries.

35.6 As at 30 September, 2021 all non-current assets of the Company are located in Pakistan.

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

35.8 18.37% and 7.17% (collectively 25.54%) of the Company's gross sales for the year ended 30 September 2021 {(2020: 23.17% and 10.45% (collectively 33.62%)} 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 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Distributor 1	18.37	23.17	-	-	-	-	18.37	23.17
Distributor 2	7.17	10.45	-	-	-	-	7.17	10.45

36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

36.1 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 / Non Exec. Directors		Executives		Total	
	30 Sept. 2021	30 Sept. 2020	30 Sept. 2021	30 Sept. 2020	30 Sept. 2021	30 Sept. 2020	30 Sept. 2021	30 Sept. 2020
	----- (Rupees in '000) -----							
Short-term employee benefits								
Managerial remuneration (including leave pay)	35,949	33,576	32,681	41,956	297,861	278,538	366,491	354,070
Fees* (Note 36.3)	-	-	900	800	-	-	900	800
Bonus	13,201	2,900	7,595	2,406	54,603	9,930	75,399	15,236
Housing and utilities	14,565	13,600	15,034	19,425	134,187	125,320	163,786	158,345
Medical	431	500	500	300	6,123	7,690	7,054	8,490
Post employment benefits								
Retirement benefits	8,588	7,735	5,418	7,823	57,058	51,843	71,064	67,401
	72,734	58,311	62,128	72,710	549,832	473,321	684,694	604,342
Number of person(s)	1	1	7	7	112	110	120	118

36.2 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.

36.3 The meeting fees is paid to four non-executive directors.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

37. TRANSACTIONS WITH RELATED PARTIES

Name of related party	Nature of Relationship	Nature of transactions	Aggregate % of Shareholding	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Archroma Textile Gmbh, Switzerland	Parent / Holding Company	Dividend	75%	767,656	1,151,484
Archroma Management Gmbh, Switzerland	Associated Company	Purchases and services Royalty expenses Indenting commission	N/A	313,276 951,633 18,562	317,901 703,752 6,905
Archroma Turkey Limited	Associated Company	Purchases Sales	N/A	2,224 1,201,580	16,749 803,320
Archroma Singapore, Pte Ltd	Associated Company	Purchases Sales Export commission Indenting commission	N/A	32,136 275,821 59,010 5,420	65,327 361,745 41,024 1,493
Archroma Textile Mexico S.De	Associated Company	Purchases Sales	N/A	29,380 7,947	27,266 -
Archroma Thailand	Associated Company	Purchases Sales Indenting commission	N/A	1,106 290,002 708	- 222,903 346
PT Archroma Indonesia	Associated Company	Purchases Sales Indenting commission	N/A	34,876 11,277 39	72,762 - 501
Archroma Tianjin Ltd	Associated Company	Purchases	N/A	63,332	47,290
Spice Industria Quimica	Associated Company	Purchases Sales	N/A	21,211 13,017	81,025 4,291
PT Archroma Specialties Indonesia	Associated Company	Sales	N/A	30,303	43,515
Archroma China	Associated Company	Sales	N/A	118,416	130,867
Archroma India Private Limited	Associated Company	Purchases	N/A	-	7,344
Archroma Korea	Associated Company	Sales	N/A	916	3,926
Archroma Peru S.A.	Associated Company	Sales	N/A	14,237	38,380
Archroma Iberica, S.L.	Associated Company	Sales	N/A	121,604	153,513
Archroma Japan	Associated Company	Sales	N/A	2,906	23,771
Archroma Colombia S.A.S.	Associated Company	Sales	N/A	328	315
Archroma U.S	Associated Company	Sales Purchases	N/A	- -	19,262 2,268
Pakistan Oxygen Limited	Common directorship	Purchases	N/A	84,852	101,575
Swiss Business Council	Common directorship	Subscription	N/A	100	130
Overseas Investor Chamber of Commerce and Industry	Common directorship	Subscription	N/A	300	270
Audit Oversight Board	Common directorship	Subscription	N/A	-	50
Jubilee Life Insurance Company	Common directorship	Insurance	N/A	47,018	49,826
Key management personnel	Related parties	Proceeds from disposal of property, plant and equipment	N/A	7,422	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

Name of related party	Nature of Relationship	Nature of transactions	Aggregate % of Shareholding	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Archroma Management Gmbh, Switzerland	Associated Company	Receivable Payable	N/A	10,086 314,981	2,218 325,743
Archroma Turkey Limited	Associated Company	Payable	N/A	2,308	-
Archroma Singapore, Pte Ltd	Associated Company	Receivable Payable	N/A	137,563 60,344	98,332 25,521
Archroma Textile Mexico S.De	Associated Company	Receivable Payable	N/A	4,692 4,720	- 3,317
Archroma Thailand	Associated Company	Receivable	N/A	-	20,049
PT Archroma Indonesia	Associated Company	Receivable Payable	N/A	42 20,652	507 7,625
Archroma Tianjin Ltd	Associated Company	Payable	N/A	24,612	5,431
PT Archroma Specialties Indonesia	Associated Company	Receivable	N/A	1,390	-
Archroma China	Associated Company	Receivable Payable	N/A	- 79	2,984 -
Archroma Peru	Associated Company	Receivable	N/A	6,402	132
Archroma Brazil	Associated Company	Payable	N/A	-	30,316
Archroma U.S	Associated Company	Payable	N/A	-	83
Archroma Korea	Associated Company	Payable	N/A	-	33
Archroma Hong Kong	Associated Company	Receivable Payable	N/A	- -	186 5,117

38. CAPACITY AND PRODUCTION

Actual production

30 September
2021
(Tonnes)

30 September
2020
(Tonnes)

60,322

47,087

The installed capacity is indeterminable because of multi-product plants involving varying processes of manufacture. The Company's production was according to market demand.

39. NUMBER OF EMPLOYEES

Number of employees of the Company at the year end

Average number of employees of the Company during the year

2021
No. of employees

2020
No. of employees

262

276

261

280

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

40. CASH GENERATED FROM OPERATIONS	Note	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Profit before taxation		3,189,391	1,536,493
Adjustments for non-cash charges and other items:			
Depreciation	5.2	270,991	277,972
Impairment (reversal) / loss on trade receivables	8.1	(28,021)	13,183
Loss on disposal of operating property, plant and equipment		658	52
Provision for staff gratuity	29.1.6	54,212	19,325
Other long term benefit	29.3.5	(1,819)	9,178
Interest / mark-up expense		80,481	226,240
Working capital changes	40.1	1,102,195	567,533
		4,668,088	2,649,976
40.1 Working capital changes			
Decrease / (increase) in current assets			
Stores and spares		(8,933)	(4,288)
Stock-in-trade		437,239	(33,839)
Trade receivables		(953,526)	1,115,004
Loans and advances		(2,230)	(252)
Trade deposits and short-term prepayments		(14,827)	33,330
Other receivables		(4,433)	-
Tax refunds from government - sales tax		50,026	366,759
		(496,684)	1,476,714
Decrease / (increase) in current liabilities			
Trade and other payables		1,598,879	(909,181)
		1,102,195	567,533
41. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the statement of cash flow comprise of the following statement of financial position amounts:			
Short term investments - term deposit receipts	13	601,000	-
Cash and bank balances	14	1,267,870	269,235
Short-term running finance facilities	23.1	(247,384)	(159,050)
		1,621,486	110,185

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

42. DISCLOSURE FOR ALL SHARES ISLAMIC INDEX

The following information has been disclosed as required under Paragraph 10 of Part I of the 4th Schedule to the Companies Act, 2017 relating to "All Shares Islamic Index".

Description	Explanation	30 September 2021 (Rs '000)
i) Loans and advances obtained as per Islamic mode	Disclosed in note 9	
ii) Deposits segment revenue	Non-interest bearing disclosed in note 36	
iii) Relationship with banks having Islamic windows	Following is the list of Islamic banks with which the Company has operational relationship	
	1. Meezan Bank Limited	
	2. Standard Chartered Bank (Pakistan) Limited	
	3. Bank Al Habib Limited	
	4. Habib Bank Limited	
	5. First Habib Modaraba	
	6. Bank Islami Pakistan Limited	
iv) Bank balances		
Placed under profit arrangement - Fixed for 1 to 3 months		601,000
Placed under Shariah permissible arrangement		<u>1,267,870</u>
		<u><u>1,868,870</u></u>
		For the year ended 30 September 2021 (Rs '000)
v) Income on bank deposits including income accrued as at reporting date		
Placed under interest arrangement		-
Placed under Shariah permissible arrangement		-
		<u>-</u>
vi) Interest paid including accrued as at reporting date		
Under interest arrangement		-
Under Shariah permissible arrangement		-
		<u>-</u>
vii) All sources of other income	Disclosed in note 31	
viii) Dividend income		-
ix) Exchange gain or loss	Earned from actual currency	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

43. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

43.1 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		
	Amortised cost	Other financial liabilities	Level 1	Level 2	Level 3
----- (Rupees in '000) -----					
Financial assets not measured at fair value					
Deposits	1,581	-	-	-	-
Trade receivables	3,769,706	-	-	-	-
Other receivables	29,072	-	-	-	-
Short term investments	601,100	-	-	-	-
Cash and bank balances	1,267,870	-	-	-	-
	<u>5,669,229</u>				
Other financial liabilities at amortised cost					
Lease liabilities	-	120,914	-	-	-
Liabilities against diminishing musharika financing	-	97,825	-	-	-
Short-term borrowings	-	1,475,606	-	-	-
Mark-up accrued	-	3,636	-	-	-
Long term loan	-	221,904	-	-	-
Trade and other payables	-	3,617,517	-	-	-
	-	<u>5,537,402</u>			

The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

43.2 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:

43.2.1 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, deposits and credit exposures to customers, including trade receivables and other receivables.

The total bank balance of Rs. 1,267 million (2020: Rs. 269 million) have been placed with banks having short-term credit ratings of A1 and A1+. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

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 sales tax receivable as it is due from government.

The most significant financial asset exposed to credit risk is the trade receivables of the Company. For trade receivables, 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 (2020: 5) customers which constitute 43.9% (2020: 33.7%) of the Company's trade receivables.

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

	30 September 2021 (Rs '000)	30 September 2020 (Rs '000)
Due from customers other than related parties		
Direct customers	2,568,346	2,023,716
Distributors	1,573,456	1,169,274
	4,141,802	3,192,990

Out of the total trade receivables of Rs. 4,290.8 million (2020: Rs. 3,337.274 million), the Company has made an allowance for impairment loss amounting to Rs. 521.094 million (2020: Rs. 549.115 million).

43.2.2 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 2021				
	Carrying amount	Contractual cash flows	Less than one month	Upto one year	More than one year
	(Rupees in '000)				
Financial liabilities					
Long term loan - secured	221,904	(221,904)	-	(182,072)	(39,832)
Trade and other payables	3,617,517	(3,617,517)	-	-	-
Mark-up accrued	3,636	(3,636)	(3,636)	(3,636)	-
Short term borrowings	1,475,606	(1,475,606)	(247,384)	(1,228,222)	-
Lease liabilities	120,914	(1,784,161)	-	(16,573)	(1,767,588)
Liabilities against diminishing musharika financing	97,825	(110,363)	-	(45,730)	(64,633)
	5,537,402	(6,991,283)	(251,020)	(1,476,233)	(1,872,053)
	30 September 2020				
	Carrying amount	Contractual cash flows	Less than one month	Upto one year	More than one year
	(Rupees in '000)				
Financial liabilities					
Long term loan - secured	358,008	(358,008)	-	(148,226)	(209,782)
Trade and other payables	1,995,517	(1,995,517)	1,995,517	1,995,517	-
Mark-up accrued	17,853	(17,853)	(17,853)	(17,853)	-
Short term borrowings	2,143,046	(2,143,046)	(159,050)	(1,983,996)	-
Lease liabilities	117,156	(1,760,727)	-	(21,488)	(1,739,239)
Liabilities against diminishing musharika financing	130,136	(130,136)	-	(42,629)	(77,735)
	4,761,716	(6,405,287)	1,818,614	(218,675)	(2,026,756)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

43.2.3 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, interest rate risk and other price risk.

i) 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 (EUR), Chinese Renminbi (RMB), Japanese Yen (JPY) and Swiss Francs (CHF). The details of balances are as follows:

	30 September 2021				
	(USD '000)	(EUR '000)	(RMB '000)	(CHF '000)	(JPY '000)
Trade and other receivables	2,002	-	-	-	-
Trade payables	(2,461)	(21)	(34,574)	(8)	(4,600)
Other payables	(400)	-	-	-	-
Net foreign currency exposure	<u>(859)</u>	<u>(21)</u>	<u>(34,574)</u>	<u>(8)</u>	<u>(4,600)</u>

	30 September 2020				
	(USD '000)	(EUR '000)	(RMB '000)	(CHF '000)	(JPY '000)
Trade and other receivables	1,475	-	-	-	-
Trade payables	(3,303)	(51)	(4,795)	(40)	-
Other payables	(480)	-	-	-	-
Net foreign currency exposure	<u>(2,308)</u>	<u>(51)</u>	<u>(4,795)</u>	<u>(40)</u>	<u>-</u>

At 30 September 2021, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollar, Euro, Chinese, Renminbi and Swiss Francs with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 10.72 million (2020: Rs. 5.17 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 2021.

ii) 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 and savings account balances with 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 2021 (Rs '000)	Carrying amount 30 September 2020 (Rs '000)
Variable rate instruments		
Financial assets	823,505	-
Financial liabilities	(1,573,431)	(2,654,249)
	<u>(749,926)</u>	<u>(2,654,249)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

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 account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and the profit by Rs. 5.43 million (2020: Rs. 18.85 million) with the corresponding effect on the carrying amount of the liability and asset. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2020 except for the addition of variable rate financial assets during the year. The sensitivity analysis is not actual indicator of impact owing to movement in future interest rate.

iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at reporting date, the Company is not exposed to other price risk.

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

	2021						
	Long term loan-refinance scheme for payment of wages and salaries	Short term borrowings used for cash management purpose	Other short term borrowings including related accrued markup	Retained earnings	Diminishing Musharika Liabilities	Lease Liabilities	Total
----- (Rupees in '000) -----							
Balance as at 1 October 2020	358,008	159,050	1,983,996	924,681	130,136	117,156	3,673,027
Changes from financing cash flows	-	-	-	-	-	-	-
Repayment of loan and borrowing	(146,520)	-	(3,433,996)	-	-	-	(3,580,516)
Proceeds from loan and borrowing	-	-	2,678,222	-	-	-	2,678,222
Dividend paid	-	-	-	(1,018,975)	-	-	(1,018,975)
Payments against lease liabilities	-	-	-	-	-	(23,320)	(23,320)
Financing against diminishing musharika finance - net	-	-	-	-	(60,318)	-	(60,318)
Total changes from financing activities	(146,520)	-	(755,774)	(1,018,975)	(60,318)	(23,320)	(2,004,907)
<i>Other changes</i>							
Interest expense - net	10,416	6,991	-	-	8,714	13,834	39,955
Additions	-	-	-	-	19,293	13,244	32,537
Interest paid	-	-	-	-	-	-	-
Changes in running finance	-	81,343	-	-	-	-	81,343
Total liability related other changes	10,416	88,334	-	-	28,007	27,078	153,835
Total equity related other changes	-	-	-	2,462,706	-	-	2,462,706
Balance as at 30 September 2021	221,904	247,384	1,228,222	2,368,412	97,825	120,914	4,284,661

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

43.4 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.

44. NON-ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

44.1 Subsequent to the year ended 30 September 2021, the Company has declared force majeure vide notice to the Pakistan Stock Exchange dated 14 October 2021.

The Company has informed that its supplies coming from China are getting adversely affected by the ongoing energy consumption controlling measures and environmental checks, coupled with disrupted global supply chain situation due to non-availability of vessels and containers.

However, the Company believes that there will be no significant financial impact on its financial performance in the future.

44.2 The Board of Directors of the Company in their meeting held on 29 October 2021 has proposed a cash dividend in respect of the year ended 30 September 2021 of Rs. 90 per share (2020: cash dividend of Rs. 30 per share). Further, the Board has also announced appropriation of Rs. 704 million from revenue reserves to unappropriate profit (2020: Rs. 100 million to unappropriated profit from revenue reserves). These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 30 September 2021 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending 30 September 2022.

45. CORRESPONDING FIGURES

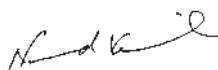
Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation, the effect of which is immaterial.

46. DATE OF AUTHORISATION

These financial statements were authorised for issue on 29 October 2021 by the Board of Directors of the Company.



Mujtaba Rahim
Chief Executive Officer



Naveed Kamil
Director



Irfan Chawala
Director and Chief Financial Officer

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT



/ STAKEHOLDER ENGAGEMENT

Our Stake holders

The Company is committed to establishing effective working relationship with all its stakeholders and to resolving any issues that arise while conducting business. Our stakeholders are all the people and corporations impacted by our business processes. Our stakeholders include:



Stakeholders Engagement Process

Engagement with Regulators

- Relationship with SECP and PSX are managed as per applicable corporate laws/rules/regulations/ notifications, notably the Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulations 2019, Listing Regulations of PSX, and the Memorandum and Articles of Association of the Company.
- Annual and Quarterly Accounts of the Company are filed with the Registrar of the Companies and SECP and are also circulated to PSX.
- Material Information pertaining to the Company's operations is circulated to the PSX and SECP as and when need arises.
- The Company also participates in trainings and awareness seminars arranged by PSX and SECP from time to time.

STAKEHOLDER ENGAGEMENT

Engagement with Shareholders

- Relationships with the shareholders are managed in line with the provisions of the Shareholders and Participation Agreement, applicable corporate laws/rules/ regulations/notifications, notably the Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulations 2019, Listing Regulations of PSX, and the Memorandum and Articles of Association of the Company. Annual and Quarterly Financial Statements of the Company are placed on the Company's Website while Annual Audited Financial Statements are also provided to the Shareholders in physical form, if demanded.
- Besides their right to appoint directors to oversee affairs of the Company, the Shareholders are invited to all the shareholders meetings (AGMs, EOGMs) and are encouraged to present their viewpoint on important matters.
- There is an Investor Relations Section on the Company's website which contains important Investor specific information as well as an Online Complaint Form for investors.
- The Board has approved an Investor Relations & Communication Policy which contains the mechanism for handling shareholders complaints and queries.
- Minority investors can also lodge their complaints and submit their queries directly to the Shares Department using conventional mail, email or phone.
- Material Information pertaining to the Company's operations is circulated to PSX, SECP and the Shareholders as and when need arises.

Engagement with Investors

As a listed entity, we maintain discussion with investors to communicate our strategy and performance in order to promote investor confidence. We strive to do so by holding successfully engaging corporate Briefing Sessions and holding General Meetings.

Suppliers & Distributors

We work with numerous suppliers, large and small, who provide goods and services that support us in delivering high-quality, products for our consumers.

Customers

Our customers are mostly corporate entities in dedicated sectors of Brand and Performance Textile, Packing & Paper and Coating, Adhesive & Sealants distribution. Our interaction with these customers is B2B in nature. The Company maintains constant contact with all its customers through periodic meetings, official correspondences, and personal visits. Archroma segments its suppliers, and then employs an appropriate interaction model for each segment to maintain a collaborative working relationship with them. The Company treats its suppliers as strategic business partners for sustainable (reliable, ethical, cost effective) sourcing.

Suppliers & Distributors

We work with numerous suppliers, large and small, who provide goods and services that support us in delivering high-quality, products for our consumers.

STAKEHOLDER ENGAGEMENT

Employees

As a modern employer, we want to make sure that everyone is empowered to be themselves, feel good and keep growing at Archroma. We believe this will help us to attract, retain and motivate the very best people to support our business now and in the future. We involve and listen to employees to help us maintain strong employee engagement and retain talented people. We conduct regular employee surveys, so we can act on employees feedback.

Encouraging Minority Shareholders to Attend General Meetings

Keeping in line with the rules and laws, Archroma circulates the notice for its general meetings in widely circulated English and Urdu newspapers across Pakistan.

Companies and the shareholders have to play a role to make AGMs effective and meaningful. Archroma follows the legal requirements in letter and spirit to encourage participation of minority shareholders in AGMs. Dedicated Transportation and security arrangements are made for the Shareholders on the day of AGM.

To ensure participation of shareholders, to engage them to attend and vote in AGM following steps are being taken by the company;

- Providing Notice 21 days before AGM to Shareholders through:
- Stock Exchange Website.
- Company's Website.
- Provide proxy to attend and vote on behalf of shareholders in case shareholders are unable to participate.

Investors' Relation Section on Website

Archroma website provides a comprehensive collection of information and data relating to investors, including various announcements, quarterly, half-yearly, annual reports, and investors' relations. The Company's current information for investors is available on its website under the section "Investors Information" on the Company's website <http://www.archroma.com.pk> to enable access to the Company's stakeholders. This page is updated frequently to provide all investors and stakeholders open, accurate and up-to-date information. Complying with the laws and regulations, all details are made available on the Archroma website.

Shareholders Engagement Policy

The Company regularly engages with shareholders through various disclosures during the year. The purpose is to provide shareholders and other parties with equal and simultaneous information about matters that may influence the share price of the Company. The Company communicates with all of its investors through meetings such as the general meetings of the shareholders, annual and interim reports, regular disclosures of information. Furthermore, the Company makes available Annual and Quarterly Reports, etc. as required by Companies Act, 2017, and other applicable laws on the Company's website for the information of its members and also transmitted electronically to the SECP and PSX.

CEO's Video Message on Website

CEO's message has been uploaded on the Company's website at www.archroma.com.pk

STAKEHOLDER ENGAGEMENT

Corporate Briefing Session (CBS)

The Board values the importance of building a strong relationship with shareholders and investors. During the year under review, our corporate briefing sessions were focused on improving investors' understanding of the Company's strategy, operations, and performance.

Corporate briefings are interactive sessions between the Management of the Company and the investors' community which gives the Management an opportunity to inform them about the Company's operational and financial performance, the competitive business environment in which the Company operates, investment decisions, challenges, and business outlook.

As per the requirement of the Pakistan Stock Exchange, it is mandatory for all listed companies to hold at least one Corporate Briefing Session (CBS) for shareholders and analysts during a financial year.

As a good corporate governance practice Archroma Pakistan Limited had two Corporate Briefing Sessions during the year under review held:

Period	Date	Place
Year ended 30 September 2020	29 December 2020	Registered office, Karachi
Nine months ended 30 June 2021	15 September 2021	Video link facility

Reaching out to Shareholders for Delivery of Unclaimed Dividends/ Shares

Pursuant to Section 244 of Companies Act 2017, the Company is vigorously reaching out to its shareholders to deliver unclaimed shares/dividends that have been pending with the Company since inception. During the period under review company sent notices to shareholders and publicized advertisements in newspapers asking them to claim dividend / shares without any lapse of time.

Market Disclosures

Through timely announcements and disclosures, the Company fully informed to Pakistan Stock Exchange Limited thus providing investors and stakeholders equal and timely access to material information.

Insider Information Registers

In compliance with the regulatory requirements, the Company ensures that it maintains Insider Information Register, which is updated on a regular basis.

Investor Relations Contact
Mr. Irfan Lakhani
Company Secretary
Telephone: (+9221) 111-275-786
Fax: (+9221) 35032337
E-mail: muhammad.irfan@archroma.com

Web Reference

The Company maintains a functional website. Annual, Half-yearly and Quarterly reports are regularly posted at the Company's website <http://www.archroma.com.pk>

/ PATTERN OF SHAREHOLDING

As at 30 September 2021

No. of Shareholders	No. of Shareholding		Shares held
	From	To	
529	1	100	20,644
404	101	500	119,658
226	501	1,000	179,054
355	1,001	5,000	828,337
100	5,001	10,000	722,904
27	10,001	15,000	313,679
18	15,001	20,000	324,011
10	20,001	25,000	223,930
5	25,001	30,000	138,523
1	30,001	35,000	30,800
1	35,001	40,000	40,000
4	40,001	45,000	169,288
3	45,001	50,000	146,250
1	50,001	55,000	51,050
1	55,001	60,000	56,500
3	60,001	65,000	189,100
1	65,001	70,000	70,000
2	85,001	90,000	177,800
1	95,001	100,000	100,000
1	110,001	115,000	115,000
1	140,001	145,000	142,850
1	175,001	180,000	177,406
1	195,001	200,000	196,045
1	280,001	285,000	284,266
1	295,001	300,000	299,000
1	360,001	365,000	362,650
1	390,001	395,000	391,000
1	420,001	425,000	421,000
1	805,001	810,000	808,357
1	1,430,001	1,435,000	1,430,246
1	25,585,001	25,590,000	25,588,533
1,704			34,117,881

Shareholders Category	No. of Shareholder	No. of Shares	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	3	1,301	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	2	300,089	0.88
Insurance Companies	5	899,907	2.64
Modarabas and Mutual Funds	7	1,680,446	4.93
Share holders holding 10%	1	25,588,533	75.00
General Public :			
a. Local	1,562	4,623,432	13.55
b. Foreign	-	-	-
Others	123	1,023,473	3.00
Total (excluding : share holders holding 10%)	1,704	34,117,881	100.00

/ PATTERN OF SHAREHOLDING

Category Details of Shareholding as at 30 September 2021

Shareholder's category		Number of share held
Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)		
1	YASMIN HABIB PEERMOHAMMAD	1
2	SHAHID GHAFAR	500
3	MUHAMMAD IRFAN HUSAIN CHAWALA	800
		Total : 1,301
NIT and ICP		
1	NATIONAL BANK OF PAKISTAN	700
		Total : 700
Associated Companies, Undertakings and related Parties (to be confirm by Company)		
1	ARCHROMA TEXTILES GMBH	25,588,533
		Total : 25,588,533
Banks, Development Financial Institutions, Non Banking Financial Institutions		
1	NATIONAL BANK OF PAKISTAN	1,089
2	NATIONAL BANK OF PAKISTAN	299,000
		Total : 300,089
Insurance Companies		
1	STATE LIFE INSURANCE CORP. OF PAKISTAN	808,357
2	GHAFF LIMITED	23,550
3	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	49,300
4	ADAMJEE LIFE ASSURANCE COMPANY LIMITED-NUIL Fund	450
5	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	18,250
		Total : 899,907
Modarabas and Mutual Funds		
1	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	142,850
2	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	10,350
3	CDC - TRUSTEE AKD INDEX TRACKER FUND	2,000
4	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	21,150
5	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	51,050
6	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	22,800
7	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,430,246
		Total : 1,680,446
Others		
1	M/S KAZI & KAZI LIMITED	202
2	INDUSTRIAL DEVELOPMENT BANK LIMITED	698
3	M/S ZAM ZAM LIMITED	115
4	M/S MODARABA AL-MAL CORP. LTD.	106
5	M/S SITARA ENTERPRISES (PVT) LTD.	7
6	M/S N.H. HOLDING (PVT) LTD.	131
7	DEUTSCHE BANK SUISSE S.A	2,700
8	WYETH PAKISTAN DC PENSION FUND	800
9	PFIZER PAKISTAN DC PENSION FUND	5,300
10	PFIZER PAKISTAN PROVIDENT FUND	5,400
11	TRUSTEE - IBM SEMEA EMPLOYEES PROVIDENT FUND	5,600
12	UNILEVER PAKISTAN LIMITED NON-MANAGEMENT STAFF GRATUITY FUND	1,200
13	THE UNION PAKISTAN PROVIDENT FUND	14,300
14	UNILEVER PAKISTAN DC PENSION FUND (SUB FUND A)	6,600
15	UNILEVER PAKISTAN DC PENSION FUND (SUB FUND B)	5,200
16	UNILEVER PENSION PLAN	700

/ PATTERN OF SHAREHOLDING

Category Details of Shareholding as at 30 September 2021

Shareholder's category	Number of share held
17 TRUSTEE-RAFHAN BEST FOODS EMPLOYEES PROVIDENT FUND	1,810
18 TRUSTEE-RAFHAN BEST FOODS LIMITED EMPLOYEES GRATUITY FUND	339
19 TRUSTEE PAK TOBACCO CO LTD STAFF DEF CONTRI PEN FD (1384-1)	6,500
20 TRUSTEE PAK TOBACCO CO LTD STAFF PENSION FUND [1390-2]	56,500
21 TRUSTEE-SHELL PAKISTAN MANAGEMENT STAFF PROVIDENT FUND	6,800
22 TRUSTEE-SHELL PAKISTAN MANAGEMENT STAFF GRATUITY FUND	1,800
23 TRUSTEE-SHELL PAKISTAN LABOUR & CLERICAL STAFF GRATUITY FUND	350
24 TRUSTEE-SHELL PAKISTAN LABOUR PROVIDENT FUND	750
25 TRUSTEE-SHELL PAKISTAN DC PENSION FUND	10,600
26 TRUSTEE-SHELL PAKISTAN STAFF PENSION FUND	240
27 TRUSTEE-SHELL PAKISTAN MANAGEMENT STAFF PENSION FUND	10,300
28 Y.S. SECURITIES & SERVICES (PVT) LTD.	125
29 ZAFAR SECURITIES (PVT) LTD.	1,300
30 KIRAN FOUNDATION	950
31 KHOJA (PIRHAI) SHIA ISNA ASHARI JAMAT	268
32 TRUSTEES OF SHEKHA & MUFTI CHARTERED ACCOUNTANTS E.P.F.	200
33 TRUSTEES LOTTE CHEMICAL PAKISTAN MNGT STAFF GRATUITY FUND	1,300
34 PREMIER FASHIONS (PVT) LTD	60,150
35 SIZA (PRIVATE) LIMITED	24,000
36 TRUSTEES LOTTE CHEMICAL PAKISTAN NON MGN STAFF G.FUND	20
37 TRUSTEES LOTTE CHEMICAL PAKISTAN MNG STAFF PROVIDENT FUND	1,900
38 TRUSTEES LOTTE CHEMICAL PAKISTAN MGT.STAFF DEF. CONT.S. FUND	1,600
39 TECHNOLOGY LINKS (PVT.) LIMITED	22,500
40 FREEDOM ENTERPRISES (PVT) LTD	1,257
41 TRUSTEES OF MAGNUS INVESTMENT ADVISORS LTD. EMPL. PROV. FUND	70
42 TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	177,406
43 ALI ASGHAR TEXTILE MILLS LTD	2,000
44 TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	6,225
45 GLOBE MANagements (PRIVATE) LIMITED	7,650
46 AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	150
47 MERIN (PRIVATE) LIMITED	1,000
48 TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	43,350
49 NH HOLDINGS (PVT) LTD	153
50 NH SECURITIES (PVT) LIMITED.	263
51 TRUSTEES NESTLE PAKISTAN LTD EMPLOYEES PROVIDENT FUND	15,314
52 MAPLE LEAF CAPITAL LIMITED	1
53 SUNRAYS TEXTILE MILLS LIMITED	4,000
54 Habib Bank AG Zurich Zurich Switzerland	87,800
55 AZEE SECURITIES (PRIVATE) LIMITED	5
56 ORIENTAL SECURITIES (PVT) LTD.	5,300
57 KHAYYAM SECURITIES (PVT.) LIMITED	250
58 SHERMAN SECURITIES (PRIVATE) LIMITED	1
59 FOUNDATION SECURITIES (PRIVATE) LIMITED	1
60 NESTLE PAKISTAN LTD EMPLOYEES PROVIDENT FUND	12
61 GHULAMAN-E-ABBAS EDUCATIONAL AND MEDICAL TRUST	1,073
62 WASI SECURITIES (SMC-PVT) LTD.	2
63 TOPLINE ASSOCIATE (PRIVATE.) LIMITED	10,000
64 HBL BANK UK LIMITED	115,000
65 BRR FINANCIAL SERVICES (PVT.) LIMITED	2,000
66 MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	1,250
67 MERIN (PRIVATE) LIMITED	5,900
68 Chevron Pakistan Lubricants (Pvt.) Ltd. EPF	650
69 TRUSTEE PAKISTAN PETROLEUM SENOIR PROVIDENT FUND	7,600
70 TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF PENSION FUND	7,950

/ PATTERN OF SHAREHOLDING

Category Details of Shareholding as at 30 September 2021

Shareholder's category	Number of share held
71 TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF GRATUITY FUND	3,250
72 TRUSTEE PAKISTAN PETROLEUM JUNIOR PROVIDENT FUND	3,650
73 TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND	20,400
74 TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF GRATUITY FUND	2,450
75 PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND-DC SHARIAH	6,250
76 TRUSTEE PAK. PETROLEUM EXEC. STAFF PEN. FUND DC CONVENTIONAL	1,750
77 ISPI Corporation (Private) Limited	4,150
78 KHAADI (SMC-PVT.) LIMITED EMPLOYEES PROVIDENT FUND	950
79 PAKISTAN CENTRE FOR PHILANTHROPY	2,400
80 SANOFI-AVENTIS PAK. SENIOR EXECUTIVE PENSION FUND	5,700
81 SANOFI-AVENTIS PAKISTAN EMPLOYEES GRATUITY FUND	3,150
82 SANOFI-AVENTIS PAKISTAN EMPLOYEES PROVIDENT FUND	2,200
83 ENGRO CORP LTD MPT EMPLOYEES DEF CONT GRATUITY FUND	4,000
84 HABIB UNIVERSITY FOUNDATION	13,000
85 ATCO LABORATORIES LIMITED EMP. PROVIDENT FUND TRUST	3,000
86 ENGRO FOODS LIMITED EMPLOYEES GRATUITY FUND	4,500
87 GLAXO LABORATORIES PAKISTAN LIMITED PROVIDENT FUND	1,940
88 GLAXOSMITHKLINE PAK. LTD. EMPLOYEES GRATUITY FUND	16,500
89 GLAXO LABORATORIES PAK. LTD. LOCAL STAFF PROV. FUND	4,300
90 SMITHKLINE & FRENCH OF PAKISTAN LTD. PROVIDENT FUND	7,600
91 PAKISTAN REFINERY LIMITED MANAGEMENT STAFF GRATUITY FUND	1,150
92 PAKISTAN REFINERY LTD MANAGEMENT STAFF PENSION FUND	8,000
93 PAKISTAN REFINERY LIMITED PROVIDENT FUND	3,600
94 ENGRO CORPORATION LIMITED PROVIDENT FUND	19,500
95 WYETH EMPLOYEES PROVIDENT FUND	700
96 PFIZER PAKISTAN GRATUITY FUND	1,700
97 GLAXOSMITHKLINE CONSUMER HEALTHCARE PAK. LTD. EMPLOYEES G.F	788
98 GLAXOSMITHKLINE CONSUMER HEALTHCARE PAK LTD EMP. PROV. FUND	1,800
99 HPSL GRATUITY FUND	3,900
100 HPSL PENSION FUND	6,200
101 HPSL PROVIDENT FUND	1,000
102 PAKISTAN REFINERY LIMITED WORKMEN PENSION FUND	950
103 UNILEVER EMPLOYEES EDUCATION FOUNDATION	2,250
104 THE HUB POWER COMPANY LIMITED STAFF GRATUITY FUND	2,600
105 FAUJI FERTILIZER BIN QASIM LIMITED EMPLOYEES GRATUITY FUND	3,100
106 FAUJI FERTILIZER BIN QASIM LIMITED PROVIDENT FUND	6,900
107 NOVARTIS PHARMA PAKISTAN LIMITED EMPLOYEES GRATUITY FUND	2,150
108 INTERNATIONAL INDUST. LTD EMPLOYEES PROVIDENT FUND	2,500
109 INTERNATIONAL INDUST. LTD EMPLOYEES GRATUITY FUND	3,550
110 INTERNATIONAL STEELS LTD EMPLOYEES GRATUITY FUND	1,900
111 INTERNATIONAL STEELS LTD EMPLOYEES PROVIDENT FUND	1,300
112 INDUS MOTOR COMPANY LTD EMPLOYEES PROVIDENT FUND	8,800
113 INDUS MOTOR COMPANY LIMITED EMPLOYEES PENSION FUND	5,800
114 ENGRO CORPORATION LIMITED GRATUITY FUND	1,250
115 ENGRO CORP LTD MPT EMPLOYEES DEF CONT GRATUITY FUND	15,500
116 ENGRO CORP LTD MPT EMPLOYEES DEF CONTR PENSION FUND	2,700
117 TOPLINE SECURITIES LIMITED - MF	10,000
118 ASDA SECURITIES (PVT.) LTD.	2,000
119 MUHAMMAD TARIQ MOTI SECURITIES (PVT) LTD.	500
120 FIKREES (PRIVATE) LIMITED	100
121 KTRADE SECURITIES LIMITED	1
122 CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	9,500
123 CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	17,650
Total :	1,023,473

Notice of Meeting

NOTICE is hereby given that the Twenty-Sixth 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 Thursday, 30 December 2021 at 10:00 a.m. electronically through video-link arrangement owing to current COVID-19 (Corona Virus) Pandemic situation and well-being of the participants of the meeting to transact following business:

ORDINARY BUSINESS

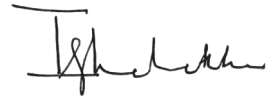
1. To receive and approve the Audited Financial Statements for the Period ended 30 September 2021 alongwith the Directors' Report thereon.
2. To approve final cash dividend @ 900% i.e. (Rs: 90/- per share), as recommended by the Board.
3. To approve appointment of external auditors for the year 2022 and to fix their remuneration. The Members

are hereby notified that the Board Audit Committee and Board of Directors have recommended the name of retiring Auditors M/s. M/s KPMG Taseer Hadi & Co. Chartered Accountants for re-appointment as Auditor of Company.

ANY OTHER BUSINESS

4. To transact any other ordinary business with the permission of the Chair.

By order of the Board



M Irfan Lakhani
Company Secretary

Karachi: 29 October 2021

Notice of Meeting

NOTES:

Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from 23 December 2021 to 30 December 2021 (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 22 December 2021 will be in time to entitle the transferees for the dividend and to attend and vote at the Annual General Meeting.

Participation in the Annual General Meeting electronically and appointing proxies.

The Securities and Exchange Commission of Pakistan (SECP) has advised companies to modify their usual planning for general meetings in order to ensure safety and well-being of shareholders and the public at large through Circular No. 4 of 2021 dated February 15, 2021 and Circular No. 06 of 2021 dated March 03, 2021.

Accordingly, the Company will be providing the facility to all shareholders to participate in Annual General Meeting via video link while ensuring compliance with the quorum requirements.

The shareholders who wish to attend the Annual General Meeting are hereby requested to get themselves registered by sending their particulars at the designated email address mohsin.ali@archroma.com, giving particulars as per below table not later than 48 hours before the time of meeting i.e. 10:00 am on 28 December 2021.

Name of Shareholder / Proxy Holder	CNIC No. /NTN No.	Folio No. / CDC Account No.	Mobile No.	E-mail Address

*Shareholders are requested to provide their active mobile numbers and email address to ensure timely communication.

The login facility will open at 09:30 a.m. enabling the participants to join the proceedings which will start at 10:00 a.m sharp.

A member entitled to attend and vote at the meeting may appoint proxy to attend and vote instead of him/her. For appointing proxies, the scanned/hard copy of the proxy form appearing below duly executed and witnessed, along with the relevant supporting documents and the e-mail address of the proxy must be sent to the designated person at mohsin.ali@archroma.com at least 48 hours before the time of Meeting.

The proxy form should be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

Where possible, attested copies of the CNIC or the identification pages of the passport of the beneficial owners and the proxy should be attached with e-mail Proxy Form.

In case of corporate entity, the Board of Directors' resolution / Power of Attorney should be submitted along with Proxy Form to the Company

Shareholders holding shares in physical form are requested to notify the change of their addresses (if any) and provide the copy of their CNIC to Share Registrar, M/s. FAMCO Associates (Pvt.) Limited, 8-F Next to Hotel Faran, Nursery Block 6, P.E.C.S, Shahrah-e-Faisal, Karachi.

Notice of Meeting

CNIC and NTN (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 regulatory directives issued from time to time, members who have not yet provided their Computerized National Identity Card (CNIC) Numbers and/or National Tax Numbers (NTN), as the case may be, are requested to kindly provide copies of their valid CNIC and/or NTN certificates at the earliest:

- i) The shareholders who hold Company's shares in physical form are requested to submit the above information to the Share Registrar of the Company M/s. FAMCO Associates (Pvt) Limited.
- ii) Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit the above information directly to relevant Participant/CDC Investor Account Service.

In order to comply with the SECP's directives and in term of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the dividend, in case of non-availability of valid CNIC (for individuals) and National Tax Numbers (for corporate entity).

Payment of Cash Dividend Electronically (Mandatory)

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 as per Section 243(3) of the Companies Act, 2017, listed companies are entitled to withhold payment of dividend, if the necessary information is not provided by shareholders.

E-Dividend mandate Form is available on the Company's website for the convenience of shareholders.

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 for Filer and Non-filer

The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment, if any, effective from 1st July 2021 are as follows.

- a) Rate of tax deduction for shareholders appearing in Active Taxpayer List (ATL) 15 %
- b) Rate of tax deduction for shareholders not appearing in Active Taxpayer List (ATL) 30 %

To enable the company to make tax deduction in the amount of cash dividend @ 15% instead of 30%, 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 @ 30% instead of 15%.

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).

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction are also requested to submit a valid declaration for non-deduction of zakat to our share registrar before closure otherwise deduction will be made as per applicable rates.

- (i) For any query/problem/information, the investors may contact the Company Secretary at phone: 021-111-275-786 and email address: muhammad.irfan@archroma.com and / or FAMCO Associates (Pvt) Ltd. At phone: 021-34380101-5 and email address: info.shares@famco.com.pk
- (ii) 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 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.

Unclaimed Dividend

The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached the shareholders to claim their unclaimed dividends in accordance with the law.

Shareholders, whose dividends still remain unclaimed, are hereby once again requested to approach the Company to claim their outstanding dividend amounts and/or undelivered share certificates.

Notice of Meeting

Deposit of Physical Shares into CDC Account

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 30, 2017. Further, SECP vide its letter dated March 26, 2021 has advised to comply Section 72 of the Act and encourage shareholders to convert their shares in book entry form.

In light of above, the shareholders having physical shareholding are requested to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares at any time they want.

Consent for Video Link Facility

In terms of SECP's Circular No. 10 of 2014 dated May 21, 2014 read with the provisions contained under section 134(1)(b) of the Act, if the Company receives request / demand from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city, subject to availability of such facility in that city.

In this regard, please fill the following form and submit to the Company at its registered address 10 days before holding of the AGM. After receiving the request / demand of members having 10% or more shareholding in aggregate, the Company will intimate members regarding venue of video conference facility at least five (5) days before the date of AGM along with complete information necessary to enable them to access such facility.

REQUEST FOR VIDEO CONFERENCE FACILITY

I / We / Messrs. _____ of _____ being Member(s) of Archroma Pakistan Limited, holder of _____ ordinary share(s) as per Folio # _____ and / or CDC Participant ID & Sub-Account No. _____, hereby, opt for video conference facility at _____ city. _____.

Signature of the Member(s)
(please affix company stamp
in case of corporate entity)

Placement of Financial Accounts in Website

The audited financial statements of the Company for the year ended 30 September 2021 have been made available on the Company's website www.archroma.com.pk.

Change of Address (If any)

Members are requested to notify any change in their addresses immediately.

Share holders are requested to provide above mentioned information / documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Share Registrar.

BCR Criteria

S. No.	Framework for Annual Reporting	Page No.
1	ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT	
1.01	Principal business activities and markets	05 & 135
1.02	Geographical location and address of all business	05 & 135
1.03	Mission, vision, code of conduct	10 - 11 & 70
1.04	Ownership, operating structure and relationship with group companies	240
1.05	Organization chart indicating functional and administrative reporting	12
1.06	Key elements of business model	58
1.07	Key Figures (Number of persons employed)	175
1.08	Position of the reporting organization within the value chain	59
1.09	Significant factors effecting the external environment and the organization's response	61
1.10	Significant changes from prior years	89 & 135
1.11	Composition of local versus imported material and FX sensitivity	120 & 170
1.12	Competitive landscape and market positioning	62
2	STRATEGY AND RESOURCE ALLOCATION	
2.01	Short-, medium- and long-term strategic objectives	88
2.02	Strategies in place to achieve those strategic objectives	89
2.03	Resource allocation plans to implement the strategy and financial capital structure	90
2.04	Effect of external factors to the strategy and resource allocation	61
2.05	Processes to make strategic decisions and establish and monitor culture and ethics	70 & 86
2.06	Key performance indicators (KPIs)	89
2.07	Strategy to overcome liquidity problem	97
2.08	Significant plans and decisions	89
2.09	Significant changes in objectives and strategies from prior years	89
3	RISKS AND OPPORTUNITIES	
3.01	Key risks and opportunities effecting availability, quality and affordability of Capitals	88
3.02	Risk Management Framework including risk management methodology.	89
3.03	Sources of risks and opportunities (internal and external)	90
3.04	Initiatives for promoting and enabling innovation	61
3.05	"Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does"	70 & 86
3.06	Specific steps being taken to mitigate or manage key risks	89
3.07	Board's risk management policies	97
3.08	Board of Directors robust assessment of the principal risks facing the Company	89
3.09	Inadequacy in the capital structure and plans to address such inadequacy	89
4	GOVERNANCE	
4.01	Composition of the Board	41 & 71
4.02	Review Report by the Chairman of the Company	31
4.03	A statement of how the Board operates	72 - 75
4.04	Shariah Advisor Report and Profile of the Shariah Advisor	N / A
4.05	Annual evaluation of performance, along with description of criteria used for the members of the Board and its committees, CEO and the Chairman	75 - 76
4.06	Disclosure if the Board's Performance evaluation is carried out by an external consultant once in three years	76
4.07	Details of formal orientation courses for Directors	76
4.08	Directors' Training Program (DTP) attended by Directors	76
4.09	External oversight of various functions like System audit/Internal controls	77
4.10	BoD remuneration policies	76
4.11	Policy for security clearance of foreign directors	76
4.12	How the organization's implemented governance practices exceeding legal requirements	77
4.13	Board's policy on diversity, (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives	77

BCR Criteria

S. No.	Framework for Annual Reporting	Page No.
4.14	"No. of companies in which the executive director of the reporting organization is serving as non-executive director"	65
4.15	Related parties and board policy on RP transactions	76
4.16	Details of Board meetings held outside Pakistan during the year	76
4.17	Disclosure of Policy for actual and perceived conflicts of interest	79
4.18	Investors' grievance policy	77
4.19	Policy for safety records of the Company	78
4.20	Disclosure of IT Governance Policy	78
4.21	Disclosure of Whistle blowing policy	78
4.22	Human resource management policies including preparation of a succession plan	78
4.23	Social and environmental responsibility policy	77, 81
4.24	Review by the Board of the organization's business continuity plan	41
4.25	Disclosure of beneficial ownership and flow chart of group shareholding and relationship	79 & 240 - 243
4.26	Compliance with the Best Practices of Code of Corporate Governance	89 & 80
4.27	A brief description about role of the Chairman and the CEO	80
4.28	Shares held by Sponsors / Directors / Executives	241 - 242
4.29	Salient features of TOR and attendance in meetings of the Board Committees (Audit, Human Resource, Nomination and Risk management)	72 - 74
4.30	Timely Communication	Aug. 27, 2021
4.31	Audit Committee Report	68 - 69
4.32	Presence of the chairman of the audit committee at the AGM	81
4.33	"Where an external search consultancy has been used in the appointment of the Chairman or a non-Executive Director, it should be disclosed if it has any other connection with the Company"	N / A
4.34	Chairman's significant commitments and any changes thereto	31 - 32
4.35	Disclosure of impact of Government policies on Company's business and performance	38
4.36	Pandemic Recovery Plan by the Management and policy statement	83
5	PERFORMANCE AND POSITION	
5.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators	108-111 & 115
5.02	Analysis of financial statements, Ratios, DuPont, Cash Flow & EVA	110-112 & 118-119
5.03	"Combined analysis both vertical and horizontal of the Balance Sheet and Profit and Loss Account for last 6 years"	105 - 109
5.04	Summary of Cash Flow Statement for last 6 years	110
5.05	Graphical presentation of the Balance Sheet, Profit & Loss Account and analysis in 5.02, 5.03 and 5.04 above	111, 113 & 114
5.06	Explanation of negative change in the performance against prior year, analysis of variation in interim accounts with final accounts	116
5.07	Information about defaults in payment of any debts and reasons thereof period	N / A
5.08	Methods and assumptions used in compiling the indicators	105 - 110 & 115
5.09	Cash Flow Statement based on Direct Method	118
5.10	Segmental review of business performance	174
5.11	Share price sensitivity analysis with consequent impact on Company's earning	120
5.12	History of major events during the year	08 - 09
5.13	"Business rationale of major capital expenditure /projects during the year and for those planned for next year"	177
5.14	Brief description and reasons for not declaring dividend and overdue regulatory dues	N / A
5.15	CEO presentation video on the organization's website	237

BCR Criteria

S. No.	Framework for Annual Reporting	Page No.
6	OUTLOOK	
6.01	Forward looking statement	177
6.02	Analysis of last year forward looking statement	177
6.03	Status of the projects disclosed in the forward-looking statement in the previous year	177
6.04	Sources of information and assumptions used for projections / forecasts	177
6.05	How the organization is currently equipped in responding to the critical challenges	177
7	STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT	
7.01	How the Company has identified its stakeholders	237
7.02	Stakeholders' engagement process and the frequency of such engagements	237
7.03	Measures to encourage the minority shareholders to attend the general meetings	238
7.04	Investors' Relations section on the corporate website	238
7.05	Issues raised in the last AGM, decisions taken and their implementation status	237
7.06	Statement of value added and its distribution with graphical presentation	104
7.07	Stakeholders' engagement policy	237
7.08	Redressal of investors' complaints	239
8	SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS	
8.01	Fair value of Property, Plant and Equipment	N / A
8.02	Segment analysis of revenue etc	174
8.03	Reconciliation of weighted average number of shares for calculating EPS and diluted EPS	N / A
8.04	Particulars of significant / material assets and immovable property including location and area of land	146 - 147
8.05	Disclosure of product wise revenue	110
8.06	Disclosure of discounts on revenue	N / A
8.07	Sector wise analysis of deposits and advances	N / A
8.08	Complete set of financial statements (Balance sheet, Income statement & Cash flow) for Islamic banking operations	N / A
8.09	Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP	N / A
8.10	Summary of significant transactions and events that have affected the Company's financial position and performance during the year	135
8.11	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property	N / A
8.12	Distribution of shareholders	166
8.13	Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital in the Company in Pattern of Shareholding	166 & 241
8.14	"Particulars where Company has given loans or advances or has made investments in foreign companies or undertakings"	N / A
8.15	Accounts Receivable in respect of Export Sales - Name of Company or undertaking in case of related party and in case of default brief description of any legal action taken against the defaulting parties	N / A
8.16	Treasury shares in respect of issued share capital of a Company	N / A
8.17	In describing legal proceedings, under any court, agency or government authority, whether local or foreign, include name of the court, agency or authority in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis of the proceeding and the relief sought	155
8.18	Management assessment of sufficiency of tax provision made in the Company's financial statements shall be stated along with comparisons of tax provision as per accounts vis a vis tax assessment for last three years	159 -162
8.19	Income tax reconciliation as required by IFRS and applicable tax regime for the year	160
8.20	In respect of loans and advances, other than those to the suppliers of goods or services, the name of the borrower and terms of repayment if the loan or advance exceeds rupees one million, together with the collateral security, if any	N / A
8.21	Disclosure about Human Resource Accounting	175
8.22	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans	N / A

BCR Criteria

S. No.	Framework for Annual Reporting	Page No.
8	SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS	
8.23	"Where any property or asset acquired with the funds of the Company and is not held in the name of the Company or is not in the possession and control of the Company, this fact along with reasons for the property or asset not being in the name of or possession or control of the Company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed"	N / A
8.24	Standards, amendments and interpretations adopted during the current year along with their impact on the Company's financial statements	136
8.25	Standards, amendments and interpretations, not yet effective and not adopted along with their impact on the Company's financial statements	136 - 138
9	SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY	
9.01	"Highlights of the entity's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility"	180
9.02	"Certifications acquired and international standards adopted for best sustainability and CSR practices"	227 - 229
10	BUSINESS MODEL	
10.01	Business model including inputs, business activities, outputs and outcomes	58
11	STRIVING FOR EXCELLENCE IN CORPORATE REPORTING	
11.01	Statement by management of unreserved compliance of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)	99
11.02	Adoption and statement of adherence with the International Integrated Reporting Framework (IR)	99
11.03	Disclosures beyond BCR criteria	253
12	ASSESSMENT BASED ON QUALITATIVE FACTORS	
13	OTHERS	
13.01	BCR criteria cross referred with page numbers of the annual report	249 - 253
13.02	Brief about contents, scope and boundaries of the annual report	02
13.03	SWOT analysis	60

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 26th Annual General Meeting of the Company to be held on Thursday, 30 December 2021 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 مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے

کمپنی کے چھبیسواں سالانہ اجلاس صبح 10.00 بجے، بتاریخ 30 دسمبر 2021ء بروز جمعرات منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

(ریونیوا سٹیٹپ)

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۔