



/ ANNUAL REPORT 2022



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A close-up photograph of several people's hands stacked on top of each other in a pyramid shape. The hands are of various skin tones, representing diversity. The background is slightly blurred, showing a group of people in a meeting or workshop setting. The image is overlaid with a blue gradient at the top and bottom.

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) Limited 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi 	
Registered Office	<ul style="list-style-type: none"> • 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi 	
Factories	<ul style="list-style-type: none"> • Petaro Road, Jamshoro • 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. 	
Website	<ul style="list-style-type: none"> • www.archroma.com.pk 	
E-mail	<ul style="list-style-type: none"> • archroma.pakistan@archroma.com 	

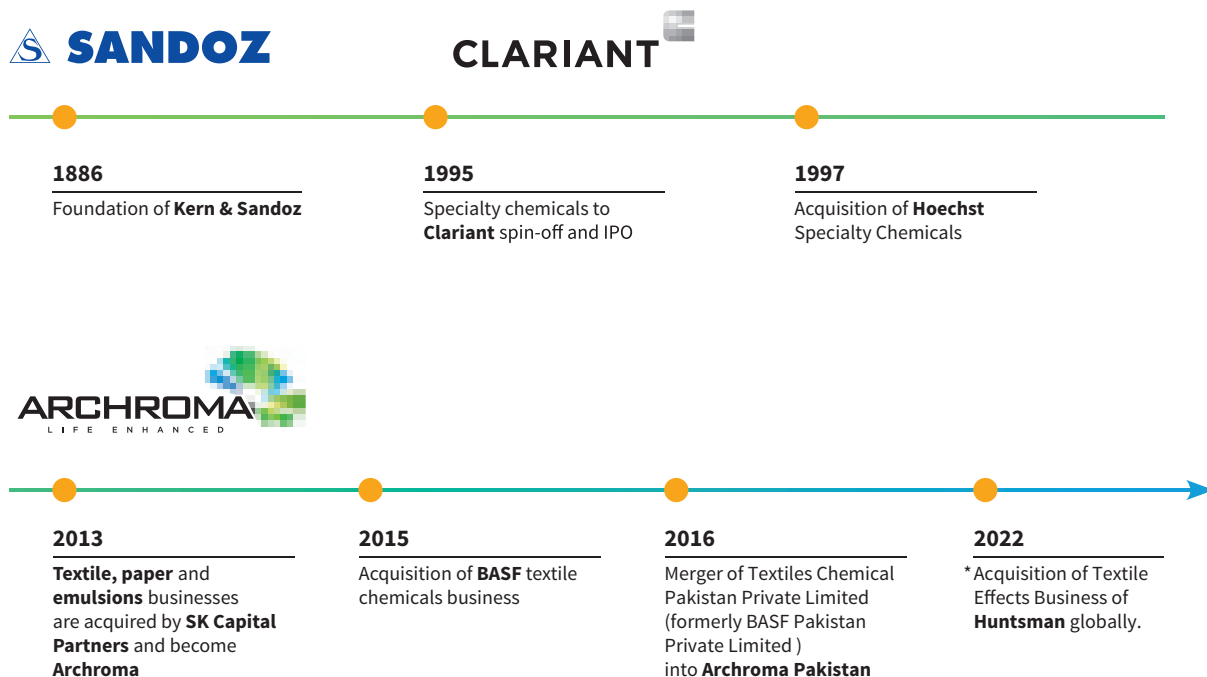
HERITAGE

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 2,800 people, headquartered in Pratteln, 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.



*Transaction is subject to review and approval by the regulatory authorities

ARCHROMA. LIFE ENHANCED.



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!

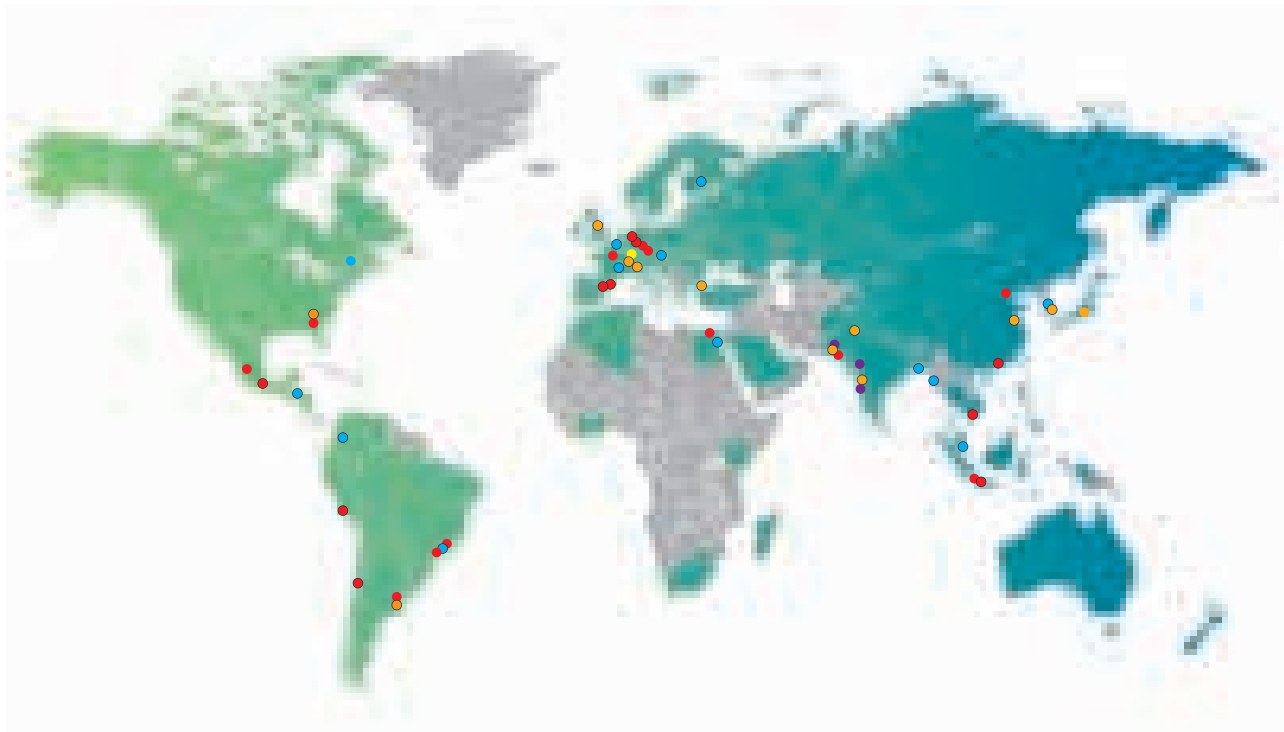


OUR PROPOSITION

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

Global current presence 91 Markets served (in color), 52 locations thereof 25 production sites



Archroma production & sales sites ● Headquarters ● Offices ● Production, offices ● Laboratories, offices ● Production, laboratories, offices ○ Sales

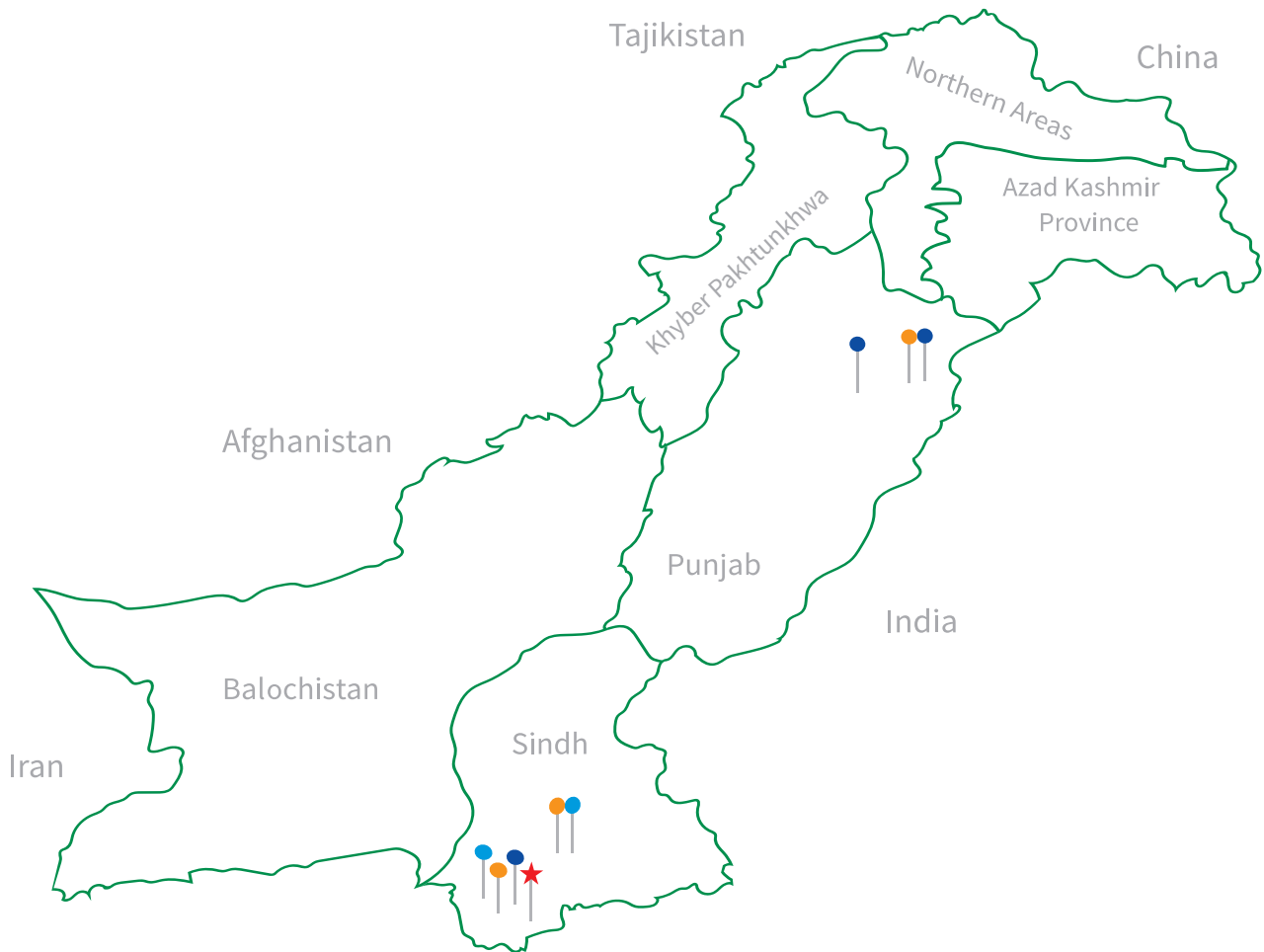
Markets served

We currently serve 91 markets worldwide, organized into seven Business Clusters: Asia-Pacific, India, Pakistan, Latin America, North America, Europe, and Middle East and Africa.

Scale of operations

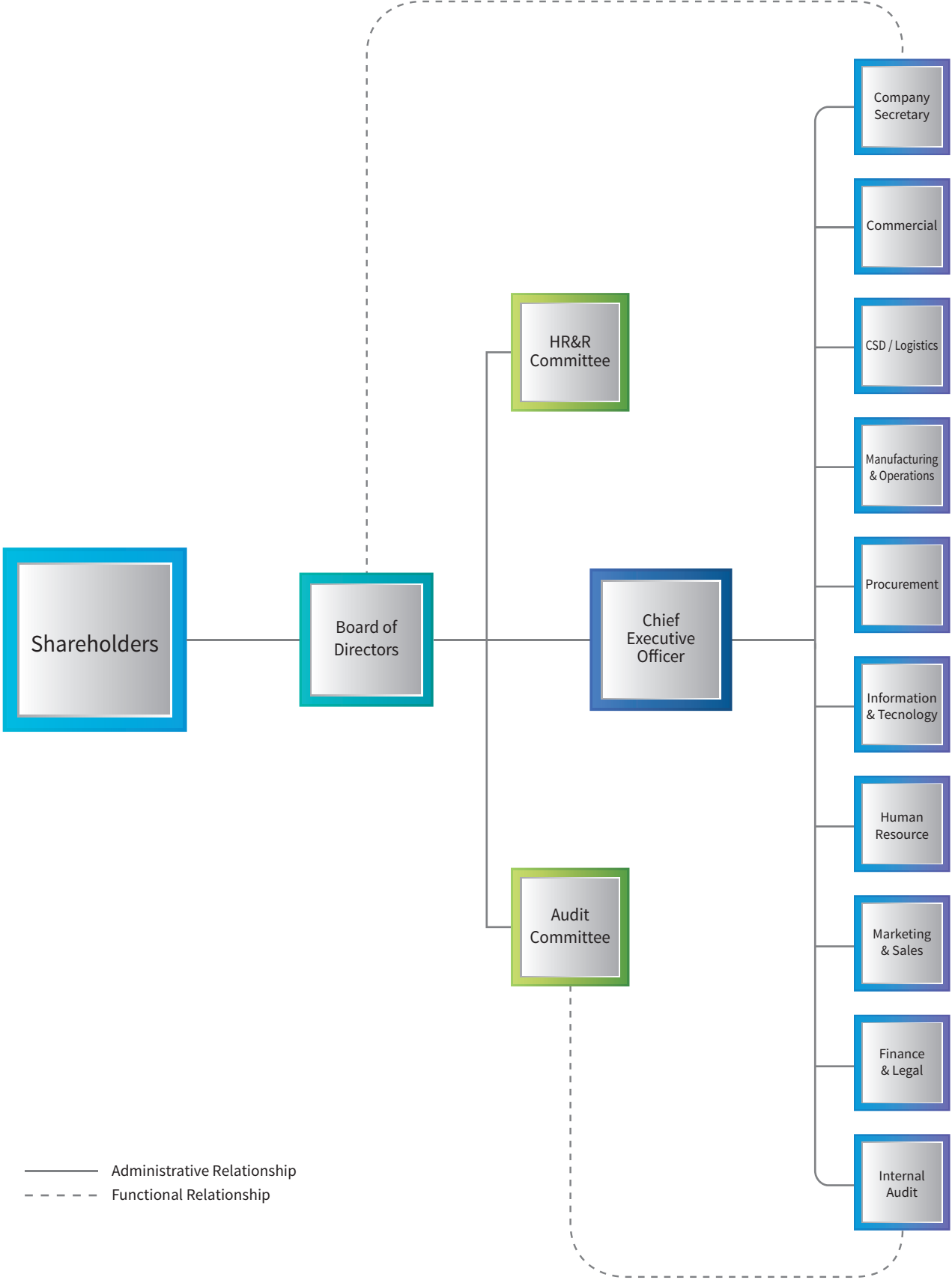
Archroma currently has 52 locations in 31 countries worldwide, thereof 25 production sites. 10 of these locations are shared sites, where the sales organization is located on the same site as one of the 25 production facilities, and 27 are offices with additional service centers. We have significant operations in Brazil, China, Germany, India, Indonesia, Mexico, Pakistan, Spain, and in the USA.

PRESENCE IN PAKISTAN



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

ORGANOGRAM



PRODUCT PORTFOLIO

BRAND & PERFORMANCE TEXTILES



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.

COATINGS, 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.

PACKAGING & PAPER



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.

PRODUCT PORTFOLIO

HOME & PERSONAL CARE



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.

CODE OF CONDUCT

Our AACC Culture

Our work culture at Archroma is about being:

- **Achieving**
- **Adaptable**
- **Customer-centric**
- **Collaborative**



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.

Ethics & Values

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.

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



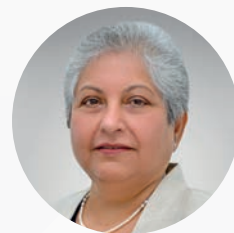
Irfan Chawala



Shahid Ghaffar



Naveed Kamil



Yasmin Peermohammad

MANAGEMENT COMMITTEE

Muhammad Altaf
Head of Procurement
& Operations - Landhi Site



Irfan Chawala
Chief Financial Officer



Mujtaba Rahim
Chief Executive Officer



Qazi Naeemuddin
Head of Operations - Jamshoro Site



Naveed Kamil
HR Head



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 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 has a strong international experience and has held several regional and global executive positions in the chemical industry and is currently Chief Operating Officer since November 2020 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 29 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. At Archroma, Michel had been instrumental in establishing finance services and processes, and he also helped to drive business / financial performance management in Archroma. In February 2018, Mr. Zumstein was appointed as President Region Asia, and since November 2020, Mr. Zumstein leads the business of Archroma in Asia Pacific.



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.



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 its name to Archroma. He believes in core values that inspires work ethics at Archroma.

DIRECTORS' PROFILE



M Veqar Arif

Mr. Veqar Arif was re-elected to the Board of Directors in 2021 and has held this position since 2004. He is also the Chairman of the Board.

He is fellow member of Institute of Chartered Accountants of Pakistan and has attended numerous national and international courses on leadership and strategic management programs.

Mr. Veqar joined Sandoz in 1990 and having served as Chief Financial Officer of Clariant and Archroma retired in December 2020.



Shahid Ghaffar

Mr Shahid Ghaffar was re-elected to the Board of Directors as Independent Director and holding this position since 2018. He is also Chairman of Board Audit Committee. He holds Master Degree in Business Administration. In the past he was associated with various institutions such as Commissioner SECP, Managing Director Pakistan Stock Exchange, CEO HBL Asset Management Ltd and Chairman & Managing Director National Investment Trust Ltd. He is presently serving as Independent Director on various 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.



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 has also worked on key Global and Regional Projects. Mr. Chawala also 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.



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. Yasmin Peermohammad specializes in Marketing, Communications, and Customer Management.

CHAIRMAN'S REVIEW

I would like to begin by acknowledging the hard work and dedication with which your management has steered the Company during this challenging period.

With the grace of Allah Almighty, despite these challenges, your Company managed to make sales of Rs 29,430 million and attaining profit after tax of Rs 1,885 million. The earnings per share decreased to Rs 55.25 as compared to Rs 67.69 during the corresponding year, which reiterates our ongoing commitment to creating shareholders' value. The Board has proposed a final cash dividend of Rs. 20/- per share, i.e. 200% for the Financial Year 2022 for approval of members at the Annual General Meeting to be held on 27th December 2022 in order to pass on the benefit of this achievement to the shareholders. This would be in addition to 250% Interim cash dividend announced and paid, making a total dividend payout of 450 % per share for the year ended September 2022.

The Board constantly reviews principal risks facing the Company and considers whether they reflect an acceptable level of risk. Where this is not the case, the Board also considers what is required to reduce the likelihood and potential impact of the risk. The Board either approves the level of risk being taken or requires management to reduce the risk exposure.

The Company has highly diverse and competent Board which holds to the Company's vision, mission, and core values with the ultimate goal of serving the interests of all stakeholders. The Board closely monitored the performance of the business with a focus to achieve continued improvement in productivity and efficiency while optimizing costs and processes to ensure sustainable growth of the Company. The guidance and timely decisions of the Board contributed immensely in steering the Company in the right direction.

We believe in steadily improving the governance framework of the Company. For this purpose, a formal and effective mechanism is in place for critical evaluation of the Board.

In accordance with the Code of Corporate Governance, during 2022 the Board carried out an evaluation of performance of its individual members, the Board and its performance. Board evaluation process is conducted internally by the Company Secretary who prepares an annual Evaluation Assessment Questionnaire which is circulated amongst the Board Members to provide clarifications and further insights and perspectives on the performance of the Board.

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 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.

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

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

In addition, the Board members also undertook the following key activities;

- Attended Board meetings to actively participate in its proceedings.
- Ensured that the Company comply with all the regulatory requirements and best practices.
- Ensured appropriate measures were in place for safeguarding of Company's assets.
- Ensured adequacy of internal control system.

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



A handwritten signature in black ink, appearing to read 'M Veqar Arif'.

M Veqar Arif
Chairman

CEO'S REVIEW

Dear Archroma Shareholders,

I am pleased to present you Annual Report of Archroma Pakistan which provides an overview of our activities in fiscal year 2021-2022 and is focused on the contributions made towards sustainable growth in the corporate sector. As performance bar is being raised every year, I am proud to put on record that our diverse teams made it possible with their dedicated efforts.

Safety First ideology is an integral part of our work ethics. We did well again this year with Zero Lost Time Injuries. Production sites at Jamshoro and Landhi are fast moving on their way to make record of Two Million Accident Free Working Hours. Training and Re-training Webinars on Twelve Principles of Safety, Fire Safety and Proactive measures to avoid Near-Misses were held throughout the year. Following a strict external audit protocol, Employers Federation of Pakistan awarded us Occupational Safety, Health & Well Being Award presented by the President of Pakistan. We did well in our external audit on Quality Management Systems too with no Non-Conformities noted.

Our unique way of operating and serving our customers through "The Archroma Way: safe, efficient, enhanced, it's our nature" provides us the expertise to serve customers with innovations and solution systems developed through extensive research. These principles focus on safety, efficiency and enhanced value leading to sustainable operations both at our and customers' end. Solutions & Systems produced by Archroma do have economy of resources as well as decrease in environmental footprint. I would like to specially mention initiatives towards "Aniline-free" solutions for Denim industry. It is indeed very satisfying to see many local denim manufacturers shifting to 100% Aniline-free solutions. We continue to serve packaging & paper, coating, adhesives & sealant markets with strong technical support of our teams.

In August 2022, Archroma announced that it has agreed to acquire the Textile Effects Business of Huntsman Corporation and transaction is subject to review and approval by regulatory authorities.

Archroma Center of Excellence is coordinating with industry round-the-clock. Our R&D team is reinforced with new technologically advanced equipment enabling us to support customers in a better way. It is also heartening to see "house full" of students from different universities on our Internship Programs. This year we are surpassing 8000 count of interns who have successfully completed six-week hands-on internship on Wet Processing. Academic alliances built through Memorandum of Understanding signed with all major universities of Pakistan are bearing fruit. We are entering into several developmental projects beneficial for students and Industry.

I would like to express my sincere gratitude to our partners, associates and team members for their continued support. With continued reinforcement of our portfolio, Archroma Pakistan is rapidly emerging as a leader in industry.



A handwritten signature in black ink, appearing to read 'Mujtaba Rahim'.

Mujtaba Rahim
President & CEO

OUR BUSINESS MODEL

INPUTS



Financial Capital



Human Capital



Manufactured Capital



Social & Relationship Capital



Intellectual Capital



Natural Capital

KEY PROCESSES



Efficient Procurement



Strong Relationship with Stakeholders



Understanding Customers' Needs



Processing of Inputs



Output

VALUE DISTRIBUTION



Return to Shareholders



Duties & Taxes to Government



Payment to Suppliers



Community Investments



Salaries & Wages to Employees

DIRECTORS' REPORT

Report of the Board of Directors for the year ended 30 September 2022

The Directors of the Company are pleased to present their Report together with the audited financial statements for the year ended 30 September 2022.

Business Overview

Pakistan's Textile exports remained strong during the financial year 2022. However, both local & export market's Textiles' sales & construction activity slowed down especially during the last quarter of the current financial year under review, mainly due to higher energy & commodity prices, double-digit inflation in other costs mainly because of Russia-Ukraine conflict and devastating floods affecting one-third of the Country.

Despite of the above challenging environment, your Company was able to achieve net sales of PKR 25,154 million during the financial year ended 30 September 2022 versus PKR 19,872 million in comparison to last year. Contribution to the overall sales growth of 27% has come about from all the businesses, where Brand & Performance Textile Specialties grew by 27%, Coating Adhesive & Sealants business increased by 30% and Packaging & Paper Specialties by 36%.

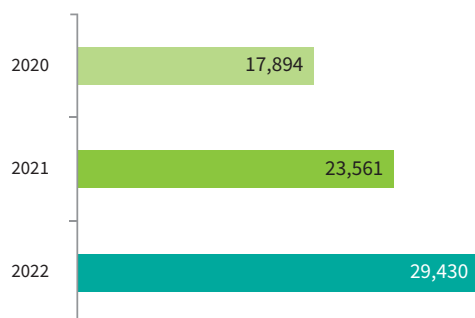
Higher taxation, freight & logistics costs and significant devaluation of PKR against USD and other foreign currencies during the year has adversely impacted the bottom-line profitability which has come down to PKR 1,885 million in comparison to PKR 2,309 million achieved in last year.

Financial Performance

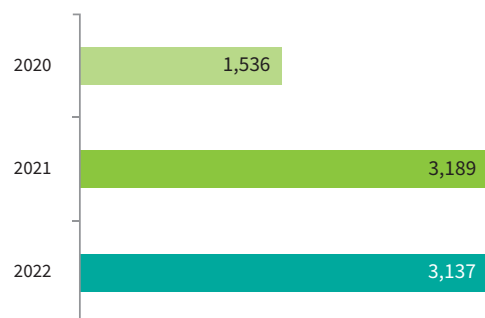
Your Company achieved a gross revenue of PKR 29,430 million which is 25% higher as compared to last year's revenue of PKR 23,561 million.

Particulars	PKR in thousands		
	30 Sep 2022	30 Sep 2021	Change %
Gross Revenue	29,430,119	23,561,070	25
Net Revenue	25,154,026	19,872,237	27
Gross Profit	7,220,469	6,179,307	17
Operating Profit	3,830,397	3,461,052	10
Profit Before Tax	3,137,384	3,189,391	(2)
Profit After tax	1,885,066	2,309,366	(18)
Earnings Per Share (PKR)	55.25	67.69	(18)

Gross Revenue
PKR million



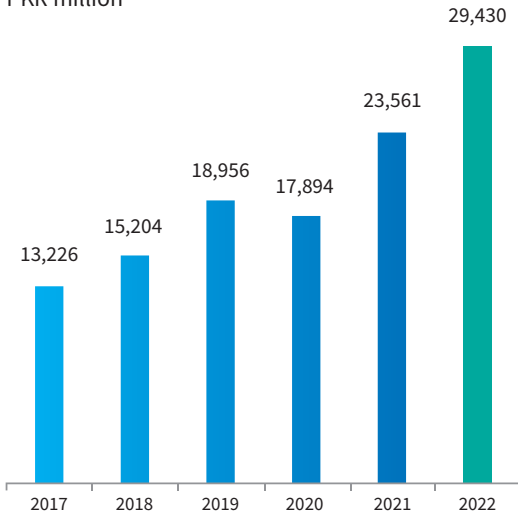
Profit before Tax
PKR million



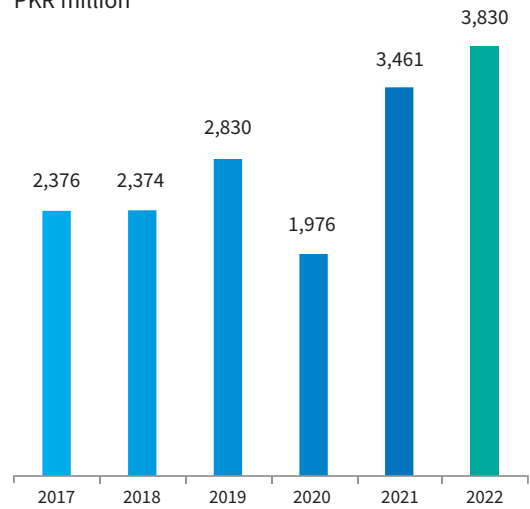
DIRECTORS' REPORT

Six Years Financial Performance at a Glance

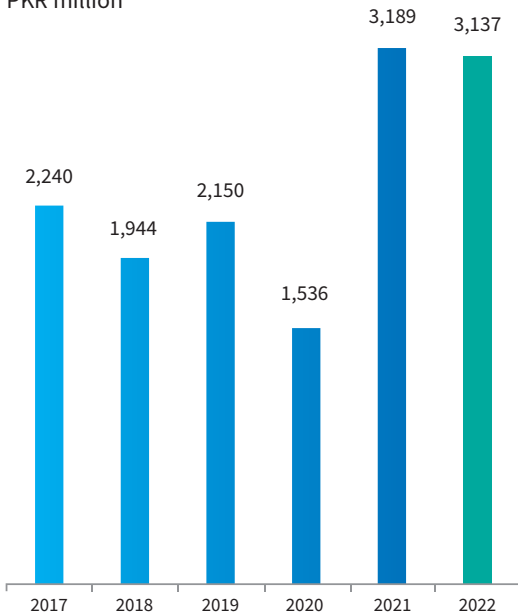
Gross Revenue
PKR million



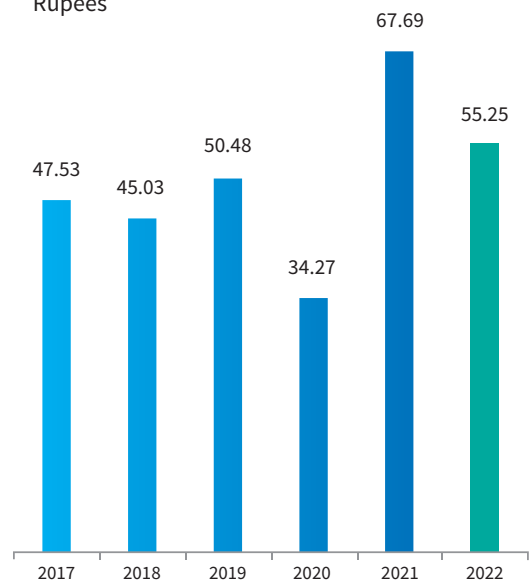
Operating Profit
PKR million



Profit Before Tax
PKR million



Earnings per Share
Rupees



DIRECTORS' REPORT

Future Outlook

The ongoing Russia-Ukraine conflict, Global Energy and Commodities prices and availability situation, and consequential adverse Balance of Trade of Pakistan, may keep the outlook for the Textiles Exports somewhat uncertain. However, local markets business development and post-floods re-construction activities are expected to improve the overall business development for local Textiles and Construction Industry of the Country from the new calendar year.

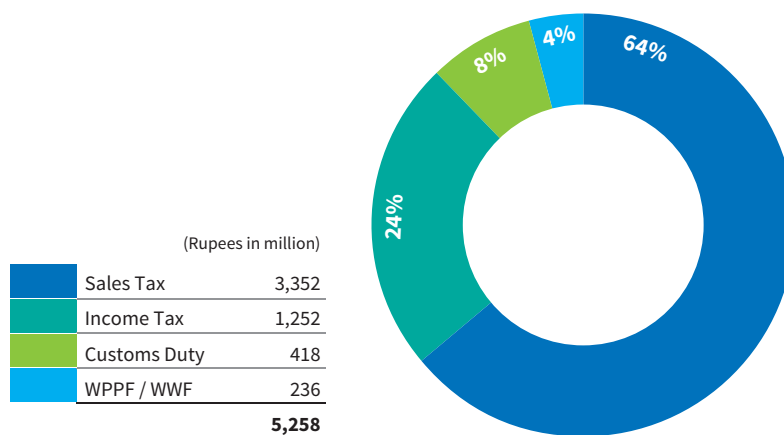
Your Company continues to work on many growth projects and initiatives, the benefits of which are expected to further improve the development of stronger business portfolio, speed & agility to smartly manage cash-flows & fixed costs, going forward.

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 5,258 million.



Earnings Per share

The profit for the year stood at Rs. 1,885 million (last year Rs. 2,309 million). On this basis the earnings per share for the year has decreased to Rs. 55.25 as compared to last year's earnings per share of Rs. 67.69.

DIRECTORS' REPORT

Appropriation of Profit

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

	(Rupees in million)
Total comprehensive income for the period	1,848
Profit available for appropriation	1,848

Appropriation:

Interim cash dividend 250 % announced and paid	853
Proposed 200 % final cash dividend	682
To be paid after approval in the Annual General Meeting	
Transfer to Revenue Reserves	313

Dividend

In view of the financial results of the Company for the year ended 30 September 2022, the Board of Directors of the Company has recommended a final cash dividend of 200 % i.e. Rs. 20 per share in addition to 250 % interim cash dividend announced and paid, making a total dividend payout of 450 % per share for the year ended September 2022.

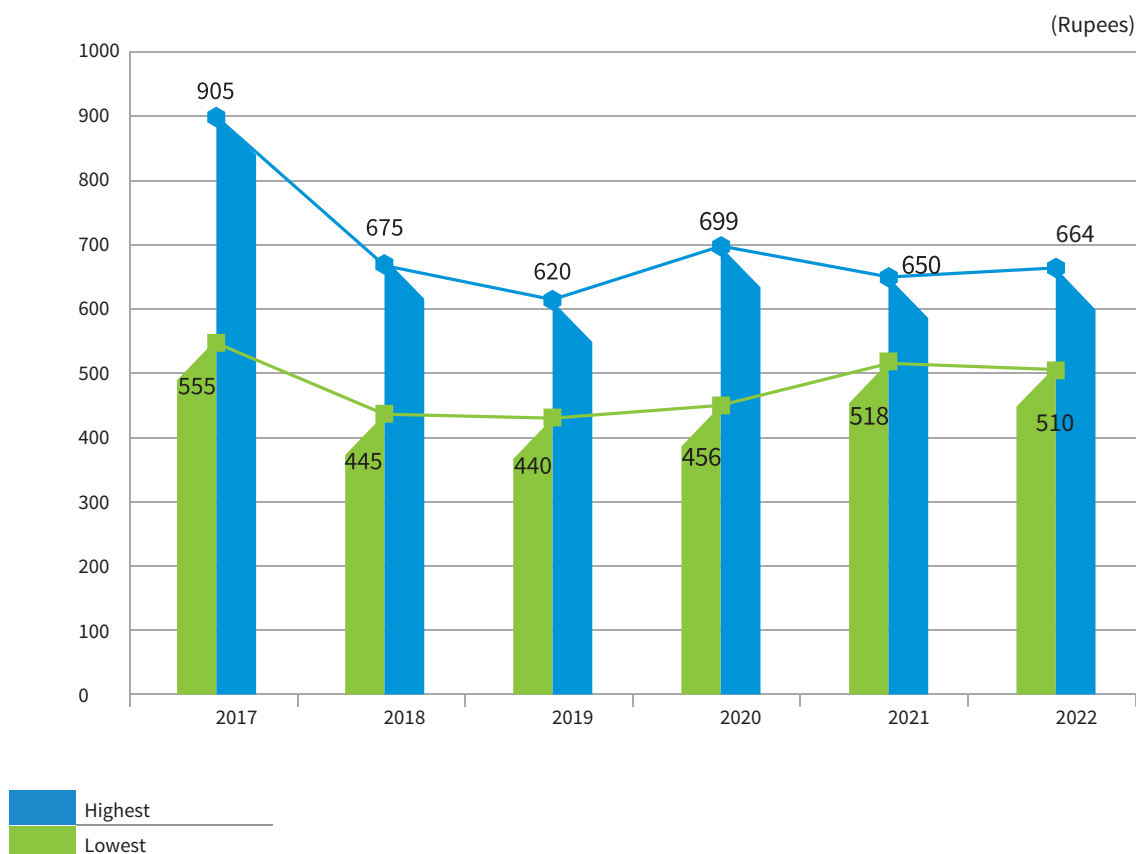


* It includes final cash dividend of 200% i.e. Rs. 20 per share which is subject to approval of shareholders in Annual General Meeting

DIRECTORS' REPORT

Share Price

During the year under review, Company's share price touched the peak of PKR 664 where as, the lowest recorded price was PKR 510 on the Pakistan Stock Exchange Ready Board quotations.



Corporate Social Responsibility

Archroma bears an ethical responsibility for sustainable, economic and ecological, as well as fair, business practices. Corporate Social Responsibility is therefore an integral component of our company's philosophy. We actively develop talent, promote diversity and invest in our employees skills to enable a high-level performance for both current and future responsibilities. During the period under review our Company incurred CSR cost amount worth Rs. 14.5 million.

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 Rs. 3.1 million.

DIRECTORS' REPORT

Archroma Internship program completes 25 years

Almost in every Engineering Universities where faculties offer academic education in Textiles, Archroma Center of Excellence has played a pivotal role in providing hands-on technical education to students in our Labs. The internships have become a mandatory feature and our six weeks theory & practice is much sought after training amongst the institutions and students. Our course completion certificate is highly recognized and is a criteria in placements in the job market mainly in textile mills.

The internship program was initially started in 1996 and is successfully run round-the year. Students are given practical demos in Textile Wet Processing alongwith tutorials and tests at the end of internship. To-date more than 8000 students have participated In our program and are working on responsible positions within the textile Industry. 25% of our interns are female students. They are our Ambassadors and play their role In enhancing the standard of the Industry.



DIRECTORS' REPORT

Tree Plantation Campaigns

It is our goal to make our neighbouring area clean and green. From the very onset when Archroma came into existence, regular tree plantation campaigns are organized mainly during spring and monsoon seasons. In addition, Archroma also partners with schools, colleges and universities and closely work with students motivating them to plant trees and also adopting their designated areas to monitor the saplings planted by them. This gives the students a sense of responsibility towards nature and environment. Students are given lectures and demos on the importance of green environment. We closely collaborate with government departments, environmental protection agencies as well as civic bodies. Archroma employees have also planted trees within our precincts towards "Employee volunteering". Hundreds of trees have been planted In the adjoining areas of Jamshoro and Landhi sites.

More than 60% of Jamshoro site has open green spaces with fruits and tree plantation. More recently we are growing wheat on four acres.

In recognition of our efforts, Archroma received Tree Plantation Award from National Forum of Environment & Health for the past three consecutive years.



Tree plantation with Global Procurement Head & Neighbourhood Community

Partnering for Educational Cause

Improving Literacy rate is a national cause. Archroma strives to enhance the academic standards by taking various educational initiatives. Partnering with Citizens Foundation is one such step in this direction. In July 2022, we provided financial assistance in installation of solar power supply to TCF School. This will ensure uninterrupted electricity to the school specially ensuring relief during summers and added motivation for school children and teachers.



Happy & bright faces of school children destined for better future

DIRECTORS' REPORT

Sustainable Neighborhood & Responsible Care

Sustainable Effluent Treatment (SET) Plant @ Zero Discharge facility in Jamshoro is unique in the world of textile dyes and chemicals manufacturing.

Realizing the water scarcity in the country specially river Indus which is fast depleting and impacting 5000 years old Indus Civilization, we started SET plant with Zero Discharge Concept to recycle and reuse 80% of our water consumption at site 3.3 Million gallons of water is saved per month. Water thus saved is helping to improve the aquatic and community life in the region.

Jamshoro comes in the water stressed areas of the country. We supply approximately 13000 gallons of drinking water per day to the neighbouring community absolutely free of cost.

Archroma takes water scarcity very seriously and therefore is constantly exploring new and environmentally compatible solutions. As a chemical company committed to innovation and performance together with sustainability, Archroma puts a lot of time and engagement in developing chemical solutions that help our customers use less water.

An Effluent Treatment Plant is also functioning at our Landhi site since 2002. Water is effectively re-cycled and used for utilities and gardening. Here too, a large open space is available wherein fruits and vegetables are grown through an organic method. The installation of Plant is the manifestation of Responsible Care initiative. This plant has helped us to improve ecological conditions and meeting National Environmental Quality Standards (NEQS). As a consequence the usage of fresh water is reduced thus saving valuable resources of the Landhi area. At the same time the treated water is also made available to inhabitants of the neighborhood for irrigation purposes which will improve their quality of living.

Being an environmentally friendly company, we provide help to other member industries and educational institutions by sharing knowledge, treatment techniques and training of our two Effluent Treatment plants.



Supply of Drinking Water to Neighborhood Community

Support towards Fire Safety

“Safety First” is a way of life at Archroma supported by Safety Rules. We provided assistance to the Landhi Association of Trade & Industry by donating a sizeable amount that will go towards purchase of Fire Engines catering to the industrial areas with large manufacturing units mainly textile mills. Our own production site is also situated in Landhi area. By helping the Association we have strengthened our commitment of being a responsible corporate citizen. The fire engines are stationed in vicinity and will be available with rapid speed in case of fire emergency.

DIRECTORS' REPORT

Emergency Response – Floods

Archroma Pakistan shouldered their responsibility in the time of acute crisis when devastating floods hit Sindh in August 2022. Our CEO, Mr. Mujtaba Rahim visited the relief camps set up in the flood-affected areas of Jamshoro, where he met school authorities and people of neighborhood of RBB colony Jamshoro.

More than 500 ration bags, mineral water and cooked food was distributed amongst the flood afflicted families in the areas of Jamshoro, through the office of Deputy Commissioner's office.

We also mobilized relief supplies, in the form of 2,000 liters of purified drinking water on daily basis through the Deputy Inspector General of Police Hyderabad.

Archroma Pakistan Limited worked closely with provincial disaster management authorities to support them in relief work for the affected communities.

On the other hand we joined hands with Department of Community Medicine, Liaquat University of Medical & Health Sciences (LUMHS), Jamshoro to arrange emergency medical camps in flood affected areas of Jamshoro. We provided free medication to the flood-hit families who have been inundated by the relentless monsoon rains. Focused on the health needs of flood affectees, doctors from LUMHS volunteered their services and performed comprehensive check-ups on patients. We played a proactive role in times of national emergency.



DIRECTORS' REPORT

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 117 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.

Our Company is also having a mandatory requirement for all employees across the entity to attend Code of Conduct training online and certificate of completion is presented to successful candidates.

DIRECTORS' REPORT

Gratuity and Provident Funds

The value of investments of Gratuity and Provident funds based on the latest unaudited financial statements at 30 June 2022 and audited financial statement at 30 June 2021 are as follows.

	2022	2021
	(Rupees in million)	
Gratuity Fund	1,013	1,005
Employees Provident Fund	640	623

The value of investment includes accrued interest.

Composition of the Board

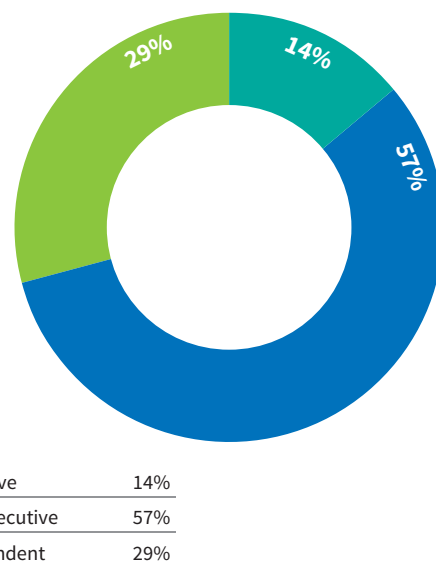
The Company has a highly effective board, having diverse mix of gender, core competencies, skills, knowledge and experience. The composition of the Board is fully in compliance with the requirements of the listed companies (Code of Corporate Governance) Regulations, 2019 applicable on listed entities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

Total numbers of directors:

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

Composition:

i) Executive Director	01
ii) Non-executive Directors	04
iii) Independent Directors	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 to assist the Board in its 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. M. 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 and CFO 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 by the Board of Directors and finally is subject to consent of members.

DIRECTORS' REPORT

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
M Veqar Arif	Non-Executive	4	4	-
Thomas Bucher	Non-Executive	-	-	-
Michel Zumstein (Alternate: Naveed Kamil)	Non-Executive	4	4	1
Marcos Furrer (Alternate: Irfan Chawala)	Non-Executive	4	-	-
Shahid Ghaffar	Independent	4	4	-
Yasmin 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 completed its annual self-evaluation for the year ended 30 September 2022. The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

Related Party Transactions

During the year, the Company also carried out transactions with related parties. Details of these transactions are disclosed in note 35 to financial statements attached therein.

Default of Payments, Debt / Loan Taxes and Duties

In adherence 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.

DIRECTORS' REPORT

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.

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 Risk Management section of the annual report.

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 in Pratteln, Switzerland, the company operates a highly integrated, customer-focused platform that delivers specialized performance and color solutions in over 100 countries. Archroma works with 2,800 employees in over 31 countries and with 25 production sites.

Acquisition

We have been informed by our group, that Archroma has agreed to acquire the Textile Effects Business of Huntsman Corporation globally and transaction is subject to review and approval by regulatory authorities.

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

Financial Statements and Auditors.

The financial statements of the company have been audited and approved without qualification by the auditors, KPMG Taseer Hadi & Co. Chartered Accountants. The 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 2022-2023, as recommended by the Audit Committee, subject to approval of members in the 27th Annual General Meeting.

DIRECTORS' REPORT

Key Operating & Financial Data

Key Operating and Financial data for last six years shown on page 117.

Pattern of Shareholding

A statement showing the pattern of shareholding as at 30 September 2022 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: 27 October 2022

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی رپورٹ برائے اختتام سال 30 ستمبر 2022ء

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والے سال کیلئے آڈٹ شدہ مالیاتی گوشواروں کیساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کاروباری جائزہ

پاکستان میں ٹیکسٹائل کی برآمدات مالی سال 2022 کے دوران مضبوط رہیں، تاہم، لوکل اور ایکسپورٹ مارکیٹس دونوں کی ٹیکسٹائل کی فروخت اور تعمیراتی سرگرمیاں خاص طور پر زیر جائزہ رواں مالی سال کی آخری سہ ماہی کے دوران روس اور یوکرین تنازعہ اور ملک کے ایک تہائی کو متاثر کرنے والے تباہ کن سیلاب، توانائی، اجناس کی قیمتوں میں اضافہ اور افراط زر کی وجہ سے سست پڑ گئیں ہیں۔

مندرجہ بالا چیلنجنگ ماحول کے باوجود، آپ کی کمپنی، 30 ستمبر 2022 کو ختم ہونے والے مالی سال کے دوران گزشتہ سال کے 19,872 روپے ملین کے مقابلے میں 25,154 روپے ملین کی خالص فروخت حاصل کرنے میں کامیاب رہی، 27 فیصد کی مجموعی فروخت میں اضافے میں شراکت، تمام کاروباروں کی طرف سے آئی ہے، جہاں برانڈ اور پرفارمنس ٹیکسٹائل اسپیشلائز میں 27 فیصد اضافہ ہوا، کوئنگ ایڈیٹو اور سیلانٹ کے کاروبار میں 30 فیصد اور پیکیجنگ اور پیپر اسپیشلائز میں 36 فیصد اضافہ ہوا۔

سال کے دوران زیادہ ٹیکس ریٹ، فریٹ اور لاجسٹکس کے اخراجات اور ڈالر اور دیگر غیر ملکی کرنسیوں کے مقابلے میں روپے کی نمایاں کمی نے نچلے درجے کے منافع کو بری طرح متاثر کیا ہے، جو کہ گزشتہ سال حاصل کئے گئے 2,309 ملین روپے کے مقابلے میں 1,885 ملین روپے تک آ گیا۔

مالیاتی کارکردگی

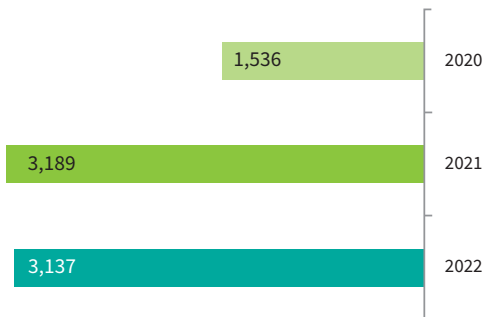
آپ کی کمپنی نے 29,430 ملین روپے کی مجموعی آمدنی حاصل کی جو گزشتہ سال 23,561 ملین روپے کی آمدنی کے مقابلے میں 25 فیصد زیادہ ہے۔

پاکستانی روپے ملین میں

تفصیلات	30 ستمبر 2022ء	30 ستمبر 2021ء	تبدیلی فیصد
مجموعی آمدنی	29,430,119	23,561,070	25
خالص آمدنی	25,154,026	19,872,237	27
کل منافع	7,220,469	6,179,307	17
آپریٹنگ منافع	3,830,397	3,461,052	10
منافع قبل از ٹیکس	3,137,384	3,189,391	(2)
منافع بعد از ٹیکس	1,885,066	2,309,366	(18)
نی شیئر آمدنی (روپے)	55.25	67.69	(18)

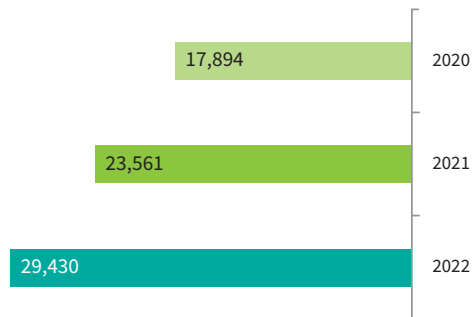
منافع قبل از ٹیکس

پاکستانی روپے ملین میں



خالص آمدنی

پاکستانی روپے ملین میں



ڈائریکٹرز رپورٹ

چھ سال کی مالی کارکردگی پر ایک نظر

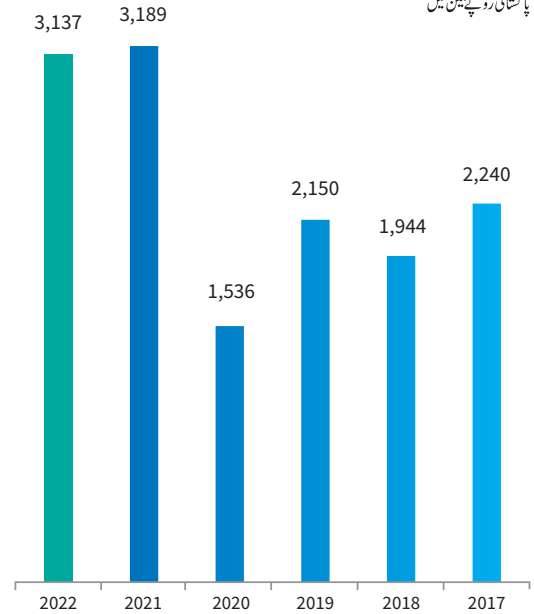
خالص آمدنی
پاکستانی روپے میں



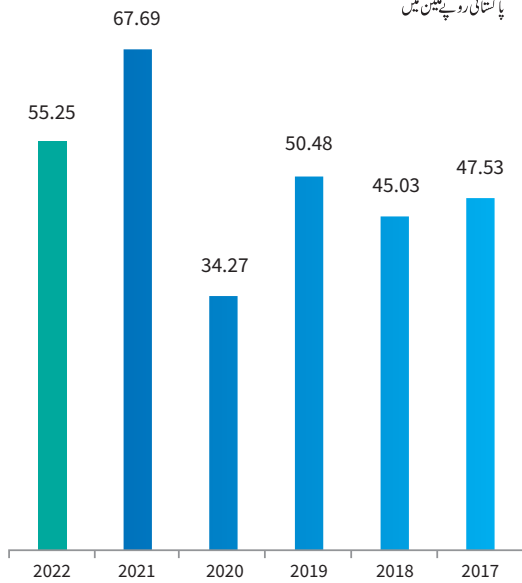
آپریٹنگ منافع
پاکستانی روپے میں



منافع بعد از ٹیکس
پاکستانی روپے میں



فی شیئر آمدنی
پاکستانی روپے میں



ڈائریکٹرز رپورٹ

مستقبل پر نظر

روس اور یوکرائن کے درمیان جاری تنازعہ، عالمی توانائی اور اشیاء کی قیمتوں اور دستیابی کی صورت حال اور پاکستان کی تجارت کے نتیجے میں منفی توازن، ٹیکسٹائل کی برآمدات کیلئے مستقبل کو کسی حد تک غیر یقینی بنا سکتا ہے۔ تاہم، مقامی مارکیٹوں کے بزنس اور سیلاب کے بعد کی تعمیر نو کی سرگرمیوں سے نئے کیلنڈر سال سے ملک کی مقامی ٹیکسٹائل اور تعمیراتی صنعت کیلئے مجموعی کاروباری ترقی کی توقع ہے۔

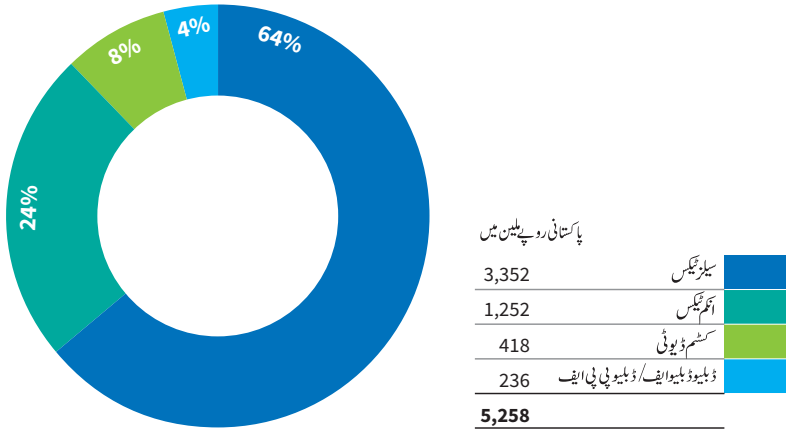
آپ کی کمپنی ترقی کے بہت سے منصوبوں پر کام جاری رکھے ہوئے ہے، جن کے فوائد سے مضبوط کاروباری پورٹ فولیو اور رفتار کو بہتر بنانے کی امید ہے تاکہ کیش فلوز اور مقررہ اخراجات کو بہترین طریقے سے سنبھالا جاسکے۔

بنیادی کاروباری سرگرمیاں

کمپنی مخصوص کیمیکلز کی تیاری، فروخت اور انڈینٹنگ بشمول ڈائری اشیاء اور کوئنگ، 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 مد میں سرکاری خزانے میں کمپنی کی مجموعی شراکت 5,258 ملین روپے رہی۔



فی شیئر آمدنی

سال کیلئے منافع 1,885 ملین رہا (گزشتہ سال 2,309 ملین روپے)۔ اس بنیاد پر سال کی فی حصص آمدنی پچھلے سال کی فی حصص آمدنی 67.69 فی حصص کے مقابلے میں کم ہو کر 55.25 روپے رہ گئی ہے۔

ڈائریکٹرز رپورٹ

منافع کا اختصا

کمپنی کے منافع کی مجوزہ تخصیص حسب ذیل ہے:-

روپے بلین میں

1,848

1,848

853

682

313

مدت کیلئے کل جامع آمدنی

مختص کرنے کیلئے دستیاب منافع

تخصیص:

عبوری کیش ڈیویڈنڈ 250 فیصد اعلان اور ادا کردہ

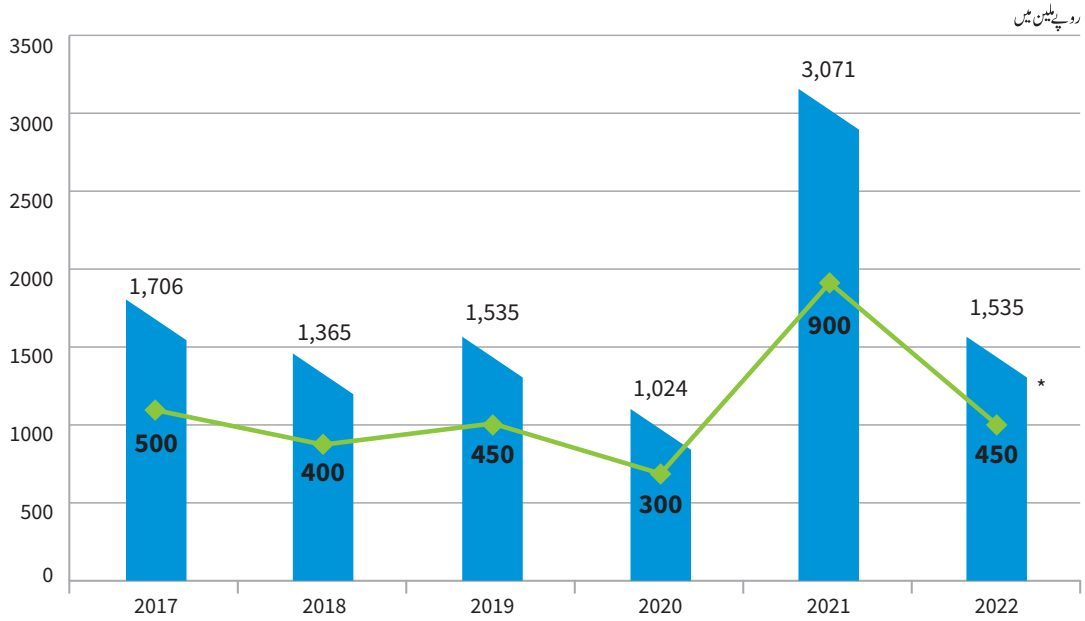
مجوزہ فائل کیش ڈیویڈنڈ 200 فیصد

سالانہ اجلاس عام میں منظوری کے بعد ادا کی جائیگی

ریونیوزرز میں منتقلی

ڈیویڈنڈ

30 ستمبر 2022 کو ختم ہونے والے سال کیلئے کمپنی کے مالیاتی نتائج کے پیش نظر، کمپنی کے بورڈ آف ڈائریکٹرز نے اعلان اور ادا کردہ 250 فیصد عبوری نقد منافع کے علاوہ 200 فیصد یعنی 20 روپے فی حصص کے حتمی کیش ڈیویڈنڈ کی سفارش کی ہے، ستمبر 2022 کو ختم ہونے والے سال کیلئے 450 فیصد فی حصص کی کل ڈیویڈنڈ کی ادائیگی۔



ڈیویڈنڈ ادا ہونے والا بلین میں

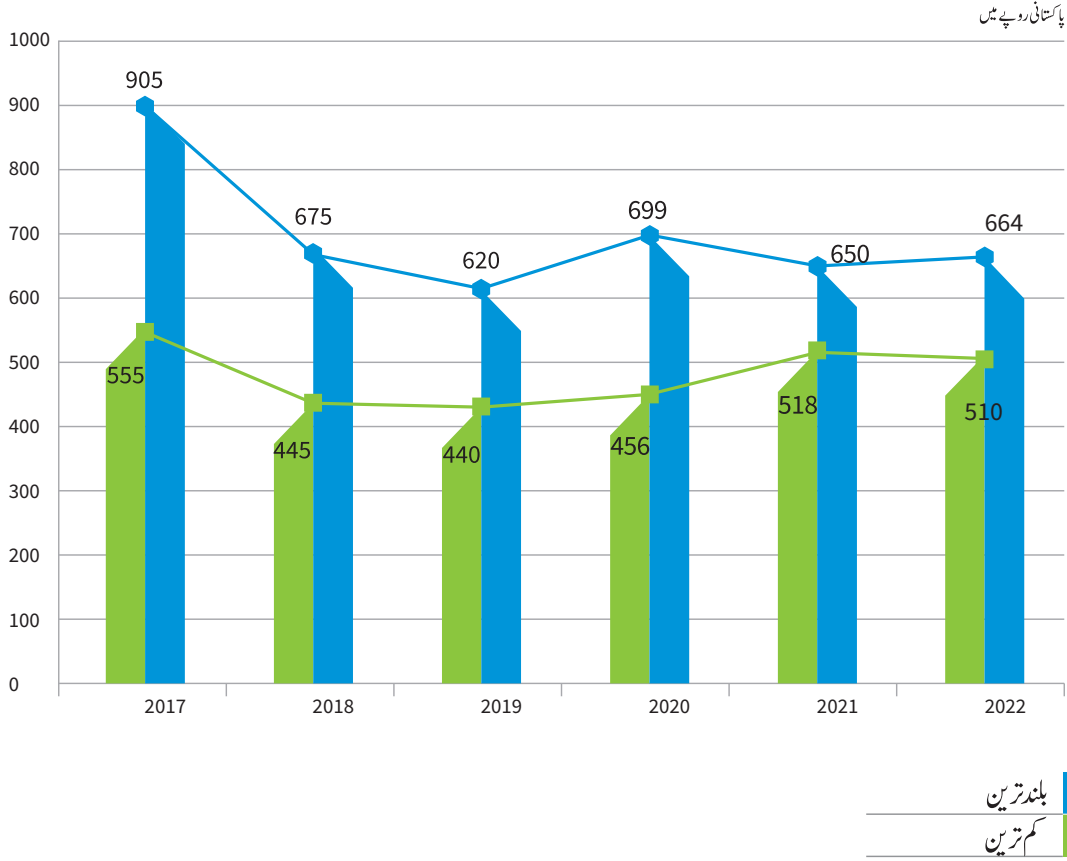
ڈیویڈنڈ ادا ہونے والا تناسب

اس میں 200 فیصد حتمی نقد منافع شامل ہے یعنی 20 روپے فی شیئر جو کہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

ڈائریکٹرز رپورٹ

حصص کی قیمت

زیر جائزہ سال کے دوران، کمپنی کے حصص کی قیمت پاکستانی روپے کی بلندی کو چھو گئی جبکہ پاکستان اسٹاک ایکسچینج کے ریڈی بورڈ کوٹیشنز پر سب سے کم ریکارڈ شدہ قیمت 510 تھی۔



کارپوریٹ سماجی ذمہ داری

آرکروما، پائیدار، اقتصادی اور ماحولیاتی، نیز منصفانہ، کاروباری طریقوں کی اخلاقی ذمہ داری کا حامل ہے، لہذا، کارپوریٹ سماجی ذمہ داری ہماری کمپنی کے فلسفے کا ایک لازمی جزو ہے، ہم فعال طور پر بہتر کوفروغ دیتے ہیں اور اپنے ملازمین کی صلاحیتوں میں سرمایہ کاری کرتے ہیں تاکہ انہیں موجودہ اور مستقبل کی ذمہ داریوں کیلئے اعلیٰ سماجی کارکردگی کیلئے تیار کیا جاسکے۔ زیر جائزہ مدت کے دوران کمپنی نے 14.5 ملین پاکستانی روپے CSR پر خرچ کئے۔

عطیات

آرکروما، مختلف خیراتی، تعلیمی اور طبی اداروں کو عطیات کے ذریعہ مالی مدد بھی فراہم کرتا ہے۔ زیر جائزہ مدت کے دوران ہماری کمپنی نے 3.1 ملین پاکستانی روپے کی شراکت کی۔

ڈائریکٹرز رپورٹ

آرکرو مائنٹرن شپ پروگرام کے کامیاب 25 سال مکمل

تقریباً ہر انجینئرنگ یونیورسٹی میں جہاں ٹیکسٹائل کے شعبہ میں اکیڈمک تعلیم فراہم کی جاتی ہے آرکرو مائنٹرن شپ آف اکیڈمکس کی لیبارٹریوں نے طلباء کو فنی تعلیم فراہم کرنے میں اہم کردار ادا کیا ہے، مائنٹرن شپ ایک لازمی خصوصیت بن گئی ہے اور ہمارے چھ ہفتوں کی تھیوری اور پریکٹس اداروں اور طلباء میں مقبول ہے، ہمارا مائنٹرن شپ سرٹیفکیٹ ٹیکسٹائل ملوں میں نوکری لے لینے بہت اہمیت کا حامل ہے۔

مائنٹرن شپ پروگرام ابتدائی طور پر 1996 میں شروع کیا گیا تھا اور سال بھر کامیابی کے ساتھ چلایا جاتا ہے، طلباء کو مائنٹرن شپ کے اختتام پر یونیورسٹی اور ٹیسٹ کے ساتھ ٹیکسٹائل ویٹ پروسیڈنگ میں عملی مظاہرہ دیا جاتا ہے، آج تک ہمارے پروگرام میں 8000 سے زیادہ طلباء نے حصہ لیا ہے اور ٹیکسٹائل انڈسٹری میں اہم عہدوں پر کام کر رہے ہیں، ہمارے مائنٹرنز میں سے 25 فیصد خواتین طالبات ہیں، یہ ہمارے سفیر ہیں اور پوری صنعت کے معیار اور اس کی ویلو جین کو بڑھانے میں اپنا کردار ادا کرتے ہیں۔



ڈائریکٹرز رپورٹ

شجرکاری مہم

ہمارا مقصد اردگرد کے علاقے کو صاف ستھرا اور سرسبز بنانا ہے آرکروما کے وجود میں آنے کے آغاز سے ہی، خاص طور پر موسم بہار اور مون سون کے موسموں میں باقاعدہ درخت لگانے کی مہم کا اہتمام کیا جاتا ہے، اس کے علاوہ آرکروما اسکولوں، کالجوں اور یونیورسٹیوں کیساتھ بھی شراکت داری کرتا ہے اور طلبا کیساتھ مل کر کام کرتا ہے تاکہ وہ درخت لگانے کی ترغیب دے اور ان کے لگائے گئے پودوں کی نگرانی کیلئے ان کے مقرر کردہ علاقوں کو بھی اپنائے، اس سے طلبا کو ذمہ داری کا احساس ملتا ہے۔ طلبا کو سبز ماحول کی اہمیت پر لیکچرز اور ڈیوڈیے جاتے ہیں، ہم سرکاری محکموں، ماحولیاتی تحفظ کی ایجنسیوں کے ساتھ ساتھ شہری اداروں کیساتھ قریبی تعاون کرتے ہیں، آرکروما کے ملازمین نے ”ملازمین کی رضا کارانہ خدمات“ کیلئے ہمارے حدود میں درخت بھی لگائے ہیں، جامشور اور لائڈھی سائنس کے ملحقہ علاقوں میں سیکڑوں درخت لگائے گئے ہیں۔

جامشور و سائٹ میں 60 فیصد سے زیادہ پھلوں اور درختوں کے شجرکاری کیساتھ کھلی سبز جگہیں ہیں، ابھی حال ہی میں ہم چار میٹر پر گندم کاشت کر رہے ہیں۔

ہماری کوششوں کے اعتراف میں، آرکروما نے گزشتہ تین سالوں سے میٹشل فورم آف انوائرنمنٹ اینڈ ہیلتھ سے ٹری پلانٹیشن ایوارڈ حاصل کیا۔



گلوبل پروکیورمنٹ ہیڈ اور علاقائی کمیونٹی کے ساتھ درخت لگانا

تعلیمی مقاصد کیلئے شراکت داری

شرح خواندگی میں بہتری ایک قومی مقصد ہے، آرکروما مختلف تعلیمی اقدامات کر کے تعلیمی معیار کو بڑھانے کی کوشش کرتا ہے، سٹیزن فاؤنڈیشن کے ساتھ شراکت داری اس سمت میں ایک ایسا اقدام ہے جو لائی 2022 میں، ہم نے کورنگی میں آرکروما ہیڈ آفس کے قریب TCF اسکولوں میں سے ایک کو سولر پاور سپلائی کی تنصیب میں مالی مدد فراہم کی، اس سے اسکول کو بلا تعلق بجلی کی فراہمی کو یقینی بنایا جائے گا، خاص طور پر گرمیوں کے دوران راحت اور اسکول کے بچوں اور اساتذہ کیلئے مزید حوصلہ افزائی ہوگی۔



اسکول کے بچوں کے خوش اور روشن چہرے بہتر مستقبل کیلئے مقدر ہیں۔

ڈائریکٹر رپورٹ

پائیدار پڑوس اور ذمہ دارانہ نگہداشت

جامشورو میں سسٹین ایبل ایملوینٹ ٹریٹمنٹ پلانٹ (SET) پلانٹ زیرو ڈسچارج کی سہولت ٹیکسٹائل ڈائیز اور کیمیکل مینوفیکچرنگ کی دنیا میں منفرد ہے۔

ملک میں پانی کی کمی خاص طور پر دریائے سندھ جو تیزی سے ختم ہو رہا ہے اور 5000 سال پرانی سندھ تہذیب پر اثر انداز ہو رہی ہے، کو محسوس کرتے ہوئے، ہم نے اپنے پانی کی کھپت کا 80 فیصد ری سائیکل کرنے اور دوبارہ استعمال کرنے کیلئے زیرو ڈسچارج تصور کیساتھ SET پلانٹ شروع کیا، اس اقدام سے ہر ماہ 3.3 ملین گیلن پانی کی بچت ہوتی ہے، اس طرح بچا ہوا پانی خطے میں آبی اور معاشرتی زندگی کو بہتر بنانے میں مدد کر رہا ہے۔

جامشورو ملک کے پانی کے دباؤ والے علاقوں میں آتا ہے، ہم پڑوسی کمیونٹی کو روزانہ تقریباً 13000 گیلن پینے کا پانی بالکل مفت فراہم کرتے ہیں۔

آکروما، پانی کی کمی کو بہت سنجیدگی سے لیتا ہے اور اس لئے مسلسل نئے اور ماحول سے ہم آہنگ حل تلاش کر رہا ہے، ایک کیمیکل کمپنی کی حیثیت سے جو پائیداری کے ساتھ جدت اور کارکردگی کیلئے پرعزم ہے، آکروما، ایسے کیمیکل حل تیار کرنے میں بہت مصروف رہتا ہے جو ہمارے صارفین کو کم پانی استعمال کرنے میں مدد کرتی ہے۔

ہماری لائڈھی سائٹ پر 2002 سے ایملوینٹ ٹریٹمنٹ پلانٹ بھی کام کر رہا ہے، یہاں بھی ایک بڑی کھلی جگہ دستیاب ہے، جہاں پھل اور سبزیاں آرگینک طریقے سے اگائی جاتی ہیں، پلانٹ کے تنصیب ذمہ دار نگہداشت کے اقدام کا مظہر ہے، اس پلانٹ نے ماحولیاتی حالات کو بہتر بنانے اور قومی ماحولیاتی معیار کے معیارات (NEQS) کو پورا کرنے میں ہماری مدد کی ہے، نتیجتاً تازہ پانی کا استعمال کم ہو جاتا ہے اس طرح لائڈھی کے علاقے کیلئے قیمتی وسائل کی بچت ہوتی ہے، ساتھ ہی ٹریٹڈ شدہ پانی محلے کے باشندوں کو آبپاشی کے مقاصد کیلئے بھی دستیاب کرایا جاتا ہے جو ان کے معیاری زندگی کو بہتر بناتا ہے۔

ایک ماحول دوست کمپنی ہونے کے ناطے، ہم دیگر رکن صنعتوں اور تعلیمی اداروں کو اپنے دو ایملوینٹ ٹریٹمنٹ پلانٹس کے بارے میں علم، علاج کی ٹیکنیک اور تربیت کا اشتراک کر کے مدد فراہم کرتے ہیں



علاقائی کمیونٹی کو پینے کے پانی کی فراہمی

فارسیفٹی کیلئے سپورٹ

’سیفٹی فرسٹ‘، آکروما میں زندگی گزارنے کا ایک طریقہ ہے جسے حفاظتی اصولوں سے تعاون حاصل ہے، ہم نے لائڈھی ایسوسی ایشن آف ٹریڈ اینڈ اینڈسٹری کو ایک اہم تعاون فراہم کرتے ہوئے مدد فراہم کی جو ان صنعتی علاقوں کیلئے فار فائٹنگ انجنوں کی خریداری کیلئے استعمال کی جائیگی جہاں ہمارا لائڈھی پلانٹ واقع ہے، ایسوسی ایشن کی مدد کے ہم نے ذمہ دار کارپوریٹ کمپنی ہونے کے اپنے عزم کو مزید مضبوط کیا ہے، آگ بھانے والے انجن آس پاس موجود ہیں اور کسی بھی آگ کی ایمرجنسی کی صورت میں تیز رفتاری کیساتھ دستیاب ہوں گے۔

ڈائریکٹرز رپورٹ

ایمرجنسی ریسپانس - سیلاب

آکر واپاکستان نے اس شدید بحران کے وقت اپنی ذمہ داری نبھائی جب اگست 2022 میں سندھ میں تباہ کن سیلاب آیا، ہمارے سی ای او جناب محبتی رحیم نے جامشورو کے سیلاب سے متاثرہ علاقوں میں قائم امدادی کیمپوں کا دورہ کیا، جہاں انہوں نے اسکول حکام اور RBB کا لوئی جامشورو کے پڑوسیوں سے ملاقات کی۔

ڈپٹی کمشنر آفس کے ذریعہ سے جامشورو کے علاقوں میں سیلاب سے متاثرہ خاندانوں میں 500 سے زائد راشن کے تھیلے، منرل واٹر اور پکا کھانا تقسیم کیا گیا۔

ہم نے ڈپٹی انسپکٹر جنرل آف پولیس حیدرآباد کے ذریعہ روزانہ کی بنیاد پر 2000 لیٹر پینے کے صاف پانی کی شکل میں امدادی سامان بھی متحرک کیا۔

آکر واپاکستان لمیٹڈ نے صوبائی ڈیزاسٹر مینجمنٹ حکام کے ساتھ مل کر کام کیا تاکہ متاثرہ کمیونٹیز کیلئے امدادی کاموں میں ان کی مدد کی جاسکے۔

دوسری جانب ہم نے لیاقت یونیورسٹی آف میڈیکل اینڈ ہیلتھ سائنسز (LUMHS) جامشورو کے شعبہ کمیونٹی میڈیسن کیساتھ مل کر جامشورو کے سیلاب سے متاثرہ علاقوں میں ہنگامی طبی کیمپوں کا اہتمام کیا، ہم نے سیلاب سے متاثرہ خاندانوں کو مفت ادویات فراہم کیں جو مومن سون کی مسلسل بارشوں کی وجہ سے زیر آب آگئے ہیں، سیلاب متاثرین کی صحت کی ضروریات پر توجہ مرکوز کرتے ہوئے LUMHS کے ڈاکٹروں نے اپنی خدمات رضا کارانہ طور پر پیش کیں اور مریضوں کا جامع چیک اپ کیا، ہم نے قومی ہنگامی حالات میں فعال کردار ادا کیا۔



ڈائریکٹرز رپورٹ

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 پیروی 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 117 پر منسلک ہیں۔
- منسلک آڈٹ شدہ مالیاتی گوشواروں میں بقایا ٹیکسز 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 سہولیت 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۔

ہماری کمپنی کے پاس پورے ادارے کے تمام ملازمین کے لئے آن لائن ضابطہ اخلاق کی تربیت میں شرکت، لازمی تقاضا بھی ہے اور کامیاب امیدواروں کو تکمیل کا شوقیلیٹ پیش کیا جاتا ہے۔

ڈائریکٹرز رپورٹ

گریجویٹی اور پراویڈنٹ فنڈز

30 جون 2022 کے تازہ ترین غیر آڈٹ شدہ اور 30 جون 2021 کے آڈٹ شدہ مالیاتی اسٹیٹمنٹ کی بنیاد پر گریجویٹی اور پراویڈنٹ فنڈز کی سرمایہ کاری کی ویلیو درج ذیل ہے:

2021 2022

(روپے بلین میں)

1,005 1,013

623 640

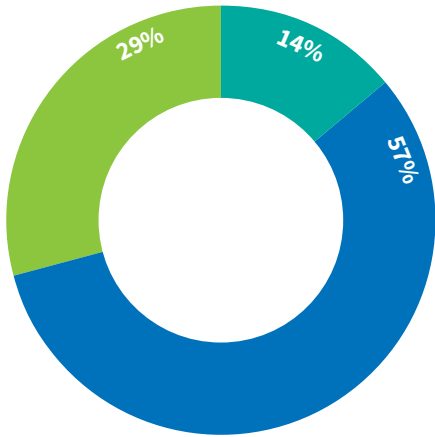
گریجویٹی فنڈ

ایمپلائز پراویڈنٹ فنڈ

سرمایہ کاری کی ویلیو میں جمع شدہ مارک اپ شامل ہے۔

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، 2019 کے تقاضوں کے مطابق ہے جو درج ذیل اداروں پر لاگو ہوتا ہے:



14%	ایگزیکٹو
57%	نان ایگزیکٹو
29%	انڈیپنڈنٹ

ڈائریکٹرز کی کل تعداد:

06 الف) مرد

01 ب) خاتون

07

تشکیل:

01 (i) ایگزیکٹو

04 (ii) نان ایگزیکٹو

02 (iii) انڈیپنڈنٹ

07

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۔

ڈائریکٹرز رپورٹ

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:

ڈائریکٹر کا نام	عہدہ
جناب شاہد غفار	چیئر مین (آزاد ڈائریکٹر)
جناب مشیل زوسٹین	ممبر (نان ایگزیکٹو ڈائریکٹر)
جناب ایم وقار عارف	ممبر (نان ایگزیکٹو ڈائریکٹر)

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 ذریعے 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:

ڈائریکٹر کا نام	عہدہ
محترمہ یاسمین بیگم	چیئر پرسن (آزاد ڈائریکٹر)
جناب مجتبیٰ رحیم	ممبر (ایگزیکٹو ڈائریکٹر)
جناب مشیل زوسٹین	ممبر (نان ایگزیکٹو ڈائریکٹر)

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 انڈیپنڈنٹ 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۔

ڈائریکٹرز رپورٹ

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:

ڈائریکٹر کا نام	عہدہ	بورڈ آف ڈائریکٹرز 4-اجلاس	آڈٹ کمیٹی 4-اجلاس	HR-R 1-اجلاس
مجتبیٰ رحیم	ایگزیکٹو	4	-	1
ایم وقار عارف	نان ایگزیکٹو	4	4	-
تھامس بوچر	نان ایگزیکٹو	-	-	-
مشیل زوسٹین (متبادل: نوید کمال)	نان ایگزیکٹو	4	4	1
مارکوس فیورر (متبادل: عرفان چاہ والا)	نان ایگزیکٹو	4	-	-
شاہد شغفار	خود مختار	4	4	-
یاسمین پیر محمد	خود مختار	4	-	1

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، آرکرو ما 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 2022 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۔

متعلقہ پارٹی لین دین

سال کے دوران، کمپنی نے متعلقہ پارٹیز کے ساتھ لین دین بھی کیا، ان لین دین کی تفصیلات نوٹ نمبر 35 میں اور اس میں منسلک اسٹیٹمنٹ میں ظاہر کی گئی ہیں۔

عدم ادائیگی، قرض/قرض ٹیکس اور ڈیوٹیز

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، ڈیوٹیز اور لیویز کی مد میں کوئی ادائیگی واجب الادا یا بقایا نہیں تھی۔

ڈائریکٹرز رپورٹ

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۔

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۔

ہولڈنگ کمپنی

آرکرو مائیکسٹائل GmbH رنگوں اور خصوصی کیمیکلز کا ایک عالمی، متنوع فراہم کنندہ ہے جو برانڈڈ اور پرفارمنس ٹیکسٹائل، پیکیجنگ اور کاغذ، اور کونٹیکٹ، چمکنے والی اشیاء اور سیلنٹ مارکیٹوں کو پیش کرتا ہے۔ پرائس، سوشل ریلینڈ میں ہیڈ کوارٹر اور رجسٹرڈ، کمپنی ایک انتہائی مربوط، کسٹمر پر مرکوز 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 2800 ملازمین اور پیچیس پروڈکشن سائٹس مصروف عمل ہیں۔

حصول

آرکرو مائیکسٹائل انٹرنیشنل کیساتھ ایکویٹی اور اثاثوں کی خریداری کا معاہدہ کیا ہے تاکہ عالمی سطح پر ان کے ٹیکسٹائل انفلکٹس بزنس کو حاصل کیا جاسکے، یہ لین دین ریگولیٹری حکام کے ذریعہ منظوری کے عمل میں ہے اور توقع ہے کہ کیلنڈر سال 2023 کی پہلی سہ ماہی میں مکمل ہو جائے گی۔

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عام لوگ آرکرو مائیکسٹائل پاکستان لمیٹڈ 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

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 2022-2023 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 27 ویں سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط ہے۔

ڈائریکٹرز رپورٹ

کلیدی آپریٹنگ اور مالیاتی ڈیٹا

گزشتہ چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا صفحہ 117 پر دکھایا گیا ہے۔

شیر ہولڈنگ کا نمونہ

کمپنیز ایکٹ مجریہ 2017ء کے سیکشن (f) (2) 227 کے تحت 30 ستمبر 2022 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۔

منجانب بورڈ



عرفان چاہ والا
سی ایف او / ڈائریکٹر



مجتبیٰ رحیم
چیف ایگزیکٹو آفیسر

کراچی: ۱۲ اکتوبر ۲۰۲۲ء

AWARDS & ACCREDITATIONS

Archroma takes leads in corporate world with its open door policy. We assimilate new ideas within our teams that enhance and build quality standards in every area of activity. The resultant is a large number of recognitions from the government and trade bodies.

2nd DECADE OF EXCELLENCE STARTS ARCHROMA WINS 11TH CORPORATE EXCELLENCE AWARD

Archroma Pakistan entered second decade of consecutively winning Corporate Excellence Award - Chemical Sector from Management Association of Pakistan for the 11th time. The Award was presented to Our CEO Mr. Mujtaba Rahim and Director & CFO Mr. Irfan Chawala in the presence of large corporate sector gathering. It is a recognition of good management practices that include finance, compliance, human resources and corporate social



ARCHROMA PAKISTAN'S ANNUAL REPORT RECEIVES 'BEST CORPORATE REPORT' CERTIFICATE

In recognition of exemplary corporate and financial reporting, consecutively for the 2nd year, the Annual Report of Archroma Pakistan received Certificate of Appreciation in a competition held by ICAP and ICMAP. The contest is organized to rate the quality of information and layout of Annual Reports. Our Director and CFO Mr. Irfan Chawala received the best corporate report certificate.



OCCUPATIONAL SAFETY, HEALTH & WELLNESS AWARD 2021

After a tough nationwide contest, Archroma Pakistan won 3rd position in Occupational Safety, Health & Wellness Awards for the year 2021 in the Chemical & Allied Sector category. The Awards were organized by Employers Federation of Pakistan on 21st May 2022 at Hotel Marriott, Karachi. The President of Pakistan, Dr. Arif Alvi was Chief Guest at the occasion and presented the Award to Mr. Qazi Naeemuddin, Head of Operations, Jamshoro site.



AWARDS & ACCREDITATIONS

ARCHROMA PAKISTAN WINS ENVIRONMENT EXCELLENCE AWARD 2022

In a nation wide contest, National Forum for Environment & Health declared Archroma Pakistan winner of 19th Annual Environment Excellence Award for 2022. Abdul Salam received the award from Mr. Abubakar Ahmed Madani, Secretary Energy, Government of Sindh on 16th August at Karachi. The award is a recognition of our efforts towards environment protection.



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, Labour, 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. Ms. Shahana Kaukab received the award from Mr. Mike Nithavrianakis, British Deputy Commissioner, Karachi.



SKILLS DEVELOPMENT EMPLOYERS' RECOGNITION AWARD

Archroma Pakistan partners with institutions for vocational training and skills development of young students since 2013 alongwith hands-on experience at shop floor. Another training consists of six weeks internship of chemistry & chemical engineering students at Archroma Center of Excellence. In recognition of our efforts Employers Federation of Pakistan conferred Employers' Recognition Award. The award was presented by Ms. Ghazala Saifee, Member, National Assembly.



AWARDS & ACCREDITATIONS

CORPORATE SOCIAL RESPONSIBILITY AWARD

Archroma Pakistan was adjudged winner of Corporate Social Responsibility Award under the theme, "CSR Round-the-Clock practices". National Forum for Environment & Health held this contest. Mr. Ihtasham Elahi received the prestigious award from State Minister for Information & Broadcasting, Mr. Farrukh Habib.



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.



ARCHROMA PAKISTAN RECOGNIZED

Pakistan Chemical Manufacturers Association (PCMA) recognized efforts of Archroma Pakistan at their Annual General Body meeting held on 30th September at Governor House, Lahore. Ihtasham Elahi received the memento from Governor Punjab, Chaudhry Mohammad Sarwar. Archroma is an active member of this Association.

STRATEGIES AND RESOURCE ALLOCATION



STRATEGY AND RESOURCE ALLOCATION

Strategic Objectives

Strategic Objective	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 5,823 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	<p>Human capital is an asset and plays an important role in our success. The Company has put following strategies to achieve its objectives:</p> <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 <p>Development of a succession plan for all key positions within the organization</p>	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



STRATEGY AND RESOURCE ALLOCATION

Resource Allocation

Our focus is always to realize the maximum potential of our resources including but not limited to financial, manufactured capital, intellectual capital, human capital, social and relationship capital, natural capital, 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, 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.

Specific Processes used to make Strategic Decisions

The Company undertakes strategic planning to establish its direction, set priorities and ensure that employees and other stakeholders are working towards common goals and adjust the Company's direction in response to a changing environment. The strategic decision making process focusses on the structural decisions which are necessary to build on an organization's strengths, mitigate its weaknesses, tap the opportunities and address the threats. Inherently such decisions include a wide range of uncertainties and carry higher levels of risk. Archroma establish the goals and objectives of the organization and identify best courses of action among all available alternative strategies to achieve them. In this phase, we ensure that our business strategies and goals are aligned with our Vision, Mission and Core Values.

Management Committee is typically involved in the strategic decision making process. With the support of key team members, the Management Committee identifies a problem or an opportunity and prepares a methodology to address it. For any strategic decision making, following specific processes are used:

- Problem Definition
- Gathering of information
- Development and evaluation of different options
- Selection of best option
- Implementation and monitoring of decision

Significant changes in objectives and strategies from prior years.

The Company's main areas of focus are the same as those in the previous year, however, the targets are revised in line with the strategic priorities set by the management for the FY 2022-23. Strategies are revised or re-aligned according to the objectives and targets set for the year.

STRATEGY AND RESOURCE ALLOCATION

Factors Effecting the External Environment

Factors	Description	Organizational Response
POLITICAL	Political instability and changes in government policies may have adverse impact on the organization operations.	<p>The company vigilantly monitors the changes in government policies and regulations issued by the regulators.</p> <p>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.</p>
ECONOMIC	<p>Increase in prices of major raw materials and operational cost.</p> <p>Increase inflation.</p> <p>Increase in shipping cost.</p> <p>Delay in deliveries.</p>	<p>The company keeps an eagle 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.</p>
SOCIAL	Focus on Corporate Social Responsibility, Donations, Development of communities.	<p>As a social responsible corporate entity Archroma Pakistan actively takes a part in CSR activities.</p> <p>Archroma is amongst the first 20 signatories of United Nations Global Compact initiatives rolled out in Pakistan in December 2005. All 10 principle 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.</p>
TECHNOLOGICAL	Technological obsolescence, striving to competitive edge competitors on new opportunities created by technological advancements.	<p>Archroma continuously invests in different projects to improve efficiency and to achieve operational excellence.</p> <p>Archroma's Aniline free liquid indigo is a shining example for producing sustainable denim fashions.</p>
ENVIRONMENT	Growing attention to environmental protection, climate changes, natural disasters and natural resource conversion.	The company has a separate 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.

STRATEGY AND RESOURCE ALLOCATION

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 value. 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 its financial commitments, enable us to negotiate better credit rates and terms with our credit 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 help 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 give edge to us on our competitors.

Threat of New Entrants

Being the largest producer of specialty chemical 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 very low, because of the nature of products.

RISK MANAGEMENT



RISK MANAGEMENT

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.

Risks, Mitigation Plans & Opportunities

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 has created hedge through exports and pricing to cover for its foreign currency exposure from major imported source of RMs. Further, the Company also actively seeks to identify competitive local sources for its raw materials in order to effectively manage its exposure to foreign currency fluctuations.
Increasing raw material prices The escalation in Raw Material prices results to significant impairment in margins	Financial	External	High	Increase in prices of Raw Materials is beyond the control of the Company. However, the Company's regular import lead times' cycle and Sales & Distribution structure does provide an opportunity for pro-active Purchases, supply & Price Management in the Market.

RISK MANAGEMENT

Risk	Type of Capital Effects	Source	Likely hood and magnitude	Mitigation Plan
<p>Production supplies availability Lack or scarcity of raw materials ,delay in raw material feeding and other production supplies</p>	Financial and Manufacturing	External	High	Although above Risk is high and significant due to heavy dependence on Imports (approx. 80%). However, Company's regular import lead times' cycle and local manufacturing enables it to convert such risks into opportunity.
<p>Adverse regulatory changes Changes in the current applicable regulation implying a negative impact on the daily development of Archroma's business.</p>	Financial	External	Medium	<p>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.</p> <p>However, Archroma being major stakeholder in the Textiles / Exports (major source of FX for the Country) gets positive consideration while making any such changes.</p>
<p>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.</p>	Financial	External	Medium	The Company has established disaster recovery/ business continuity plans that have been implemented at all locations and staff is fully equipped to quickly recover from any natural disaster or unforeseen situation.
<p>Compliance Risk Risk of non-compliance with applicable laws and regulations.</p> <p>Actual or potential threat of adverse effects on environment arising out of the Company's activities.</p> <p>Personal health and safety risks at operating sites</p>	Social, Natural & Human	External and Internal	Medium	<p>Company has strong finance, legal & compliance functions which regularly monitor changes in the applicable legal and regulatory requirements to ensure timely compliances.</p> <p>Various environmental friendly projects such as Zero Discharge, green office etc. are implemented into the core sustainability culture of the Company which enables it to focus on energy conservation and operational efficiencies.</p> <p>Being a Chemical Manufacturing concern, this inherent risk exists but all safety measures, regular monitoring & testing are done to mitigate such risks.</p>

RISK MANAGEMENT

Risk	Type of Capital Effects	Source	Likely hood and magnitude	Mitigation Plan
				<p>Archroma has developed and implanted 12 lifesaving rules. Company regularly provides trainings to its employees to address potential health and safety issues.</p> <p>Safety is given high importance. Continuous Trainings, awareness and vigilance is maintained to minimize such risk.</p>
<p>Credit & Liquidity Risk Risk of default by company's customers to discharge their obligations and cause financial loss to the company.</p>	Financial	External	Low	Stringent client screening is made by credit control department. Treasury function works proactively and adequate fund/credit lines are made available for any unforeseen situation.
<p>Interest Rate Risk High interest rates results in higher borrowing costs as currently prevalent in the Country.</p>	Financial	External	Medium	<p>The company has taken multiple steps to reduce markup rates. This includes having better negotiations with lenders to avail low-cost borrowing and taking opportunity if incentivized by the Government.</p> <p>We ensure to properly utilize all available economical borrowing options and also negotiate better terms with customers and suppliers in order to increase DPO and reduce DSO.</p>
<p>Information Technology Risks Loss of confidential information due to data theft IT Systems becoming unavailable because of System/Network failure, cyber-attacks etc.</p>	Financial	Internal and External	Medium	<p>Information is transmitted through secure connections and firewalls are in place to prevent malicious activities. Appropriate data back-up mechanism is in place. Periodic log reviews further ensure that system related controls are in place and working effectively.</p> <p>IT audits, vulnerability awareness campaigns, and trainings are conducted to monitor and minimize the risk.</p>

RISK MANAGEMENT

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. This will results 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.

Initiatives in Promoting Innovation

The management takes great interest in creating a sustainability culture that nurtures innovation and entrepreneurial thinking, establish innovation platforms and enhance employee engagement initiatives.

We provide innovative, sustainable solutions and services to our customers to support them to not only increase the value of their products but also to safeguard the environment by providing energy and environment conservation solutions. Our science and technology expertise, coupled with in depth market, customer and regulatory understanding, provide the platforms for the creation of safer, more sustainable chemicals and practices in the industries we serve.

Risk Management Process

Internal Control represents a key element of Corporate Governance and Risk Management, helping to ensure that operating, financial and compliance objectives are attained. It provides reasonable assurance to Stakeholders regarding:

- Effectiveness and efficiency of operations
- Reliability of financial statements and business information
- Compliance with laws & regulations
- Compliance with policies & procedures
- Protection of assets and prevention of fraud

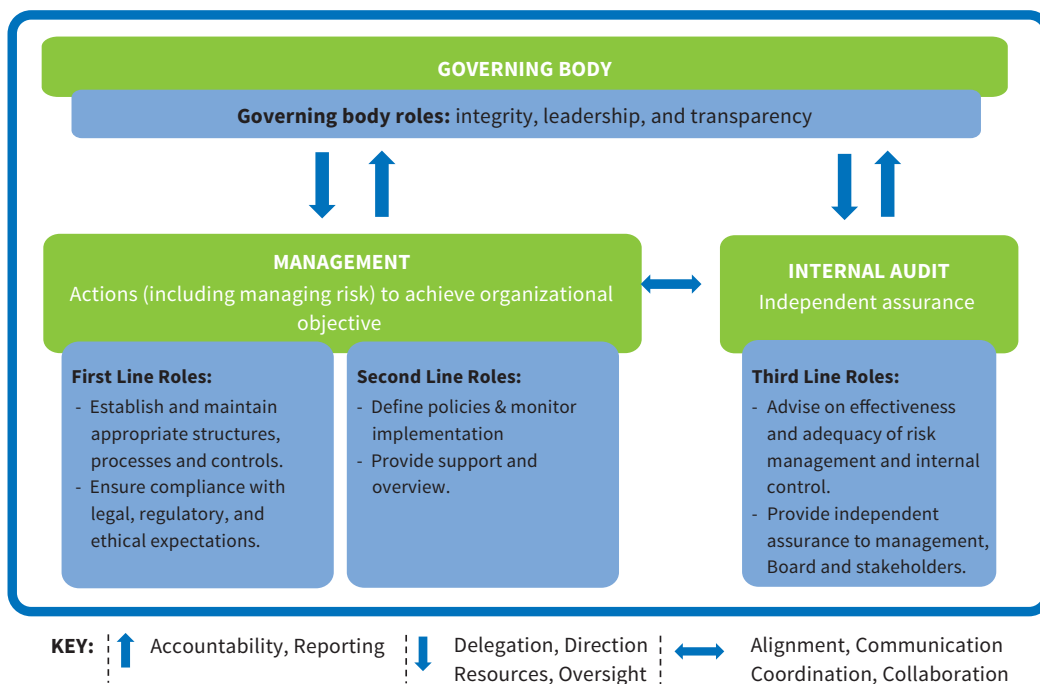
Self-Assessment Questionnaires (SAQs) was also launched by Archroma as part of Enterprise Risk Management systems for yearly monitoring the compliance with expected internal controls.

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.

RISK MANAGEMENT

According to the international best practices defined in the Three Lines of Defense model, different roles are held within the Archroma in relation to the Internal Control System:

The IIA's Three Lines Model



Robust Assessment of Principal Risks

The Board oversees the governance of risk and determines the Company's level of risk tolerance by establishing risk management policies and for this purpose the Board undertakes an overall review of business risks on annual basis to ensure that the management maintains a sound system of risk identification, risk management and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders.

Liquidity Management

Owing to strong financial health, the Company does not have or forecast any liquidity issues. The Company always strives to maintain a strong liquidity position to ensure availability of sufficient working capital besides identification and mitigation of cash flow risks. The Company actively monitors daily cash position and revenue receipts from sales are managed through optimized control of customer credit.

The Company manages liquidity risk through efficient cash flow management and by maintaining sufficient balances with banks and short-term financing facilities. The Company maintains a good business relationship with top-tier reputable banks of the Country and all the financing facilities are readily available.

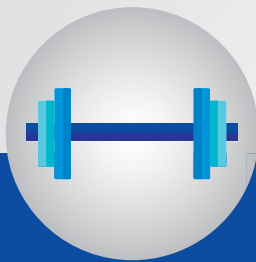
Archroma maintained its credit rating with long term rating of AA and short term rating of A-1, indicating high creditworthiness and the Company's ability to settle its financial commitments in a timely manner.

Adequacy in Capital Structure

The Company primarily manages its long-term investment requirements and short-term working capital requirements from its internally generated cash-flows; however, it takes advantage of any short-term financing available at subsidized rates. Healthy cash flows and prudent liquidity management aids the Company to maintain its strong liquidity position. The Company believes that it is maintaining an optimal capital structure.

SWOT ANALYSIS

SWOT



STRENGTHS

- Market leadership
- Availability of State-of-the-art local manufacturing facilities.
- Offering logistics & packaging solutions as per Customer needs.
- Leading Indigo producer in Pakistan, with a growing presence in international markets.
- Wide Product range and customization.
- Global production footprint & market presence.
- Competent and committed team and business partners.
- System Selling approach.
- Strong Corporate Governance Structure.
- Environmental Sustainability.
- Credit Rating of AA/A-1 signifying high credit quality.



WEAKNESSES

- High dependence on imported Raw material.
- Longer lead-times & Cash cycle.
- Limited access to untapped markets.
- High freight costs



OPPORTUNITIES

- Growth in textile industry.
- Diversification into new market segments - Home Care, Construction & others.
- Alternate energy and operational efficiency projects.
- Indigo manufacturing facility - Expansion.



THREATS

- Raw material prices and availability.
- Lack of level playing field for local / Non-textile manufacturing.
- Government Policies.
- Volatility of exchange rates and restrictive import regulations.
- Rising inputs costs on account of increase in energy costs.
- Uncertainty over continuous gas availability.
- Continuous delays In Sales & Income tax refunds.
- Local/international economic, political and environmental uncertainty.

A photograph of a person's hand gently touching a field of golden wheat. The scene is bathed in warm, golden light, suggesting a sunrise or sunset. A blue curved overlay is positioned at the top of the image, containing the text 'CORPORATE SOCIAL RESPONSIBILITY'.

CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABILITY REPORT

The Archroma Way to a Sustainable World: Safe, Efficient, Enhanced. It's Our Nature.

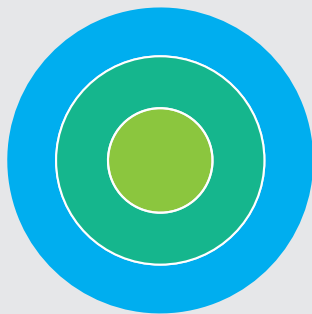
We have a solid foundation as a leader in sustainable, R&D-enabled chemistry, and that allows us to serve our customers despite the ongoing disruptions and challenges worldwide.

It is essential to support our commitment to sustainability with investments and focus in areas such as health and safety, greenhouse gas (GHG) emissions, energy and water consumption, sustainable sourcing, diversity and inclusion, and "green" innovation.

We have a solid foundation as a leader in sustainable, R&D-enabled

The year under discussion in this report continued to remain full of activities leading towards sustainability.

Archroma advocates for a sustainable world with innovations towards eco friendly systems. With more than 100 systems & solutions in place for brand & performance textiles, packaging & paper and coatings, adhesives & sealants, Archroma is on the local and global forefront to assimilate sustainability principles in all areas of its activity.



SAFE – It's our nature to protect

A solid core: Our deeply rooted goal to protect people and our planet.
Safe to use, safe to release and also safe to wear.

EFFICIENT – It's our nature to rethink sustainable manufacturing

Innovating application processes that minimize resources and maximize productivity, both in our and our customers' manufacturing as well as by setting ourselves ambitious sustainability goals.

ENHANCED – It's our nature to add another level of value

Innovation is critical. With it, we create additional effects, functionalities and aesthetics and sustainable differentiation to bring additional value, helping consumers to achieve their goals, for a life enhanced.

After all, **it's our nature....**

SUSTAINABILITY REPORT

A Year of Extending Our Services for Industry



Joining hands to save / reduce / Improve: Archroma partners with Jeanologia!

For Denim and Casual wear ARCHROMA & JEANOLOGIA Launch: 'Pad-Ox G2 Cold' A water-saving dyeing process at room temperature.

Earth Colors® Template for the Dyes of Future



EarthColors® are available in a range of six dyes that are made from waste left over by the agricultural and herbal industry, covering a palette of natural shades for cellulosic based fibres such as cotton, viscose, linen, bamboo, kapok.

Our EarthColors® technology helps to reduce the negative impact on the water footprint, and preserve human wellness, natural resources and climate change compared to conventional synthetic dyes*. Moreover, the fact that waste is up-cycled from other industries contributes to a circular economy.



BIOMASS
BASED



RESOURCE
SAVING

Innovation @ Archroma is a collaborative effort. We engage with internal and external experts, to get their input on imminent challenges and opportunities that our customers and partners are facing. With a strong insight on product stewardship we ensure to build rapport with customers and vendors that strengthens confidence on our portfolio. Our interactive customer Webinars providing direct & prompt technical information were highly appreciated.

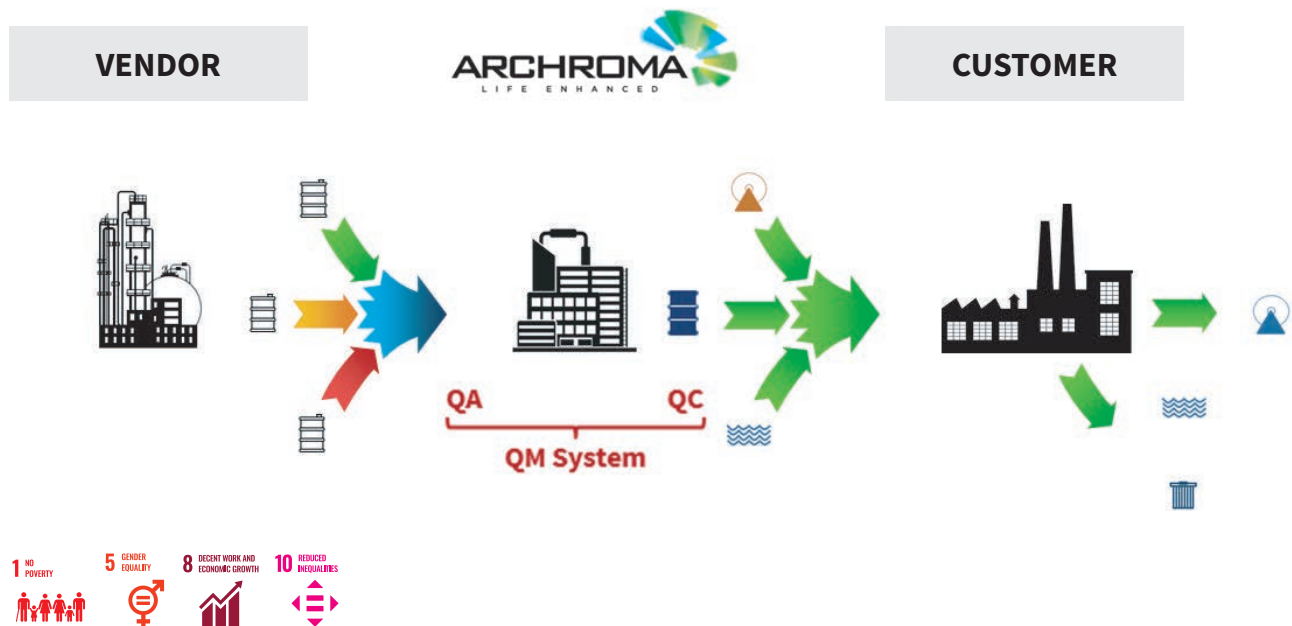
Archroma Pakistan takes pride that since past seven years, our Product Stewardship Lab at Archroma Center of Excellence, Karachi is a regular participant of Global Proficiency test by IIS, Netherland. We receive Certificates of Participation & Excellence for listed test methods in various Manufacturing Restricted Substances List. This participation provides confidence to our customers, regulatory authorities and all stake holders. It demonstrates our commitment towards Sustainability.

SUSTAINABILITY REPORT

Quality Management

Jamshoro and Landhi sites maintained their exemplary track record in external audits by Bureau Veritas in Quality Management System ISO 9001:2015, Environment Management System ISO 14001:2015 and Occupational Health & Safety Management System ISO 45001:2018. No Non-Conformity was noted at both sites. Our areas of strength highlighted are : Standard and Legal compliance, Management Commitment, Documentation & Record Keeping, Operational controls and timely Internal Audit systems.

The new standard brings a more holistic approach to the overall goal, which is to reduce unacceptable risks and ensure the safety and wellbeing of everyone involved in an organization’s activities.



Diversity & Inclusion

Archroma recognizes the dignity, privacy and personal rights of all individuals working together with various ethnic backgrounds, cultures, religions, ages, disabilities, races, sexual identity, worldview and gender.

Our aim is to:

- Create an environment in which individual differences and the contributions of all our employees are promoted, recognized and valued;
- Create a working environment that promotes dignity and respect for all, where no form of intimidation, bullying or harassment will be tolerated;
- Ensure that training, development and progression opportunities are available to all;
- Regularly review all employment practices and procedures to ensure that job applicants and employees are treated on an equal footing;
- Treat breaches of the diversity policy seriously and take disciplinary action when required.

Archroma does not tolerate discrimination against anyone based on these characteristics or any other comparable offensive behavior.

Diversity & Inclusion initiatives were reinforced this year through motivational initiatives for our female employees. Webinars were arranged to strengthen their inspiration to work. Special get-togethers further carried the message forward that Archroma highly value its female workforce.

SUSTAINABILITY REPORT

In Karachi and in other sites of Archroma Pakistan, we celebrated the International Women's Day 2022 with brief overview on D&I & historic significance of IWD to acknowledge our journey and move forward along with all segments of society. Feedback was taken from participants to Break the Bias then concluded the session with cake cutting ceremony.



Differently abled persons

Archroma Pakistan Limited (APL) aims to provide a workplace that generates equal opportunities for everyone, and in which people are treated with dignity, respect and inequality. Through its various ongoing policies, APL is committed to looking after all its employees irrespective of any discrimination in the form of gender, race, religion, caste, color or creed etc. To increase visibility and to improve brand image to its various shareholders and investors, the Management has laid a foundation that touches upon the company's corporate culture. Also recognizing the value of its human resources and extended supply chain, APL invests in its employees' health and well-being, training and development and creates a working culture which upholds decent work and work-life balance. Furthermore, as a responsible organization, APL is committed to job creation which is inclusive and provides the females, differently-abled persons and youth of the country with an opportunity to improve their livelihood skills, giving them an opportunity to become part of their workforce eventually and also enhance their standard of living.

Minimum wage paid to the employees is Rs. 25,000 per month that is in compliance with the legal requirement.

No fatal incident was reported during the year.

APL is fully compliant with the laws of land pertaining to labor rights based on national and provincial rights.

The Company promotes equal employment opportunity and prohibits discrimination on any ground. Currently, APL has 2 differently abled employees and promotes diversity and better team cohesion at the workplace.



Occupational Safety

This topic refers to Archroma's internal safety focus, management and performance. Chemical manufacturing is a specialized process involving the handling and storage of large volumes of chemical substances of varying hazardous natures, synthesis processes requiring complex machinery often using high temperatures and pressure, and waste streams that require particular treatment before being able to be discharged back into the environment.

SUSTAINABILITY REPORT

Safety is therefore our first and foremost priority in every step of the manufacturing process aiming to protect our people, our communities, and the environment. Archroma operates according to the principle that all employees and partners of Archroma are collectively responsible for safety. The company has developed 12 “Life Saving” rules, and each employee is trained on these rules and required to sign a written commitment to ensure they are followed.

A safe working place is not a dream... **it's possible!**

Archroma Pakistan Limited Achievements For the year 2022

- ▶ Jamshoro site has completed **TEN Years without LTA** (Lost Time Accident).
- ▶ Landhi site has also completed more than **Nine Years without LTA** (Lost Time Accident).
- ▶ Successful **GOTS Audit** was conducted by external auditors, No any observation reported.
- ▶ Successful **ISO surveillance Audit** by Bureau Veritas for following standards:
 - ISO 9001:2015
 - ISO 14001:2015
 - ISO 45001:2018
- ▶ **Composting:** Both sites (Jamshoro & Landhi) are involved in **composting** since last many years.
- ▶ Organized **Safety Day** to celebrate the World Day for Safety and Health at Work **at all site of Pakistan**.
- ▶ 100% environmental / SEQS compliance for Effluent, Gaseous emissions, Noise level, Ambient Air quality.
- ▶ Organized 58 training sessions with **1365** participants.
- ▶ Mock Exercises on **Firefighting, Spillage control, Rescue, medical handling and surprise evacuation drills**.

The year 2022 continued to remain "Accident Free". Our twelve principles on Safety are of course, pivotal in maintaining high standards of Occupational Health & Safety reducing risk and potentials of any unforeseen disaster. All parameters of energy, water & discharge, emissions, effluent waste, recycling and reuse were fully adhered to and above all our initiative of Composting at sites gained further momentum within the corporate circles. More factories are showing interest to learn from our best practice.



SUSTAINABILITY REPORT

Our Affiliations and Memberships

Archroma engages with relevant stakeholders in order to support and drive initiatives that are bringing concrete and ambitious solutions and innovations.

We feel that only through active positive participation will we be able to bring about measurable change.



Archroma is a member of the United Nations Global Compact, a voluntary initiative to implement universal sustainability principles and to take steps to support the United Nations Sustainable Development Goals.



Archroma is a signatory of the International Council of Chemical Associations Responsible Care® Global Charter since 2014. Responsible Care is a commitment to an ethic of safe chemicals management and performance excellence in the chemical industry.



Archroma is a member of the European Chemical Industry Council (CEFIC), a non-profit organization devoted to promoting a thriving chemical industry that is broadly recognized to provide sustainable, safe and resource efficient solutions.



Archroma is a bluesign® technologies system partner, an independent organization that represents the vision and mindset of responsible and sustainable manufacturing of textile consumer products, that acts as an independent verifier to secure trust and transparency.



Archroma is a member of the Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers (ETAD), which supports responsible care principles and product stewardship and cooperates with authorities to harmonize health and environmental regulations.



Archroma is a member of the Association of Manufacturers of Process and Performance Chemicals TEGEWA (Textil, Gerbstoff u. Waschmittel).



Archroma is a contributor of the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation, a global initiative of more than 160 contributors within the fashion and footwear industry.



Together for Sustainability (TfS) is a joint initiative of chemical companies that delivers de facto global standard for environmental, social and governance performance of chemical supply chains.

SUSTAINABILITY REPORT



EcoVadis is an organization specialized in assessing the corporate social responsibility (CSR) performance of companies on a global basis. Archroma received its “Platinum” rating placing us within the top 1% in our industry.



The Institute of Public & Environmental Affairs (IPE) is a non-profit environmental research organization based in China and dedicated to collecting, collating and analyzing government and corporate environmental information to build a database of environmental information.”



Archroma is one of the 7 leading chemical companies who founded SCTI (Sustainable Chemistry for the Textile Industry) in October 2020, aiming to drive transformational change in the textile and leather industries.



Archroma is a member of the American Association of Textile Chemists and Colorists (AATCC), which develops the test methods the textile industry uses for product quality.



Member, Society Dyers & Colorants (SDC)



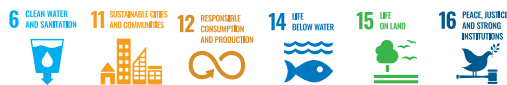
Local Communities

As a good corporate citizen, Archroma is proud to assist local communities in the vicinity of Jamshoro. We support and foster their dire need by providing free of cost water. Skills development is also our main area of interest. At Archroma Center of Excellence at Korangi, Karachi educational programs run throughout the year for students in textiles. Tailor-made programs are designed for technical staff of mills based on their specific needs. For freshly passed out students, a two-year program runs to provide hands-on experience and basic management tools enabling them to make progressive career growth.



Pakistan faced the brunt of global Climate Change this year. It's aftermath resulted in unprecedented rainfall and storms inundating vast terrains of land resulting in destruction of standing crops, livestock, households and above all tragic loss of precious lives. In Jamshoro, for the flood affected victims, hundreds of ration bags were distributed as well as medical camps were organized to provide first hand treatment of water-trauma borne diseases. With proactive defined risk management and compliance, within Archroma, we lay strong emphasis to do our bit in managing natural resources e.g. water and soil with utmost care in accordance with principles of "The Archroma Way to Sustainable World" as Its our Nature!

SUSTAINABILITY REPORT

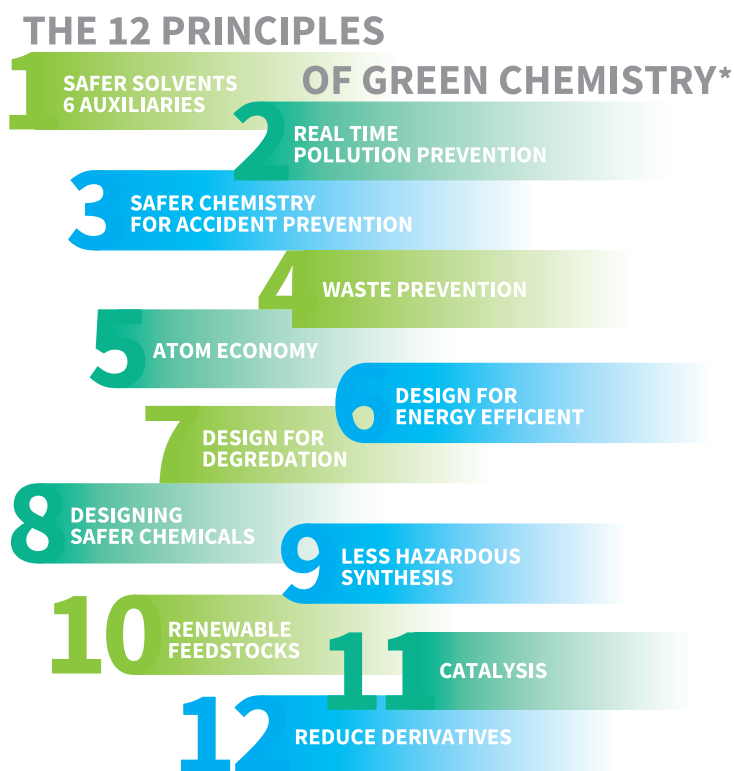


Environmental Safety

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

We apply a simple concept of analyzing our production processes to, where possible, avoid or reduce emissions and waste, recycle waste streams, and wherever necessary dispose of waste in an environmentally acceptable manner. We comply with all local regulations, and have online effluent monitoring in major sites which allows a control mechanism to achieve and surpass emission limits.

Manufacturing processes are developed in line with the “Principles of Green Chemistry*” (see graphic below); maximizing process yields which ensures that minimum waste is generated, and to minimize unintentional contaminants of raw materials and intermediates within the final product. Production technology, that is the implementation, installation, monitoring and ongoing improvements of production processes, is globally managed in two areas: 1) Chemicals, and 2) Dyes & optical brightening agents. This has been done due to the distinctly differing natures of chemistries involved in these two areas.



1st International Conference on Environmental Sustainability held at USPCAS-W's Auditorium. Conference is being organized by U.S Pakistan Center for Advanced Studies in Water, Mehran University of Engineering & Technology, Jamshoro in collaborations with Archroma Pakistan Limited.

The main objective of the conference is to highlight the issues on Environmental Sustainability and way forward towards sustainability and encouraging international professionals and students share their research, innovation.



SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABLE DEVELOPMENT GOALS

No Poverty

Gainful employment leads to reduction in poverty. At Archroma we provide fair chances of employment with no discrimination on the basis of sect, gender, cast, disabilities, cultural background or ethnic origin. Recruitment criteria is purely based on merit and the process completely transparent. Remuneration offered is according to prevailing market practice. In compliance to the ILO Convention 100, equal pay for equal value of work is offered.



We partner with Employers' trade body to jointly work on Decent Work Agenda program of International Labor Organization and United Nations.

Congenial work atmosphere is ensured at all sites & offices thereby motivating employees to perform their jobs with their best abilities. All federal and provincial government laws are abided. ILO Convention 87 based on Freedom of Association is strictly followed with the resultant that we have two workers' unions at Jamshoro and Landhi sites who conduct Collective Bargaining Agreements as per scheduled timelines. Wages are paid on a stipulated date. There has been no industrial relations dispute since half a century. We enhance performance of employees through regular training and coaching techniques.



Zero Hunger

Healthy meals are provided to all employees, vendors and visitors during lunch time. Night shift meals and refreshments are arranged at given timings. Our canteen facility is backed by a hygienic kitchen with professional chefs at all sites. There is no discrimination and everyone is offered one-menu-for-all-cadres.



Green spaces reduce pollution and are source of oxygen @ carbon-free clean air.60% of land at Archroma production sites is open massively planted with fruit trees and vegetable gardens. Spring and Monsoon Tree Plantation drives are actively followed wherein we continue to plant more fruit trees.

On an area of four acres, in 2021 wheat was sown as a test case. The yield was highly successful. Wheat harvested has been used at our canteen for staff meals.



SUSTAINABLE DEVELOPMENT GOALS

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 & Well Being and Fire Safety 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.



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 along with coaching by our team. To date 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 Institute of Pakistan (TIP)
- University of Engineering & Technology (UET)
- NED University of Engineering & Technology (NEDUET)
- Amantech Foundation
- Mehran University of Engineering & Technology (MUET)
- National Textile University (NTU)
- DICE Foundation
- WWF Pakistan



SUSTAINABLE DEVELOPMENT GOALS

Gender Equality

Archroma adopted Gender Equality Policy rolled out by Employers Federation of Pakistan in December 2008 making a record to be the first company to sign the Gender Equality Policy. We are an equal opportunity employer. There is no discrimination in career path upward / lateral mobility, training & development, and remuneration. We do not tolerate any form of harassment and unbecoming behavior. The Policy Manual has Anti-harassment Policies as an integral part. We have women working on decision making positions.



Archroma made another record by winning three consecutive Awards on Excellence in Women Empowerment in 2016, 2017 & 2018. Why not in 2019, 2021 & 2022

Annual online trainings are held on Code of Conduct which is binding on all Employees. It is based on work ethics and culture pillars. Principles of Diversity, Anti-discrimination and Decent Work agenda are elaborated therein. It caters specifically for women protection.

In line with our Corporate Social Responsibility guidelines, Archroma supports women entrepreneurship. We hold workshops on Textile Dyeing processes and management skills.

Being a top performing public limited company at Pakistan Stock Exchange, we have an active female representation at our Board of Directors too. We were conferred with “Women Enlistment Award” as a guiding example in the corporate sector.



Affordable and Clean Energy

We are planning to further decrease energy consumption by daily voluntary saving measures from employees e.g switching off unnecessary lights, working under focused lights and above all use of sunlight wherever possible. At Archroma Center of Excellence, there are no electricity bulbs, instead only sunlight is used. Solarization program is also underway. In this way we can not only save electricity but it is also environment friendly. Energy supply accounts for approximately 60% of greenhouse gas emissions.



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.

SUSTAINABLE DEVELOPMENT GOALS

Clean Water and Sanitation



Clean Water

Jamshoro comes under water stressed areas of Sindh. At Archroma site, we initiated water saving measures. Sustainable Effluent Treatment (SET) Plant was built with a big investment and inaugurated in December 2013. The principles of “Zero Liquid Discharge” apply to this highly technical facility and accordingly not a single drop of water goes out of the cycle.

At Landhi site in Karachi, Biological Effluent Treatment was build in 2002 which recycles water and it is re-used for utilities and gardening. Archroma received “Global Water Stewardship Award” in Paris on our natural resource saving measures.

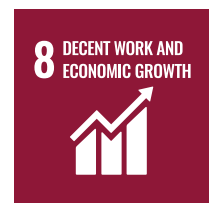
In line with “Responsible Care” and “Sustainable Neighborhood” initiatives, Archroma supplies purified water from SET plant, Jamshoro to the community and residents of plant neighborhood. Approximately 13000 gallons / day of water is distributed free of cost. Water, purified from at our SET plant is absolutely clean and fit for drinking purposes.

Sanitation

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 simple process. To date, 9000 kgs of compost has been produced. This valuable organic manure is an excellent food for plants. We have reduced the burden of organic waste and converted into a useful purpose. Archroma’s brochure on “How to make compost” is widely shared within the corporate sector as best practice.



Decent Work and Economic Growth



Archroma has a history full of achievements in the area of Decent Work in all areas of operation. The principles are fully embedded in our policies and procedures. We conduct self-evaluation periodically as an ongoing process for improvement. Complete transparency can be witnessed in management practices. All recruitments are purely on merit and employment contracts are voluntary, in written form in accordance with law completely devoid of any unfair practice. Compensation & benefit basked is market competitive and in fact above the same. We pay government contributions in time in full within stipulated period. Freedom of Association is practices in letter and spirit. Collective bargaining agreements are held with two Workers’ Union in time and accord reached even before the given date. There has never been an industrial dispute at both sites since inception. Training is an integral part of our management practice and it is offered to all employees based on their job descriptions.

The prestigious “Management Excellence Award was presented to us in 2022 by Management Association of Pakistan in recognition of our best management practices.

Training Center for students, textile technicians and entrepreneurs is operative at Archroma Center of Excellence (ACE). More than 8000 trainees have benefitted from our six-week internship program which is free of cost. With this training we are fulfilling our motto to provide service to the industry. Training consists of hands-on orientation to laboratory equipment, textile wet processing, dyeing, chemical applications and theory. Our trainees have secured gainful employment in the industry serving on lucrative positions.

SUSTAINABLE DEVELOPMENT GOALS

Industry, Innovation and Infrastructure



Archroma lays great emphasis on building its sites with best suited architectural design and construction material. All concrete structures carry high aesthetic value. Economic considerations do not take priority over quality of construction and design. For this reason infrastructure of our sites is durable and comfortable. Employees are provided workstations that are ergonomically balanced and approved for long term use. 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.

In line with the directives laid out for specialty textile chemicals industry we are fully compliant to this goal.



Reduced Inequalities



Code of Conduct stipulates equality amongst the employees. There is zero tolerance on issues of compliance. Periodic audits related to finance, quality management, safety, internal and global checks guide us towards self-improvements and reduce fall outs if any. We are fully transparent in reporting, taxation, banking and regulatory laws.

Archroma is the first company to sign Integrity Pact with Transparency International Pakistan in 2004. A lead editorial was written by Business Recorder covering 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 Pakistan in December 2005. We are recipient of all Global Compact awards since 2016 in recognition to our adherence of Ten Principles.

When the Gender Equality Policy was rolled out by Employers Federation of Pakistan way back in November 2008, Archroma took the lead and signed it with full commitment. This accolade remains our ace achievement to be the first organization to sign the Gender Equality Policy in the corporate sector.

SUSTAINABLE DEVELOPMENT GOALS

Sustainable Cities and Communities



Archroma has shouldered its civic responsibilities with a firm commitment to improve upon the lives of people who live close to our production sites. Jamshoro is a small city and is an education hub of Sindh province. It was badly affected by the floods of 2010. We designed houses in the vicinity of our production site and handed over the possession to their under privileged owners. Water filtration plant destroyed by floods was also restored for use. Clean drinking water is being continuously provided free of cost to families of the neighboring community. This year floods again heavy destruction. Archroma provided ration bags and held medical camps for our neighborhood.

At our second production site in Landhi, Karachi we assisted a Model School built for workers of the industrial area and refurbished the Chemistry Labs for students enabling them to do experiments of their syllabus in a more precise way. Plantation has been carried out making the road islands attractive.



Climate Action



Archroma takes systematic and continuous steps to be in leading position on affirmative actions towards climate change. Our first priority is towards controlled emissions from production sites and we are fully compliant with REACH directives. Gas emissions are within or under the prescribed limits of Environment Protection Agency (EPA) and it has periodically endorsed the emissions criteria followed at our sites. The same is also confirmed by independent verifying agency Bureau Veritas whilst conducting our audits on Environment Management System EMS 14001.

Archroma is founding member Global Comact initiatives in Pakistan since 2005. Actions related to Environment are implemented. We support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage development and diffusion of environmentally friendly technologies.

The River Indus is shrinking and the region around Jamshoro is under high water stress. In 2008, Archroma decided to design the FIRST EVER Sustainable Effluent Treatment (SET) facility at Jamshor site, in order to preserve as much water as possible. SET facility is spread over 25 acres. It recovers 80% water, i.e. 1125 m³ of fresh water per day @ 1 Million liters per day which is sufficient for approx. 5000 people and supplied to neighbouring community free of cost.

Currently climate change is affecting the global community in every nation across the world. It drastically affected Pakistan when due to torrential rains floods inundated vast areas of land specially standing crops. Archroma took actions in emergency response providing food packets and medicines in calamity hit areas of Jamshoro.

SUSTAINABLE DEVELOPMENT GOALS

Responsible Consumption and Production

Archroma production sites at Jamshoro and Landhi, Karachi are examples of responsible consumption and production. All processes are compliant with Good Manufacturing Practices (GMP) since inception of the plants. Specialty Chemicals produced are supplied to customers throughout the country as well as are exported to all corners of the world. Not a single complaint has been received on quality of products supplied locally or globally. This confirms our GMP at sites. Archroma products carry with them safety, efficiency and enhanced value – The Archroma Way. They are made with lesser amount of water, electricity and other utilities required.



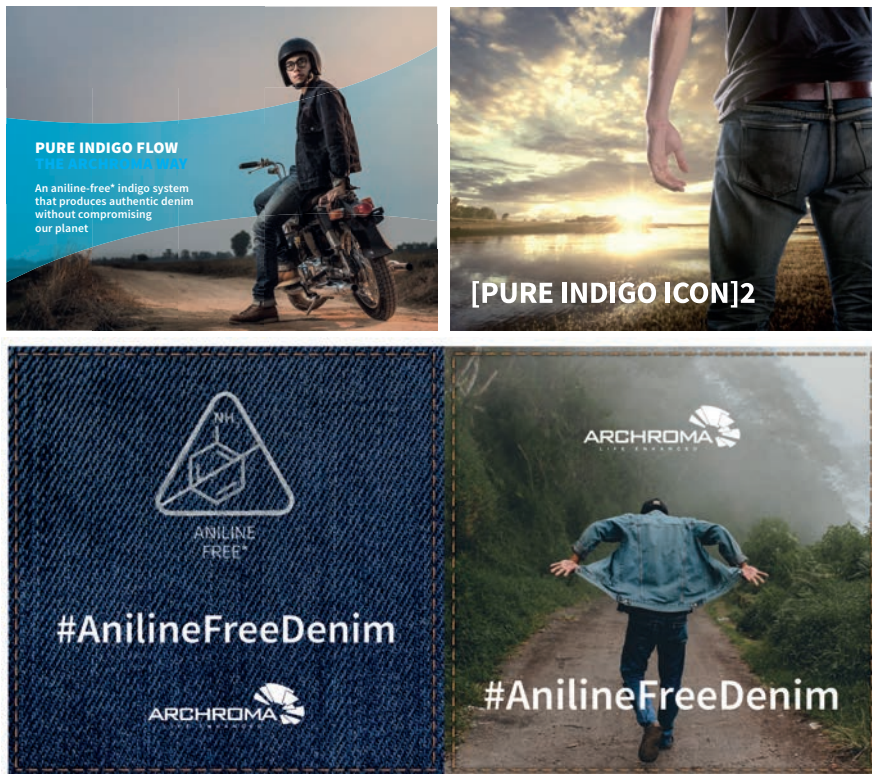
Our Zero Liquid Discharge Sustainable Effluent Treatment Plant at Jamshoro has been declared winner of Water Stewardship Award in 2014 at a tough competition amongst 600 applicants.

Life Below Water

Archroma took a giant leap to commence production of Aniline-free* Indigo at Jamshoro plant. Aniline-free indigo is the outcome of break through innovation. The dye provides a non-toxic way to produce the traditional, iconic indigo blue that consumers associated with denim and jeans. Removing a hazardous impurity - Aniline from the denim supply chain, we have fulfilled our responsibility as a good corporate citizen towards creating a greener environment. Aniline-free indigo is only produced and supplied to the world from Pakistan.



Aniline is hazardous to aquatic life. It is estimated that approx 34 tons of Aniline has been removed from the environment and aquatic life hence we saved the environmental degradation.



STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT



STAKEHOLDERS RELATIONSHIP AND 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.

STAKEHOLDERS RELATIONSHIP AND 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.

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.

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

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

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

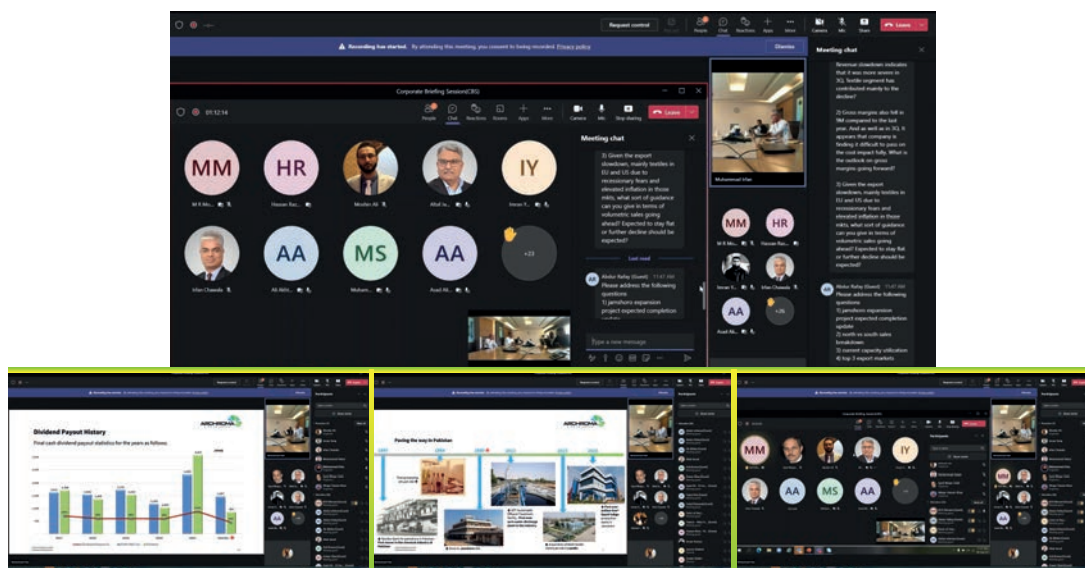
Through timely announcements and disclosures, the Company fully informed to Pakistan Stock Exchange Limited thus providing investors and stakeholders equal and timely access to material information.

STAKEHOLDERS RELATIONSHIP AND 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 2021	30 December 2021	Video link facility
Nine months ended 30 June 2022	08 September 2022	Video link facility

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>

FUTURE OUTLOOK



FUTURE OUTLOOK

Forward Looking Statement

The ongoing Russia-Ukraine conflict, Global Energy and Commodities prices and availability situation, and consequential adverse Balance of Trade of Pakistan, may keep the outlook for the Textiles Exports somewhat uncertain. However, local markets business development and post-floods re-construction activities are expected to improve the overall business development for local Textiles and Construction Industry of the Country from the new calendar year.

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

Source of Information and Assumptions Used for Projections / Forecasts

Essential information for developing the plans such as, macro and microeconomic indicators, market trends, industry analysis, current and forecasted interest and foreign currency rates, seasonal variations and competitors' actions etc., are collected from external sources including data from Governmental regulatory / taxation authorities and market analysts.

Internal information is generated by critical functions of the Company including Manufacturing & Operations, Marketing, Finance, Human Resource, Technology & Engineering, etc. Internally generated information is then collaborated with the external data for preparation of meaningful and practical forecasts, and adopted as formal plans. These plans are continuously updated to cope with the ever changing internal/external environment.

All new ventures are considered after a comprehensive due diligence process, encompassing legal, financial and technical feasibilities.

Responding to Challenges and Uncertainties

The Company has a robust Business Continuity Plan in place to ensure that any adverse or unforeseen events cause minimum disruption. 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. The Company intends to keep pace with the changing business environment to meet the demand of our customers, thus ensuring growth and sustainability. The Board will continue to improve oversight and governance of all aspects of the business including changes to the business environment and completion of the Company's projects that are currently underway. We are looking forward to contribute more for the sustainability of our environment.

Complete detail of Company's risk profiling has been discussed in detail under "Risk and Opportunities" section.

Company Performance against forward looking disclosures made last year

The Company made good progress on optimizing performance, streamlining costs, and capitalizing on our significant growth opportunities. The Board closely monitored the performance of the business that remained broadly in line with the targets. The impact of rupee depreciation and increase in costs of utilities and hike in raw materials prices was passed on or controlled through efficiency improvement projects. During the year company further explored opportunities by diversifying into new products and markets. With a strong performance exhibited during the year under review, supported by high-performing management and underpinned by a strong financial position, the Company is well positioned to keep adding value to its stakeholders' wealth.

FUTURE OUTLOOK

External Environment

The external environment comprises of political, economic, socio cultural, technological, legal and environmental (PESTEL) factors which are beyond the control of the Company and can affect operations, decisions, strategies, processes and performance of the business. The Company conducts PESTLE analysis that describes a framework of macro-environmental factors such as inflation, political instability, obsolescence of production facilities, applicable laws and regulations for environmental stability. The external environment plays a critical role in shaping the future of our business.

The Company closely monitors regulatory changes that may have adverse impact on the Company's operations. The Company also monitors the economic factors resulting in price hike of major raw materials due to inflation and depreciation of local currency. The Company also gives special emphasis on the adoption of the latest technology to enhance its operations to safeguard against the technical obsolescence of production facilities.

The major challenges confronted by the Company due to external business environment include rising production cost due to high input cost of raw materials and utilities, high incidence of taxes and devaluation of Pakistan rupee. The external environment of the Company may change in ways beyond its control. To keep the business ahead the management continuously adjusts its strategies to reflect the environment of the Company.

GOVERNANCE



CORPORATE 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.

Diversity in the Board

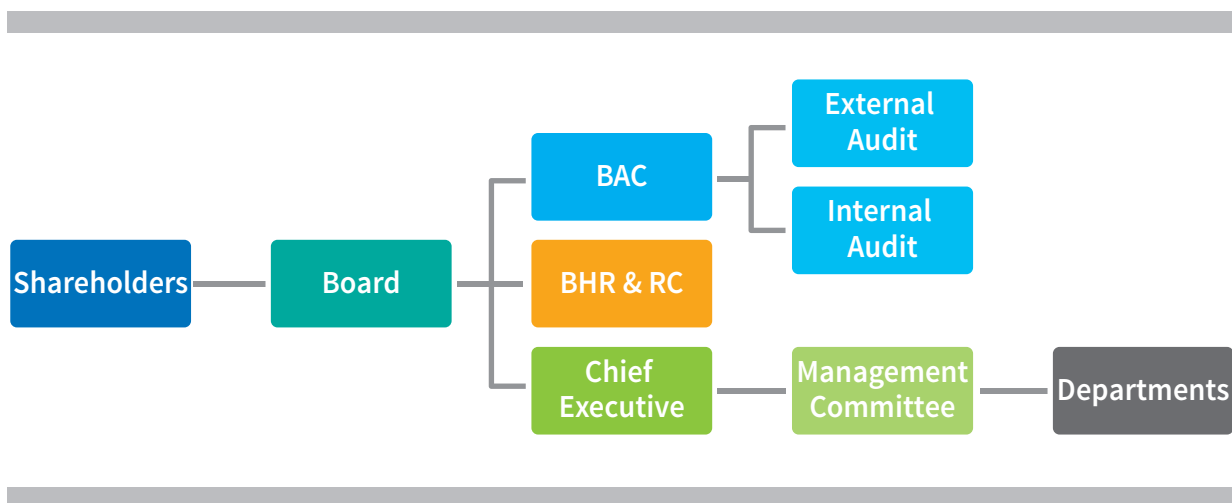
The Company has a highly effective and balanced Board. A diverse group of highly qualified professionals having appropriate mix of core competencies, diversity, requisite skills, knowledge and experience. This diversity ensures that all relevant perspectives are represented in decision making.

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.

Board Committees

The Board has developed the following Committees to help it carry out its oversight duties. The Board gives the Sub Committees some of its specific work. Each Committee holds routine meetings:



BAC	Board Audit Committee
BHR & RC	Board Human Resource & Remuneration Committee

CORPORATE GOVERNANCE

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 2021-22 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 2021-22, 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 2021-22

Board Evaluation for the year 2021-22 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.

CORPORATE GOVERNANCE

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

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.

Oversight by External Auditors

ISO surveillance audit by external auditors.

BV (Bureau Veritas Pakistan) on behalf of Bureau Veritas Switzerland AG, carried out ISO certification audit for following standards

BS EN ISO 9001:2015 (Quality management system)

BS EN ISO 14001:2015 (Environmental management system)

BS EN ISO 45001:2018 (Health & Safety management System).

Areas of strength as highlighted by Auditors are:

- Standards and Legal compliance
- Management commitment
- Documentation & Record Keeping
- Operational controls
- ISO Internal Audit

CORPORATE GOVERNANCE

Audit by EFP (Employer Federation of Pakistan)

Highly competent and experienced OSHW professionals from EFP has evaluated and verified the Occupational health, safety, and wellbeing systems, arrangements, performance, practices, and records including:

- Policy, Leadership & Commitment to Health, Safety & Wellbeing
- Safe Operating & Working Procedures, Information & Instructions
- Training & Competency Management & Behavior-Based Safety
- Managing Safety with Contractors, 3rd Parties & Supply Chain
- Incident Investigation, Learning, Sharing & Incorporating
- Emergency Response Planning & Preparedness
- Use of technology, innovation & sustainability initiatives

Certifications against Global Organic Textile Standard (GOTS)

Control Union auditors has audited our manufacturing sites and evaluated and verified the compliance for:

- Product Stewardship of chemical inputs
- Safe chemical handling, storage, transportation
- Safe manufacturing practices and personal protection
- Environmental management
- Wastewater treatment & waste management
- Safe and hygienic working conditions
- Social arrangements and compliance
- Legal compliances

Review by Environmental Protection Agency

ISO surveillance audit by external auditors.

Officials from Sindh Environmental protection Agency (SEPA) occasionally visited (surprise or planned) our manufacturing site to review the environmental management and compliances:

- Sustainable Effluent Treatment (SET) plant based on recycling & reuse at site.
- Regular environmental monitoring through SEPA approved third party lab and environmental consultant.
- Environmental audit by third party environmental consultant.
- Environmental monitoring in presence of SEPA team

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.

CORPORATE GOVERNANCE

Related Party Transactions During the year

The Company entered into Related party transactions during the year. Details of these transactions are disclosed in note 35 to financial statements attached therein.

Disclosure of director's interest in related party transactions

The Company has a formal documented Related Party Transactions Policy that governs 'transactions between APL and its related parties'. It provides a framework for governance and reporting of all related party transactions in compliance with the applicable legal and regulatory requirements.

Transactions with related parties arising in the normal course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions.

Pursuant to the regulatory requirements, all related party transactions are placed before the Audit Committee every quarter, for review and recommendation to the Board of Directors. The same are then considered and approved by the Board; keeping in view the Committee's recommendations.

All members of the Board are required to disclose their interests held in their individual capacity. Any related party transactions, where majority of APL directors are interested (if any), are referred to the shareholders in a general meeting for approval.

Names of all related parties with whom the Company had entered into transactions during the year, along with the nature of their relationship and percentage holdings have been appropriately disclosed in Note 35 of the Financial Statements.

In compliance with the requirements of Fourth schedule of the Companies Act 2017, detailed disclosure regarding related party transactions has been presented in Note 35 of the Financial Statements.

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

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.

CORPORATE GOVERNANCE

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.

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.

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.

CORPORATE GOVERNANCE

Policy of Retention of Board Fee by the Executive Director on Other Companies' Boards

As per Directors' Remuneration Policy, executive directors are not paid any fee for attending the Board, committee or general meetings. On the other hand, the policy does not restrict an executive director from retaining meeting fee earned for the services as non-executive director to other companies. CEO is an executive director on APL Board and holds position of non-executive director in Swiss Business Council.

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.

Board Meetings Held Outside Pakistan

As a good governance practice, no Board meetings was held outside Pakistan during the year 2022.

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.

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.

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.

The Legislative and Regulatory Environment in which the Organization Operates

Archroma Pakistan Limited is a listed Company engaged in the manufacturing of Specialty Chemicals . Being a listed Company, it operates in a tightly regulated environment. There are plenty of regulatory compliances that have to be satisfied.

The Company is required to comply with a variety of laws on a regular basis including the Companies Act 2017, Sales Tax Act of 1990, Income Tax Ordinance 1990, various labour laws and laws relating to protection of environment, Pakistan Stock Exchange Regulations and the listed Companies (Code of Corporate Governance) Regulations 2019. As a matter of policy, the Company is required to ensure complete compliance with all relevant laws to avert the risk of any liability arising from due to breach of any law.

CORPORATE GOVERNANCE

Employee Health, Safety and Protection

Safety is Archroma's uncompromised top priority, aiming to protect our people, our communities, and the environment. We set ambitious goals for safety, health and environment which are valid throughout the entire company. The company has developed 12 "Life Saving" rules, and each employee is trained on these rules and required to sign a written commitment to ensure they are followed. Beside these 12 lives saving rules company has also issued 27 comprehensive guidelines These guidelines also define the tasks and responsibilities enabling us to reach the protection goals.

Being a Socially Responsible chemical company, Archroma is committed to ethical and sustainable operation and development in all business activities in accordance with the principles of the Responsible Care® Initiative and Archroma's own Code of Conduct focusing on conserving resources, protecting the environment, creating a pleasant and performance enhancing workplace, and treating people with respect.

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

A comprehensive assessment of risks related to our operations and products is a prerequisite for all our business processes. Global and local emergency organizations are in place to ensure comprehensive emergency management and response.

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.

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.

Policy of Safeguarding of Records

As part of our comprehensively formulated Business Continuity Plan (BCP), APL 'Record Retention Policy' provides for preservation of Company records of significant or permanent value for periods exceeding the legally stipulated timeframe, at secure locations to cater for any future retrieval.

The record includes books of account, documentation pertaining to secretarial, legal, contractual, taxation and other matters, which have been archived where needed, in a well preserved manner as follows:

- Real-time back up of data at on and off-site locations
- Storage of data at secure location with state of the art protections against physical deterioration, fire, natural disasters etc.
- Whistle Blowing – Immediate reporting of breach of security or damage of record to the management

Maintenance of a fire-proof vault for the safekeeping of legal documents and conduct trainings to deal with fire hazards.

Ensure and maintain digital back-up of all the records, wherever deemed necessary.

CORPORATE GOVERNANCE

Shareholders Encouraged to Attend General Meetings

Notice of the Annual General Meeting, along with the Company's Annual Report, is sent to all shareholders at least 21 days prior to the meeting day. Simultaneously, it is published in leading newspapers (in both Urdu and English languages) having Countrywide circulation and placed on the PSX and APL respective websites. All shareholders can appoint proxy, participate through video conference (VC) and vote through e-voting. They can suggest, propose, comment or record their reservations during the meeting, and enjoy full rights to propose and second any agenda item presented. They can demand the draft minutes of meeting within stipulated time post the event and are privileged to object on any matter discussed. APL values and honors the shareholders' inputs; records their concerns, prepositions, suggestions in minutes and keeps them abreast on the progress and subsequent actions.

Review by the Board of the Organisation's Business Continuity Plan

APL Pakistan puts significant efforts in ensuring uninterrupted business operations. Business Continuity Plan (BCP) is in place to ensure that any adverse or unforeseen events cause minimum disruption. The plan encompasses our response strategy, minimum operating requirements, BCP team organisation, damage assessment, and primary site restoration activities. It ensures preservation of critical data by mapping out key elements of the process of disaster recovery. APL ensures effective crisis management and business continuity plans, including authorised response and recovery strategies, key areas of responsibility and clear communication routes, are in place before any business disruption occurs.

APL has adopted an effective disaster recovery plan to minimise and contain any disaster, to provide a rapid and smooth transition to a backup mode of operations and expeditiously recover the normal operations in the data centre. Such planning ensures that essential/critical functions are supported with minimum disruption following a disaster. Our management regularly evaluates the threats to its business and infrastructure and has developed a strategy to adequately respond to any unpredictable challenges it might face.

BCP demonstrates that the organization was being run well from top to bottom. Business Continuity was a proactive plan to avoid and mitigate risks associated with a disruption of operations. It details steps to be taken before, during and after an event to maintain the financial viability of an organization. The Manual also addresses disaster recovery which is a reactive plan for responding after an event.

The Board also appreciated the efforts of the management in developing a comprehensive Business Continuity Plan and commented that BCP would go a long way in protecting the interests of the Company.

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.

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE

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.

CORPORATE GOVERNANCE

External Auditors

- The statutory auditors of the Company, KPMG Taseer Hadi & Co, Chartered Accountants, have completed their audit of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended September 30, 2022
- The management Letter is required to be submitted within forty-five (45) days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore accordingly be discussed in the next Board Audit Committee meeting.
- The Audit firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.
- Being eligible for re-appointment as auditors of the Company, the Audit Committee has recommended the appointment of M/s. KPMG Taseer Hadi & Co. Chartered Accountants as external auditors of the Company for the year ending September 30, 2023.

The Audit Committee

- The Audit Committee believes that it has carried out responsibilities to the full, in accordance with the Terms of Reference approved by the Board.

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

Chairman of the Audit committee - Mr. Shahid Ghaffar 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.

Queries raised at last Annual General Meeting (AGM)

The Company's Annual General Meeting (AGM) was held on 30 December 2021, 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.

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.

Chairman's significant commitments and any changes thereto

Mr. M. Veqar Arif, Chairman of the Board at Archroma Pakistan is a fellow member of Institute of Chartered Accountants of Pakistan & Institute of Corporate Securities of Pakistan. His experience of over three decades in the fields of finance makes him an illustrious chairman for our Company.

CORPORATE GOVERNANCE

Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance

With the government's continued focus on construction and textile industry, our products will see increasing demand due to these industries depending on our chemicals for raw material. The share price is also sensitive to any changes in government or regulatory authority policies, both specific to the chemical industry and broader business operations; these changes may be positive or negative, depending on whether the policy is favorable to or unfavorable to the industry.

Governance Practices Exceeding Legal Requirements

With the legacy of high moral and ethical standards spanning over decades, APL continues to further optimize its governance framework by voluntary adoption and implementation of governance practices exceeding legal requirements, some of which include:

- Adoption of best reporting practices recommended by ICAP / ICMAP and SAFA to make the Company's affairs more transparent and to give better insight of the Company's affairs, policies and strategies
- Implementation of aggressive Health, Safety and Environment Strategies to ensure safety of employees, equipment and surrounding communities
- Adoption of Pakistan Stock Exchange criteria for selecting top companies
- Implementation of various social projects for welfare of the community as part of its Corporate Social Responsibility
- Adoption of framework for UN Global Compact "Ten Principles"
- Disclosure of various financial analysis including ratios, reviews, risk matrices and graphs etc in the Annual Report

Information Technology (IT) Governance and Cybersecurity

Archroma have in place a wide range of solutions, process and procedures ensuring that we have best in class security protection in place to protect our employees and our data.

Information Technology Governance and Cybersecurity Programs

Our Information Security Management System is based on ISO 27001, having Information Security and other related policies in place, available in Archroma management system. Our approach to information security is holistic, foundational in Archroma Digital Roadmap and integrated in company processes to ensure all IT / digital initiatives are assessed from an architecture and information security perspective.

Our information security team follows a proactive risk management approach to determine suitable strategies and tactics to protect the confidentiality, integrity and availability of Archroma information assets. Processes been implemented in IT GRC tool for internal management and recently to carry out vendor security assessments.

As an integral part of IT corporate governance, the Information Security team reports to Archroma CIO, composed by Chief Information Security Officer and one Security Analyst.

Training and Awareness

Mandatory security training released to all employees. Internal phishing campaigns established as recurrent process to improve and measure Archroma Phishing-prone rate, with latest indicator of 2.4% which remains lower than industry benchmark of 7.6%.

Phish Alert Button implemented in email client to enable users to quickly and accurately report new phishing emails, with great success and adoption.

CORPORATE GOVERNANCE

Cybersecurity and Board's Risk Oversight

Cybersecurity threats have become a cause of concern globally owing to high-profile data breaches in recent years leading to many corporate crises. Cybersecurity and cyber risks have become a corporate governance issue for boards.

The management regularly apprises the Board on overall performance / evaluation of Information Security in the Company. IT ensures to keep the risk registers updated keeping in view growing concerns of cybersecurity. These risks are reviewed by Steering Committee on periodic basis.

Disaster Recovery Plan

Archroma Pakistan Limited has fully tested DRP in place for the continuity of the Business and takes the following areas into consideration:

- IBM iSeries – AS400 - Application Server
- Organizational ERP System – BPCS

A backup AS400 Server is installed at Landhi Site for this purpose and the data is replicated daily to keep the Server updated and available in case of disaster.

DR Drills also performed once in a year to ensure the effectiveness.

The Company has an updated Disaster Recovery plan in place for the continuity of Company's business and operations in case of any extra ordinary circumstances. The comprehensive plan is designed to ensure the protection of overall company's operations and assets along with regular archival and system-backups at remote sites. The Disaster Recovery Plan is regularly tested to ensure the readiness of the IT systems in case of any disaster.

The key highlights and actions of Archromas' Disaster Recovery Plan are as follows:

- The Management has put in place-adequate systems of IT Security, real-time data backup, off-site storage of data back-up, establishment of disaster recovery facility (alternate Data Centre), identification of primary and secondary sites and identification of critical persons for disaster recovery.
- The development of the plan has been done keeping in view the on-going business needs and the environment it is operating in.
- A company-wide and detailed Process Documentation Activity has been done whereby all the processes are mapped and serve as an SOP / Work Instructions for all practices.
- Employees are imparted multi-skill training which helps in the continuity of business activities.
- To ensure protection of employees and assets, fire alarm systems are installed in the premises of all the offices. Moreover, adequate systems are in place for extinguishing fire.
- The Company ensures backup of all the assets whether physical or virtual; the physical assets are backed by insurance, whereas back-up of virtual assets and data is created on a routine basis.

Advancement in Digital Transformation

Our core infrastructure has been upgraded in the first phase of Archroma Digital Roadmap, including Cloud migration for all data center services into Microsoft Azure and full network transformation implemented at all Archroma sites. Both projects providing much higher standards of security, management and control.

Archroma have moved to Zero trust network access, including remote access. We are now using Zscaler private access, which by design grants access from User to Application (no other network lateral access possible). Users are never actually placed on the Archroma network and internet security controls are in place.

REPORT OF THE BOARD AUDIT COMMITTEE

Composition of the Audit Committee

The Board Audit Committee of the Company comprises of three non-executive directors. During the year Mr. Shahid Ghaffar was acting as Chairman. He is an independent director. More than one member of the Board Audit Committee qualifies as financially literate. The Head of Internal Audit is the secretary of the Audit Committee. The recommendations of the Audit Committee are submitted to the Board for its information and approval. The Audit Committee meets the external auditors at least once in a year without the presence of the CFO and Head of Internal Audit.

Financial Statements

The Board Audit Committee has concluded its annual review of the operational and financial performance of the Company for the year ended September 30, 2022 and reports that:

- The financial statements of Archroma Pakistan Limited for the year ended September 30, 2022 have been prepared on a going concern basis as per the requirements of Companies Act 2017, IFRS and other regulations.
- Appropriate accounting policies have been consistently applied which have been disclosed in financial statements.
- The Company has issued a “Statement of Compliance with the Code of Corporate Governance” which has also been reviewed and certified by the auditors of the Company.
- The financial statements comply with the requirements of the Fourth schedule to the Companies Act, 2017 and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.
- The auditors have issued unmodified audit report in respect of the above financial statements in line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP.
- The Chief Executive Officer, one director and the Chief Financial Officer have endorsed the financial statements of the Company while the directors report is signed by CEO and one director. They acknowledge their responsibility for true and fair presentation of the financial statements, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- All the related parties' transactions have been reviewed by the Committee prior to the approval by the Board.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim/final results, distribution of dividend to the shareholders or communication of any other business decision, which could materially affect the market share price of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017.
- All trading and holdings of the Company's shares by directors and executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board.

Annual Report 2022

The Company has issued a very comprehensive Integrated Annual Report, which gives fair, balanced and understandable information in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year and future prospects to various stakeholders of the Company.

REPORT OF THE BOARD AUDIT COMMITTEE

Internal Audit Function

- The Head of Internal Audit reports directly to the Chairman of the Board Audit Committee.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and control.
- The Board Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholder's wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory auditors of the Company, KPMG Taseer Hadi & Co, Chartered Accountants, have completed their audit of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended September 30, 2022
- The management Letter is required to be submitted within forty-five (45) days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore accordingly be discussed in the next Board Audit Committee meeting.
- The Audit firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.
- Being eligible for re-appointment as auditors of the Company, the Audit Committee has recommended the appointment of M/s. KPMG Taseer Hadi & Co. Chartered Accountants as external auditors of the Company for the year ending September 30, 2023.

The Audit Committee

- The Audit Committee believes that it has carried out responsibilities to the full, in accordance with the Terms of Reference approved by the Board.

Karachi: 27 October 2022



Shahid Ghaffar
Chairman Audit Committee



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 2022 in accordance with the requirements of Regulation No. 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.

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 2022.

Date: 14 November 2022
Karachi
UDIN: CR202210096se8ZuwRTW


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. M. 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. M. 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, 2022
HR and Remuneration	One meeting during the financial year ended 30 September 2022

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

Karachi
Dated: 27 October 2022



M. VEQAR ARIF
Chairman

PERFORMANCE AND POSITION



HORIZONTAL ANALYSIS

Statement of Financial Position

	2022	22 v/s 21	2021	2020	2019	2018	2017
	Rs. in mio	%age	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio
ASSETS							
Non - current assets							
Property, plant and equipment	1,929.5	3.5	1,865.0	1,976.8	1,914.5	1,952.7	1,744.3
Long term loans	-	-	-	-	0.1	0.6	1.8
Long term deposits and prepayments	12.7	(23.8)	16.6	6.1	7.2	8.0	9.5
Deferred taxation - net	-	-	-	15.5	-	-	-
Employee benefit	25.0	(67.0)	75.8	-	-	-	-
	1,967.2	0.5	1,957.4	1,998.4	1,921.7	1,961.3	1,755.5
Current assets							
Stores and spares	60.6	(3.1)	62.6	53.6	49.4	45.4	40.2
Stock-in-trade	3,986.0	50.3	2,652.7	3,089.9	3,056.1	2,694.5	2,107.6
Trade receivables	4,826.6	28.0	3,769.7	2,788.2	3,916.3	3,733.3	3,165.8
Loans and advances	1.4	(52)	2.9	0.7	0.4	3.4	8.7
Trade deposits and short-term prepayments	101.0	157.6	39.2	24.4	57.7	48.4	59.1
Other receivables	28.8	(1.0)	29.1	24.6	34.1	46.2	71.7
Sales tax refundable	1,328.0	-	1,328.0	1,378.0	1,680.1	1,724.3	1,882.3
Taxation - net	-	-	-	225.2	147.9	172.0	72.0
Short term investments	-	(100.0)	601.0	-	-	-	-
Cash and bank balances	96.0	(92.4)	1,267.9	269.2	599.0	532.1	587.9
	10,428.3	6.9	9,753.0	7,853.8	9,541.1	8,999.8	7,995.4
TOTAL ASSETS	12,395.5	5.9	11,710.3	9,852.3	11,462.8	10,961.0	9,750.9
EQUITY AND LIABILITIES							
Share capital and reserves							
Share capital							
Issued, subscribed and paid-up capital	341.2	-	341.2	341.2	341.2	341.2	341.2
Reserves							
Revenue reserve	2,434.0	(22.4)	3,138.0	3,238.0	3,096.0	2,968.0	2,808.0
Unappropriated profit	996.6	(57.9)	2,368.4	924.7	1,680.3	1,496.0	1,868.5
	3,430.6	(37.7)	5,506.4	4,162.7	4,776.3	4,464.0	4,676.5
	3,771.8	(35.5)	5,847.6	4,503.9	5,117.4	4,805.2	5,017.6
LIABILITIES							
Non - current liabilities							
Deferred taxation - net	58.9	12.9	52.2	-	59.6	127.5	152.9
Employee benefit	11.2	(10.9)	12.5	341.1	63.2	14.2	14.0
Long term loan - secured	-	(100.0)	44.4	209.8	-	-	-
Lease liabilities	104.7	0.4	104.3	95.7	9.4	22.9	44.4
Liabilities against diminishing musharika financing	115.3	95.3	59.0	94.1	81.2	69.2	37.8
	290.1	6.5	272.5	740.7	213.3	233.7	249.1
Current liabilities							
Trade and other payables	5,750.4	52.4	3,772.4	2,173.5	3,027.6	3,293.1	2,666.7
Unclaimed dividend	88.4	22.7	72.1	67.5	66.0	65.5	44.8
Mark-up accrued	24.2	57.2	3.6	17.9	82.0	40.4	11.3
Short-term borrowings - secured	1,977.5	34.0	1,475.6	2,143.0	2,920.1	2,489.7	1,732.0
Current portion of long term loan - secured	42.6	(76.0)	177.5	148.2	-	-	-
Current portion of lease liabilities	20.1	21.4	16.6	21.5	12.2	17.4	21.9
Current portion of liabilities against diminishing musharika financing	49.0	26.2	38.8	36.0	24.2	16.1	7.4
Taxation - net	381.4	1,034.3	33.6	-	-	-	-
	8,333.6	49.1	5,590.3	4,607.7	6,132.0	5,922.1	4,484.1
	8,623.7	47.1	5,862.8	5,348.4	6,345.4	6,155.8	4,733.2
TOTAL EQUITY AND LIABILITIES	12,395.5	5.9	11,710.3	9,852.3	11,462.8	10,961.0	9,750.9

HORIZONTAL ANALYSIS

Statement of Profit and Loss

	2022	22 v/s 21	2021	2020	2019	2018	2017
	Rs. in mio	%age	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio
Sales	29,430.1	24.9	23,561.1	17,893.7	18,955.8	15,204.1	13,226.4
Trade discounts and commission	924.3	0.1	923.6	746.9	823.0	604.6	693.7
Sales tax	3,351.8	21.2	2,765.2	2,107.9	779.8	309.4	289.9
	4,276.1	15.9	3,688.8	2,854.8	1,602.8	914.0	983.7
Net sales	25,154.0	26.6	19,872.2	15,038.9	17,353.1	14,290.1	12,242.7
Cost of goods sold	17,933.6	31.0	13,692.9	10,834.2	12,006.9	9,771.8	8,377.7
Gross profit	7,220.5	16.8	6,179.3	4,204.7	5,346.2	4,518.3	3,865.0
Distribution and marketing expenses	2,594.4	31.5	1,973.4	1,569.6	1,744.3	1,480.2	841.3
Administrative expenses	627.4	7.5	583.8	560.1	507.6	498.7	490.7
Impairment (reversal) /loss on trade receivables	(16.7)	(40.3)	(28.0)	13.2	143.4	60.2	-
Other expenses	244.0	(1.2)	247.0	112.1	136.5	129.0	178.6
	3,449.1	24.2	2,776.2	2,254.9	2,531.8	2,168.2	1,510.6
Other income	59.0	1.8	57.9	25.9	16.0	23.8	21.5
Operating profit	3,830.4	10.7	3,461.1	1,975.7	2,830.3	2,373.9	2,375.9
Finance costs	693.0	155.1	271.7	439.2	680.3	429.9	135.5
Profit before taxation	3,137.4	(1.6)	3,189.4	1,536.5	2,150.0	1,944.0	2,240.4
Taxation	1,252.3	42.3	880.0	367.2	427.6	407.7	618.9
Profit for the year	1,885.1	(18.4)	2,309.4	1,169.3	1,722.4	1,536.3	1,621.5

VERTICAL ANALYSIS

Statement of Financial Position

	2022	22 v/s 21	2021	2020	2019	2018	2017
	Rs. in mio	%age	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio
ASSETS							
Non - current assets							
Property, plant and equipment	1,929.5	15.6	1,865.0	1,976.8	1,914.5	1,952.7	1,744.3
Long term loans - secured	-	-	-	-	0.1	0.6	1.8
Long term deposits and prepayments	12.7	0.1	16.6	6.1	7.2	8.0	9.5
Employee Benefits	25.0	0.2	75.8	-	-	-	-
Deferred taxation - net	-	-	-	15.5	-	-	-
	1,967.2	15.9	1,957.4	1,998.4	1,921.7	1,961.3	1,755.5
Current assets							
Stores and spares	60.6	0.5	62.6	53.6	49.4	45.4	40.2
Stock-in-trade	3,986.0	32.2	2,652.7	3,089.9	3,056.1	2,694.5	2,107.6
Trade receivables	4,826.6	38.9	3,769.7	2,788.2	3,916.3	3,733.3	3,165.8
Loans and advances	1.4	0.0	2.9	0.7	0.4	3.4	8.7
Trade deposits and short-term prepayments	101.0	0.8	39.2	24.4	57.7	48.4	59.1
Other receivables	28.8	0.2	29.1	24.6	34.1	46.2	71.7
Sales Tax Refundable	1,328.0	10.7	1,328.0	1,378.0	1,680.1	1,724.3	1,882.3
Taxation - net	-	-	-	225.2	147.9	172.0	72.0
Short term investments	-	-	601.0	-	-	-	-
Cash and bank balances	96.0	0.8	1,267.9	269.2	599.0	532.1	587.9
	10,428.3	84.1	9,753.0	7,853.8	9,541.1	8,999.8	7,995.4
TOTAL ASSETS	12,395.5	100.0	11,710.3	9,852.3	11,462.8	10,961.0	9,750.9
EQUITY AND LIABILITIES							
Share capital and reserves							
Share capital							
Issued, subscribed and paid-up capital	341.2	2.8	341.2	341.2	341.2	341.2	341.2
Reserves							
Revenue reserve	2,434.0	19.6	3,138.0	3,238.0	3,096.0	2,968.0	2,808.0
Unappropriated profit	996.6	8.0	2,368.4	924.7	1,680.3	1,496.0	1,868.5
	3,430.6	27.7	5,506.4	4,162.7	4,776.3	4,464.0	4,676.5
	3,771.8	30.4	5,847.6	4,503.9	5,117.4	4,805.2	5,017.6
LIABILITIES							
Non - current liabilities							
Deferred taxation - net	58.9	0.5	52.2	-	59.6	127.5	152.9
Employee benefits	11.2	0.1	12.5	341.1	63.2	14.2	14.0
Long term loan - secured	-	-	44.4	209.8	-	-	-
Lease liabilities	104.7	0.8	104.3	95.7	9.4	22.9	44.4
Liabilities against diminishing musharika financing	115.3	0.9	59.0	94.1	81.2	69.2	37.8
	290.1	2.3	272.5	740.7	213.3	233.7	249.1
Current liabilities							
Trade and other payables	5,750.4	46.4	3,772.4	2,173.5	3,027.6	3,293.1	2,666.7
Unclaimed dividend	88.4	0.7	72.1	67.5	66.0	65.5	44.8
Taxation - net	381.4	3.1	33.6	-	-	-	-
Mark-up accrued	24.2	0.2	3.6	17.9	82.0	40.4	11.3
Short-term borrowings - secured	1,977.5	16.0	1,475.6	2,143.0	2,920.1	2,489.7	1,732.0
Current portion of long term loan - secured	42.6	0.3	177.5	148.2	-	-	-
Current portion of lease liabilities	20.1	0.2	16.6	21.5	12.2	17.4	21.9
Current portion of liabilities against diminishing musharika financing	49.0	0.4	38.8	36.0	24.2	16.1	7.4
	8,333.6	67.2	5,590.3	4,607.7	6,132.0	5,922.1	4,484.1
	8,623.7	69.6	5,862.8	5,348.4	6,345.4	6,155.8	4,733.2
TOTAL EQUITY AND LIABILITIES	12,395.5	100.0	11,710.3	9,852.3	11,462.8	10,961.0	9,750.9

VERTICAL ANALYSIS

Statement of Profit and Loss

	2022	22 v/s 21	2021	2020	2019	2018	2017
	Rs. in mio	%age	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio
Sales	29,430.1	100.0	23,561.1	17,893.7	18,955.8	15,204.1	13,226.4
Trade discounts and commission	924.3	3.1	923.6	746.9	823.0	604.6	693.7
Sales tax	3,351.8	11.4	2,765.2	2,107.9	779.8	309.4	289.9
	4,276.1	14.5	3,688.8	2,854.8	1,602.8	914.0	983.7
Net sales	25,154.0	85.5	19,872.2	15,038.9	17,353.1	14,290.1	12,242.7
Cost of goods sold	17,933.6	60.9	13,692.9	10,834.2	12,006.9	9,771.8	8,377.7
Gross profit	7,220.5	24.5	6,179.3	4,204.7	5,346.2	4,518.3	3,865.0
Distribution and marketing expenses	2,594.4	8.8	1,973.4	1,569.6	1,744.3	1,480.2	841.3
Administrative expenses	627.4	2.1	583.8	560.1	507.6	498.7	490.7
Impairment (reversal) /loss on trade receivables	(16.7)	(0.1)	(28.0)	13.2	143.4	60.2	-
Other expenses	244.0	0.8	247.0	112.1	136.5	129.0	178.6
	3,449.1	11.7	2,776.2	2,254.9	2,531.8	2,168.2	1,510.6
Other income	59.0	0.2	57.9	25.9	16.0	23.8	21.5
Operating profit	3,830.4	13.0	3,461.1	1,975.7	2,830.3	2,373.9	2,375.9
Finance costs	693.0	2.4	271.7	439.2	680.3	429.9	135.5
Profit before taxation	3,137.4	10.7	3,189.4	1,536.5	2,150.0	1,944.0	2,240.4
Taxation	1,252.3	4.3	880.0	367.2	427.6	407.7	618.9
Profit for the year	1,885.1	6.4	2,309.4	1,169.3	1,722.4	1,536.3	1,621.5

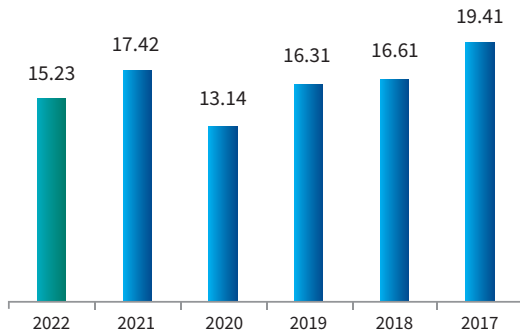
PERFORMANCE INDICATORS

		2022	2021	2020	2019	2018	2017
Profitability Ratios							
Net profit to net sales	%	7.49	11.62	7.77	9.93	10.75	13.24
Operating profit to net sales	%	15.23	17.42	13.14	16.31	16.61	19.41
EBITDA margin to net sales	%	16.36	18.78	14.99	17.79	18.37	21.53
Return on equity	%	49.98	39.49	25.96	33.66	31.97	32.32
Liquidity Ratios							
Current ratio	Times	1.25	1.74	1.70	1.56	1.52	1.78
Quick Ratio	Times	0.77	1.26	1.02	1.06	1.06	1.31
Cash to current liabilities	Times	0.01	0.23	0.06	0.10	0.09	0.13
Activity / Turnover Ratios							
Cash conversion cycle	Days	69	75	131	113	112	102
Days sales outstanding	Days	70	69	68	82	95	94
Days inventory outstanding	Days	81	71	104	93	101	92
Days payable outstanding	Days	83	65	41	62	84	84
Debtor turnover	Times	5.21	5.27	5.39	4.43	3.83	3.87
Total assets turnover	Times	2.03	1.7	1.53	1.51	1.30	1.26
Fixed assets turnover	Times	13.04	10.66	7.61	9.06	7.32	7.02
Investment / Market Ratios							
Earnings per share (EPS)	Rupees	55.25	67.69	34.27	50.48	45.03	47.53
Price earnings - on the basis of earning per share	Times	9.85	9.23	16.55	9.11	11.44	13.82
Price to book ratio	Times	4.9	3.65	4.30	3.07	3.66	4.47
Dividend yield	%	8.27	14.4	5.29	9.77	7.76	7.61
Dividend payout ratio	%	81.45	133.25	87.54	89.14	88.82	105.20
Dividend per share	Rupees	45	90	30	45	40	50
Market value per share							
Year end	Rupees	544	625	567	460	515	657
Highest during the year	Rupees	664	650	699	620	675	905
Lowest during the year	Rupees	510	518	456	440	445	555
Capital Structure Ratios							
Mark-up Cover Ratio	Times	23.95	35.56	8.43	10.40	15.73	28.99

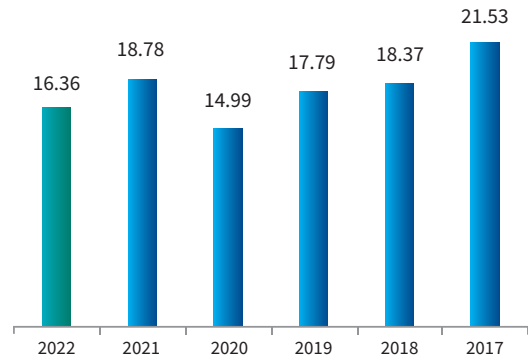
PERFORMANCE INDICATORS

Profitability Ratios

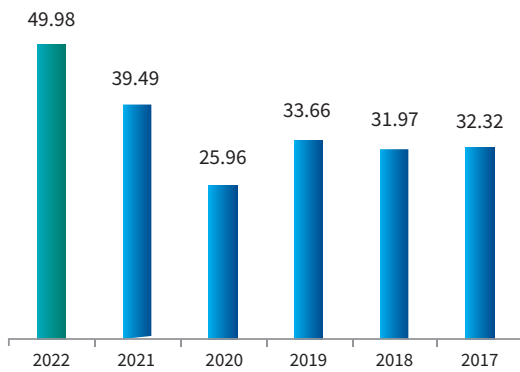
Operating Profit to Net Sales
Percentage



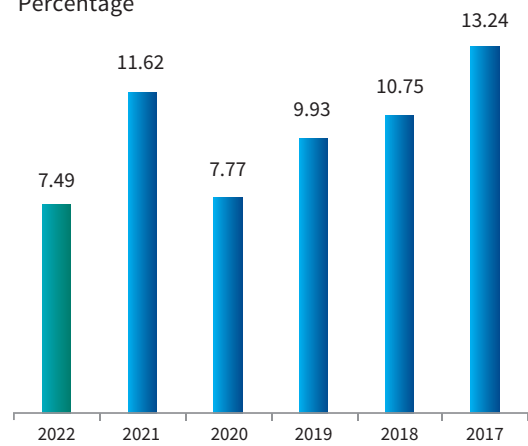
EBITDA margin to net sales
Percentage



Return on equity
Percentage

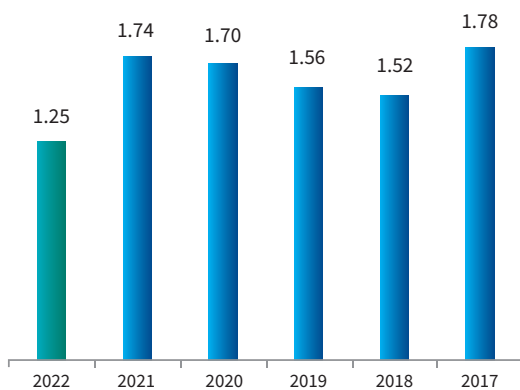


Net profit to net sales
Percentage

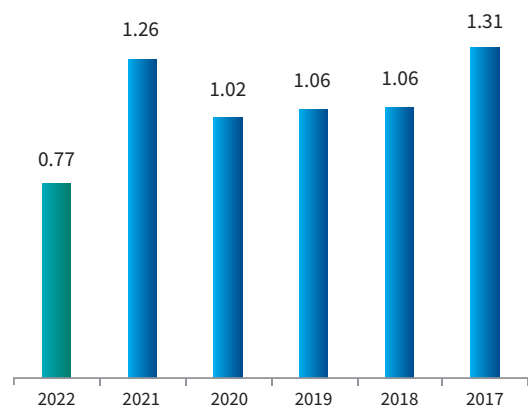


Liquidity Ratios

Current ratio
Times



Quick Ratio
Times

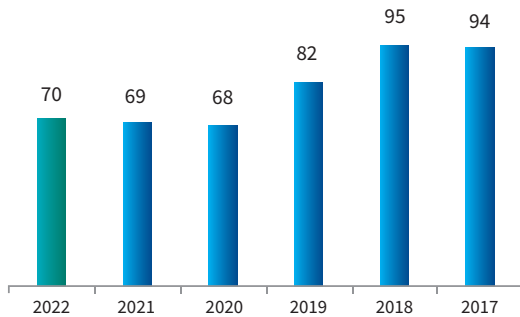


PERFORMANCE INDICATORS

Activity Ratios

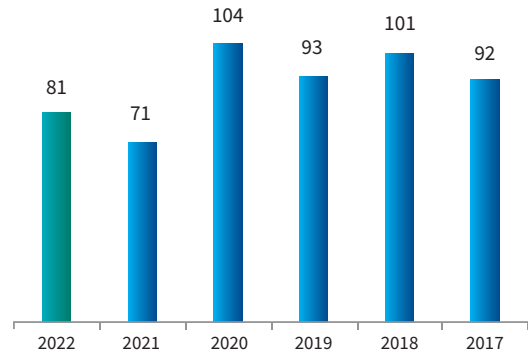
Days sales outstanding

Days



Days inventory outstanding

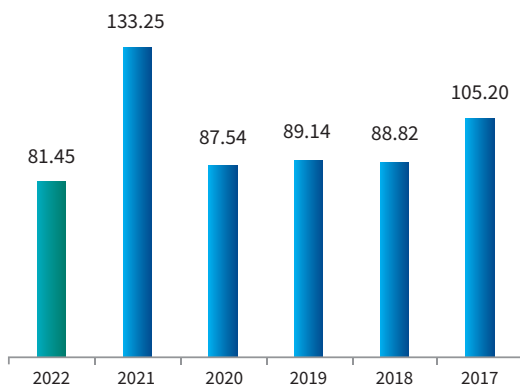
Days



Investment / Market Ratios

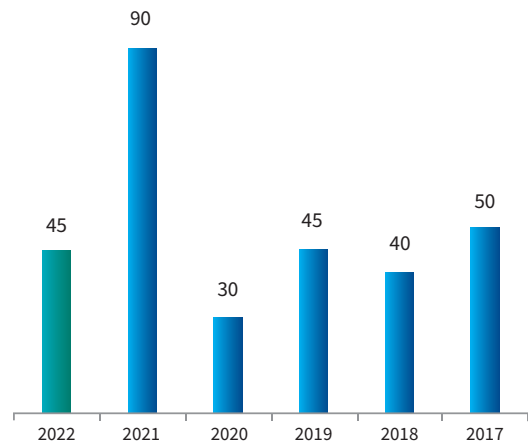
Dividend payout ratio

Percentage



Dividend per share

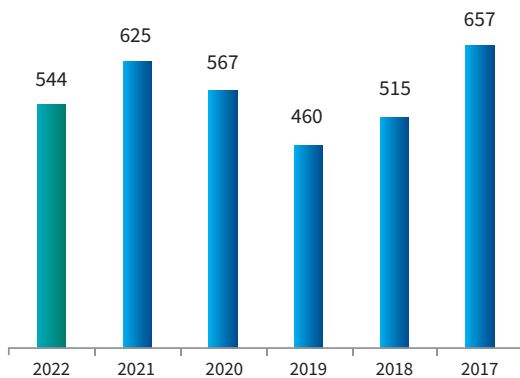
Rupees



Market value per share

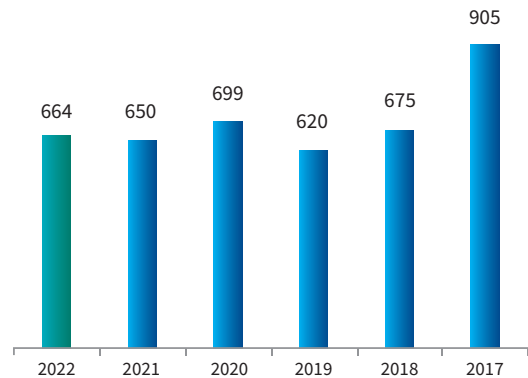
Year end

Rupees



Highest during the year

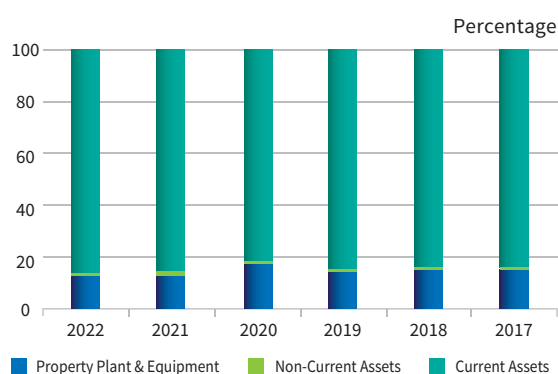
Rupees



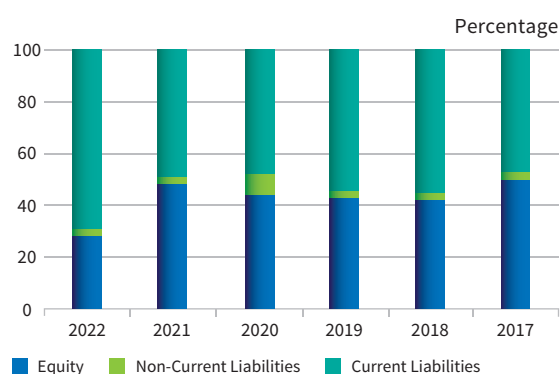
SIX YEARS AT A GLANCE

	2022	2021	2020	2019	2018	2017
	----- (Rupees '000) -----					
Property Plant & equipment	1,929,532	1,865,030	1,976,820	1,914,464	1,952,688	1,744,273
Other assets	37,659	92,356	21,598	7,275	8,586	11,245
Current assets	10,428,314	9,752,958	7,853,837	9,541,052	8,999,754	7,995,376
Total assets employed	12,395,505	11,710,344	9,852,255	11,462,791	10,961,028	9,750,894
Share capital	341,179	341,179	341,179	341,179	341,179	341,179
Revenue reserves and unappropriated profit	3,430,630	5,506,412	4,162,681	4,776,258	4,464,033	4,676,467
Bank borrowings	2,020,124	1,697,510	2,501,054	2,920,070	2,489,701	1,732,030
Other liabilities	6,603,572	4,165,243	2,847,341	3,425,284	3,666,115	3,001,218
Total Funds Employed	12,395,505	11,710,344	9,852,255	11,462,791	10,961,028	9,750,894
Net Sales	25,154,026	19,872,237	15,038,941	17,353,050	14,290,089	12,242,715
Profit before tax	3,137,384	3,189,391	1,536,493	2,150,019	1,943,980	2,240,384
Profit after Tax	1,885,066	2,309,366	1,169,266	1,722,380	1,536,276	1,621,473
Cash Dividend %	450	900	300	450	400	500
Earning Per share - Rupees	55.25	67.69	34.27	50.48	45.03	47.53
Break-up value per share - Rupees	100.55	161.39	132.00	149.99	140.84	147.07

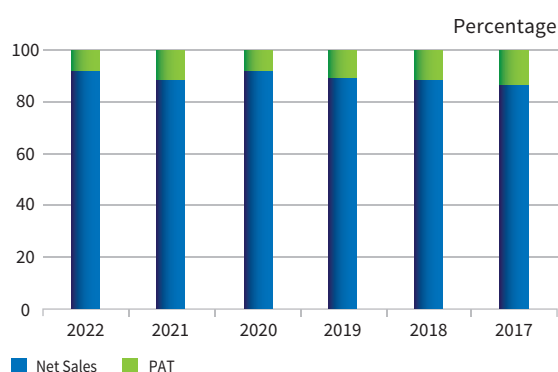
Financial Position Analysis Assets



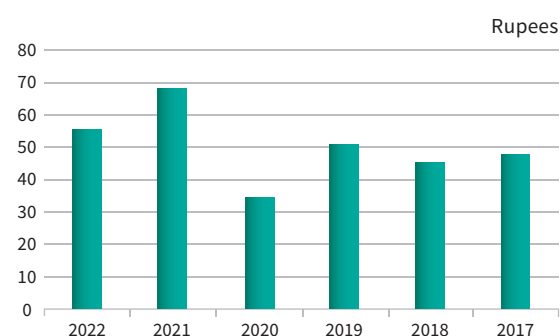
Financial Position Analysis Equity & Liabilities



Profit or Loss Analysis Income over Sales



Profit or Loss Analysis EPS



FINANCIAL STATEMENTS





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Chartered Accountants
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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 2022, 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 2022 and of the profit 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

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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 3.10 and 23 to the Company's financial statements.</p> <p>The Company's revenue for the year ended 30 September 2022 was Rs. 25.15 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.

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S No.	Key audit matters	How the matters were addressed in our audit
2.	<p>Valuation of Stock-in-trade</p> <p>Refer notes 3.4 and 6 to the Company's financial statements.</p> <p>The Company's stock-in-trade as at 30 September 2022 was Rs. 3.98 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.

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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



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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.



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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: 14 November 2022
Karachi
UDIN: AR202210096gml9tSqzO


KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,929,532	1,865,030
Long term deposits and prepayments		12,655	16,604
Employee benefits	15	25,004	75,752
		1,967,191	1,957,386
Current assets			
Stores and spares	5	60,607	62,578
Stock-in-trade	6	3,985,984	2,652,654
Trade receivables	7	4,826,630	3,769,706
Loans and advances	8	1,359	2,930
Trade deposits and short-term prepayments	9	100,961	39,189
Other receivables	10	28,783	29,072
Sales tax refundable	11	1,327,959	1,327,959
Short-term investments		-	601,000
Cash and bank balances	12	96,031	1,267,870
		10,428,314	9,752,958
TOTAL ASSETS		12,395,505	11,710,344
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Issued, subscribed and paid-up share capital	13	341,179	341,179
Reserves			
Revenue reserve		2,434,000	3,138,000
Unappropriated profit		996,630	2,368,412
		3,430,630	5,506,412
LIABILITIES		3,771,809	5,847,591
Non-current liabilities			
Deferred taxation - net	14	58,930	52,217
Employee benefits	15	11,164	12,526
Long term loan - secured	16	-	44,382
Lease liabilities	17	104,710	104,341
Liabilities against diminishing musharika financing	18	115,263	59,018
		290,067	272,484
Current liabilities			
Trade and other payables	19	5,750,385	3,772,401
Unclaimed dividend		88,430	72,097
Taxation - net		381,423	33,627
Mark-up accrued	20	24,171	3,636
Short-term borrowings - secured	21	1,977,491	1,475,606
Current portion of long term loan - secured	16	42,633	177,522
Current portion of lease liabilities	17	20,119	16,573
Current portion of liabilities against diminishing musharika financing	18	48,977	38,807
		8,333,629	5,590,269
		8,623,696	5,862,753
Contingencies and commitments	22		
TOTAL EQUITY AND LIABILITIES		12,395,505	11,710,344

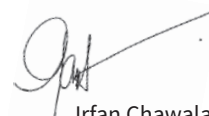
The annexed notes 1 to 43 form an integral part of these financial statements.



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 2022

	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Sales	23	29,430,119	23,561,070
Trade discounts and commission		(924,260)	(923,597)
Sales tax		(3,351,833)	(2,765,236)
		(4,276,093)	(3,688,833)
Net sales	23	25,154,026	19,872,237
Cost of goods sold	24	(17,933,557)	(13,692,930)
Gross profit		7,220,469	6,179,307
Distribution and marketing expenses	25	(2,594,382)	(1,973,388)
Administrative expenses	26	(627,360)	(583,781)
Impairment reversal on trade receivables	7.1	16,716	28,021
Other expenses	28	(244,035)	(247,035)
		(3,449,061)	(2,776,183)
Other income	29	58,989	57,928
		3,830,397	3,461,052
Finance costs	30	(693,013)	(271,661)
Profit before taxation		3,137,384	3,189,391
Taxation	31	(1,252,318)	(880,025)
Profit for the year		1,885,066	2,309,366
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement (loss) / gain on defined benefit obligations	27.1.6	(50,129)	75,752
Impact of deferred tax		12,837	(17,851)
		(37,292)	57,901
Total comprehensive income for the year		1,847,774	2,367,267
		(Rupees)	(Rupees)
Earnings per share (basic and diluted)	32	55.25	67.69

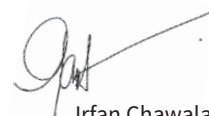
The annexed notes 1 to 43 form an integral part of these financial statements.



Mujtaba Rahim
Chief Executive Officer



Naveed Kamil
Director




Irfan Chawala
Director and Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

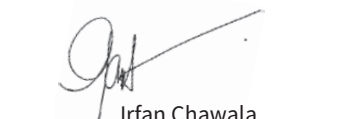
For the year ended 30 September 2022

	Issued, subscribed and paid-up capital	General Reserves		Total
		Revenue reserves	Unappro- priated profit	
----- (Rupees in '000) -----				
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
Transaction with owners in the capacity as owners directly recorded in equity - distribution				
- Final dividend at 900% (i.e. Rs. 90 per share) for the year ended 30 September 2021	-	-	(3,070,609)	(3,070,609)
Transfer from revenue reserves appropriated subsequent to year end	-	(704,000)	704,000	-
Interim cash dividend at 250% (i.e. Rs.25 per share) for the period ended 31 March 2022	-	-	(852,947)	(852,947)
Total comprehensive income for the year ended 30 September 2022				
Profit for the year	-	-	1,885,066	1,885,066
Other comprehensive income	-	-	(37,292)	(37,292)
	-	-	1,847,774	1,847,774
Balance as at 30 September 2022	341,179	2,434,000	996,630	3,771,809

The annexed notes 1 to 43 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 2022

	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	3,141,921	4,668,088
Staff gratuity paid		(28,933)	(377,664)
Other long term employee benefits paid		(7,233)	(3,341)
Mark-up paid		(102,118)	(61,734)
Income taxes paid		(884,972)	(571,314)
Movement in long term deposits and prepayments		3,949	(10,505)
Net cash generated from operating activities		2,122,614	3,643,530
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(240,779)	(158,244)
Proceeds from disposal of property, plant and equipment		9,526	30,922
Net cash used in investing activities		(231,253)	(127,322)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against lease liabilities		(11,967)	(23,320)
Financing against diminishing musharika financing - net		(73,268)	(60,318)
Long term loans - payment		(173,627)	(146,520)
Short-term borrowings - proceeds		773,007	2,678,222
Short-term borrowings - repayments		(325,478)	(3,433,996)
Dividend paid		(3,907,223)	(1,018,975)
Net cash used in financing activities		(3,718,556)	(2,004,907)
Net (decrease) / increase in cash and cash equivalents		(1,827,195)	1,511,301
Cash and cash equivalents at beginning of the year		1,621,486	110,185
Cash and cash equivalents at end of the year	39	(205,709)	1,621,486

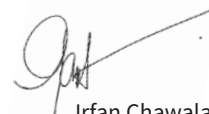
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Mujtaba Rahim
Chief Executive Officer



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 2022

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 Pratteln, 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

Sales offices

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 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.

2.3 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2.4 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 3.1, 3.2, 4.1 and 17);
- ii) Estimation in writing down items of stock in trade and stores and spares to their net realisable value (notes 3.3, 3.4, 5 and 6);
- iii) Allowance for impairment loss against trade receivables (notes 3.7.1 and 7);
- iv) Taxation (notes 3.5 and 31);
- v) Employee benefits (notes 3.9 and 27); and
- vi) Provisions and contingencies (notes 3.13 and 22).

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises 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.
- Annual Improvements to IFRS Standards 2018-2020

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 2022

- 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 annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs 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) - Reference to the Conceptual Framework, 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) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

- 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.
- 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 recognize 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 recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized 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.

The above standards, interpretations and amendments are not likely to have a significant impact on Company's financial statements.

3. 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.

3.1 Property, plant and equipment

Recognition and measurement

All items of property, plant and equipment except for freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses, if any. 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 4 to these financial statements. The cost of leasehold land is amortised equally over the lease period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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.

3.2 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, plant 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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.

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.

3.3 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.

3.4 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

3.5 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.

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.

3.6 Financial instruments

3.6.1 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.

3.6.2 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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.

3.6.3 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.

3.6.4 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.

3.7 Impairment

3.7.1 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 2022

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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.

3.7.2 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.

3.8 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.

3.9 Employee benefits

3.9.1 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.

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For the year ended 30 September 2022

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.

3.9.2 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

3.10 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.

3.11 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.

3.12 Dividend and appropriations

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognized in the year in which these are approved. The Company is a subsidiary of Archroma Textiles GmbH, whereas its ultimate parent Company is SK Capital Partners.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

3.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.14 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.

3.15 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'.

3.16 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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.

3.17 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.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Operating property, plant and equipment	4.1	1,836,601	1,780,923
Capital work-in-progress	4.5	92,931	84,107
		1,929,532	1,865,030

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

4.2	The depreciation charge for the year has been allocated as follows:	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
	Cost of goods sold	24	233,508	221,553
	Distribution and marketing expenses	25	26,834	25,120
	Administrative expenses	26	25,379	24,318
			285,721	270,991

4.3 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							
Air Cooled Package Unit-ACE	Tender	9,776	2,040	750	(1,290)	Soft Air Engineering	Third party
Vehicles - leased							
Vehicle	Company policy	2,322	561	561	-	Sarfazar Nemat	Employee
Vehicle	Company policy	7,787	1,510	1,510	-	Muhammad Altaf	Employee
Vehicle	Company policy	2,069	905	905	-	Aamir Shamsi	Ex- Employee
Vehicle	Company policy	2,050	902	902	-	Sohaib Dad Khan	Ex- Employee
		24,004	5,918	4,628	(1,290)		

4.4 Particulars of owned 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	180,850
Jamshoro	Manufacturing Plant	Freehold land	3,964,204	2,047,320

In addition to above, the Company has ROU properties at Korangi head office, Korangi scientific center, Lahore office and Faisalabad office.

4.5	Capital work-in-progress	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
	Plant and machinery		77,731	66,978
	Equipment		15,200	17,129
		4.5.1	92,931	84,107
4.5.1	Capital work-in-progress - movement			
	Opening balance		84,107	145,581
	Capital expenditure		264,120	159,156
	Transferred to operating property, plant and equipment		(255,296)	(220,630)
	Closing balance		92,931	84,107
5.	STORES AND SPARES			
	Stores and spares		60,556	61,048
	In transit		51	1,530
			60,607	62,578

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

5.1 Provision against slow moving and obsolete stores and spares amounts to Rs. 6.389 million (2021: Rs.6.389 million) and written off there against amounting to Rs. Nil (2021: Rs. Nil).

6. STOCK-IN-TRADE	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Raw and packing materials including goods in transit of Rs. 545.043 million (2021: Rs. 226.103 million) - net	6.1 & 6.2	3,035,880	1,826,808
Work-in-process - net	6.2 & 24	330,871	257,237
Finished goods including goods in transit of Rs. 14.323 million (2021: Rs. 38.514 million) - net	6.2 & 6.3	619,233	568,609
		<u>3,985,984</u>	<u>2,652,654</u>

6.1 Raw and packing material amounting to Rs. 2.611 million (2021: Rs. 0.584 million) has been written off directly during the year.

6.2 Provision against slow moving and obsolete stock amounts to Rs. 272.82 million (Raw material: Rs. 221.72 million, Finished goods: Rs. 28.8 million and Work-in-process: Rs. 22.3 million) (2021: Rs. 282.898 million) and written off there against amounting to Rs. 12.318 million (2021: Rs. 17.404 million).

6.3 This includes imported finished goods amounting to Rs. 20.727 million (2021: Rs. 117.781 million).

7. TRADE RECEIVABLES	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Related parties - secured			
- Archroma (Thailand) Company Limited		85,456	-
- Archroma Turkey		80,540	-
- Archroma Chemicals China Limited		52,189	-
- Archroma Japan KK		45,246	-
- Archroma Singapore Pte Limited		10,876	136,514
- Archroma Peru S.A.		7,637	6,402
- Archroma Textile Mexico		4,257	4,692
- PT Archroma Indonesia		-	1,390
	7.2	<u>286,201</u>	<u>148,998</u>
Others			
- Unsecured		4,727,783	3,949,095
- Secured		305,763	192,707
	7.3	<u>5,319,747</u>	<u>4,290,800</u>
Less: Impairment loss on trade receivables	7.1	<u>(493,117)</u>	<u>(521,094)</u>
		<u>4,826,630</u>	<u>3,769,706</u>
7.1 Movement of impairment loss on trade receivables:			
Opening provision		521,094	549,115
(Reversal) / Charge for the year		(16,716)	(28,021)
Written off during the year		(11,261)	-
Closing provision		<u>493,117</u>	<u>521,094</u>
7.2 The aging of the trade receivables from related parties as at the reporting date is as under:			
Not past due		<u>286,201</u>	<u>148,998</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

	2022			
	Weighted average loss rate	Gross	Impairment	Net
	%	-----Rupees in '000-----		
Not past due	-	4,459,613	-	4,459,613
Past due 1 - 30 days	-	320,479	-	320,479
Past due 31 - 60 days	-	31,244	-	31,244
Past due 61 - 90 days	-	12,316	-	12,316
Past due 91 - 180 days	-	2,978	-	2,978
Past due 181 - 360 days	100%	4,633	4,633	-
Over 360 days	100%	488,484	488,484	-
		<u>5,319,747</u>	<u>493,117</u>	<u>4,826,630</u>

	2021			
	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>

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

Regions	2022				
	Export Sales during the year	Gross receivables		Impairment loss on trade receivables	Net receivables
		Confirmed LC / Contract / Purchase order	Total		
	-----Rupees in '000-----				
Domestic	-	-	4,727,783	493,117	4,234,666
Asia	3,630,191	499,530	499,530	-	499,530
Europe	1,922,136	80,540	80,540	-	80,540
Others	271,068	11,894	11,894	-	11,894
	<u>5,823,395</u>	<u>591,964</u>	<u>5,319,747</u>	<u>493,117</u>	<u>4,826,630</u>

Regions	2021				
	Export Sales during the year	Gross receivables		Impairment loss on trade receivables	Net receivables
		Confirmed LC / Contract / Purchase order	Total		
	-----Rupees in '000-----				
Domestic	-	-	3,949,093	521,094	3,427,999
Asia	1,918,619	329,222	329,222	-	329,222
Others	1,920,466	12,485	12,485	-	12,485
	<u>3,839,085</u>	<u>341,707</u>	<u>4,290,800</u>	<u>521,094</u>	<u>3,769,706</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
- Archroma Turkey Chemical Industry and Trade Limited Liability Company		680,568	321,815
- PT Archroma Indonesia		7,709	7,918
- Archroma (Thailand) Company Limited		169,721	82,784
- Spice Industria Quimica Ltd.		1,635	-
- Archroma Textile Mexico		5,004	6,540
- Archroma Peru S.A.		8,907	6,402
- Archroma Singapore Pte Limited		124,411	136,514
- Archroma Iberica S.L.		-	1,803
- Archroma Chemical China Ltd.		52,189	36,297
- Archroma KK Japan		87,890	-
- PT Archroma Specialties		13,049	12,397
		1,151,083	612,470
8. LOANS AND ADVANCES			
Unsecured			
Advances for supplies and services		1,359	2,930
9. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
<i>Trade deposits</i>			
Deposits		5,275	1,581
Margin on import letters of credit		59,247	-
		64,522	1,581
<i>Short-term prepayments</i>			
Prepaid insurance		23,534	26,130
Others		12,905	11,478
		36,439	37,608
		100,961	39,189
10. OTHER RECEIVABLES			
Indenting commission due from related parties	10.1	16,426	11,180
Receivable from provident fund - related party		605	2,398
Others		11,752	15,494
		28,783	29,072
10.1 Indenting commission due from related parties:			
Archroma Management GmbH		15,016	10,086
Archroma (Thailand) Company Limited		585	-
Archroma Singapore Pte Limited		825	1,052
Archroma Indonesia Private Limited		-	42
	10.1.1	16,426	11,180
10.1.1 The aging of the indenting commission due from related parties as at the reporting date is as under:			
Not past due		16,426	11,180
10.1.2 The maximum aggregate amount due from the related party at the end of any month during the year is the same as the amount due as at the year end.			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

11. SALES TAX REFUNDABLE	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)															
Tax refunds due from Government - Sales Tax	11.1	1,327,959	<u>1,327,959</u>															
<p>11.1 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. The contingencies with respect to sales tax refundable are disclosed in note 22 to these financial statements.</p>																		
12. CASH AND BANK BALANCES	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)															
Cash at banks	12.1																	
- In current accounts		7,291	443,966															
- In saving accounts	12.2	88,430	<u>823,505</u>															
		95,721	1,267,471															
Cash in hand		310	<u>399</u>															
		96,031	<u>1,267,870</u>															
<p>12.1 Cash at banks are placed with banks under Islamic banking arrangements.</p> <p>12.2 The saving accounts carry profit ranging from 11% to 15.5% per annum (2021: 5.75% to 6% per annum).</p>																		
13. SHARE CAPITAL																		
13.1 Authorised capital	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)															
<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">2022</td> <td style="text-align: center;">2021</td> <td></td> </tr> <tr> <td colspan="3" style="text-align: center;">(Number of shares)</td> </tr> <tr> <td style="text-align: right;"><u>50,000,000</u></td> <td style="text-align: right;"><u>50,000,000</u></td> <td>Ordinary shares of Rs. 10 each</td> </tr> </table>	2022	2021		(Number of shares)			<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10 each		<u>500,000</u>	<u>500,000</u>						
2022	2021																	
(Number of shares)																		
<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10 each																
13.2 Issued, subscribed and paid-up share capital																		
<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">2022</td> <td style="text-align: center;">2021</td> <td></td> </tr> <tr> <td colspan="3" style="text-align: center;">(Number of shares)</td> </tr> <tr> <td style="text-align: right;">7,441,639</td> <td style="text-align: right;">7,441,639</td> <td>Ordinary shares of Rs. 10 each issued for consideration other than cash</td> </tr> <tr> <td style="text-align: right;">26,676,242</td> <td style="text-align: right;">26,676,242</td> <td>Ordinary shares of Rs. 10 each issued as bonus shares</td> </tr> <tr> <td style="text-align: right;"><u>34,117,881</u></td> <td style="text-align: right;"><u>34,117,881</u></td> <td></td> </tr> </table>	2022	2021		(Number of shares)			7,441,639	7,441,639	Ordinary shares of Rs. 10 each issued for consideration other than cash	26,676,242	26,676,242	Ordinary shares of Rs. 10 each issued as bonus shares	<u>34,117,881</u>	<u>34,117,881</u>			74,416	74,416
2022	2021																	
(Number of shares)																		
7,441,639	7,441,639	Ordinary shares of Rs. 10 each issued for consideration other than cash																
26,676,242	26,676,242	Ordinary shares of Rs. 10 each issued as bonus shares																
<u>34,117,881</u>	<u>34,117,881</u>																	
		266,763	266,763															
		<u>341,179</u>	<u>341,179</u>															
<p>13.3 Archroma Textiles GmbH, held 25,588,533 (2020: 25,588,533) ordinary shares of Rs. 10 each at 30 September 2022.</p> <p>13.4 All the ordinary shares carry one vote per share and right to dividend.</p>																		
14. DEFERRED TAXATION - NET																		
<i>Deferred tax liabilities arising on taxable temporary differences:</i>																		
Accelerated tax depreciation allowance		255,688	211,663															
Employees retirement benefits - net		6,403	<u>17,851</u>															
		262,091	229,514															
<i>Deferred tax assets arising on deductible temporary differences:</i>																		
Impairment loss against trade receivables		126,277	122,798															
Other long term employee benefits		2,859	2,952															
Obligation under finance lease		74,025	<u>51,547</u>															
		203,161	177,297															
Deferred tax liability - net	14.1	<u>58,930</u>	<u>52,217</u>															

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

14.1 Analysis of change in deferred tax	2022			
	Net balance at at 1 October 2021	Recognized in profit or loss	Recognized in OCI	Net balance at 30 September 2022
Taxable / (deductible) temporary differences	-----Rupees in '000-----			
Property, plant and equipment	211,663	44,025	-	255,688
Employee retirement benefits - net	17,851	(24,285)	12,837	6,403
Allowance for impairment loss against trade receivables	(122,798)	(3,479)	-	(126,277)
Other long term employee benefits	(2,952)	93	-	(2,859)
Obligation under finance lease	(51,547)	(22,478)	-	(74,025)
	52,217	(6,124)	12,837	58,930

Taxable / (deductible) temporary differences	2021			
	Net balance at at 1 October 2020	Recognized in profit or loss	Recognized in OCI	Net balance at 30 September 2021
	-----Rupees in '000-----			
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)
	(15,499)	49,865	17,851	52,217

15. EMPLOYEE BENEFITS	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Net defined benefit - asset			
Employee retirement benefits - Gratuity	27.1.3	25,004	75,752
Net defined benefit - liability			
Other long term employee benefits - Long service award	15.1 & 27.3.4	11,164	12,526

15.1 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.

16. LONG TERM LOAN - SECURED	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Loan obtained under refinance scheme for payment of wages and salaries	16.1	41,776	215,403
Less: current portion of long term loan		(41,776)	(172,322)
		-	43,081
Deferred income - government grant		857	6,501
Current portion of deferred income - government grant		(857)	(5,200)
		-	1,301
		-	44,382

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

16.1 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 had 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 October 2022 in 8 quarterly installments to commercial bank under the SBP scheme.

Government grant amounting to Rs. 5.64 million (2021: Rs 14.41 million) has been amortised during the year ended 30 September 2022.

17. LEASE LIABILITIES	Note	30 September 2022	30 September 2021
		(Rs '000)	(Rs '000)
Current		20,119	16,573
Non-current		104,710	104,341
	17.2	124,829	120,914
17.1 Movement of lease liabilities during the year:			
Balance as at 1 October		120,914	117,156
Addition		-	13,244
Finance cost		15,882	13,834
Payments		(11,967)	(23,320)
Balance as at 30 September		124,829	120,914

17.2 This includes present value of lease liabilities discounted at the incremental borrowing rate of 3 months KIBOR + 0.21% of the Company against lease agreement of Head office and area office premises, respectively.

17.3 Maturity Analysis	30 September 2022	30 September 2021
	(Rs '000)	(Rs '000)
Payable within one year	20,119	16,573
Payable after one year but not later than 5 years	104,710	65,442
Payable after 5 years	-	38,899
	124,829	120,914

18. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCING

	Due within one year		Due after one year but within 5 years		Total 30 September	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Liabilities against diminishing musharika financing	48,977	38,807	115,263	59,018	164,240	97,825

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 25 July 2027 with monthly principal repayments. The financing is secured against the respective vehicles. The rate of profit on the borrowing ranges from 3 months KIBOR + 0.50% per annum to 3 months KIBOR + 0.75% per annum.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

19. TRADE AND OTHER PAYABLES	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Bills payable:			
- Related parties		338,957	159,334
- Others		2,829,506	1,397,939
Creditors		890,799	862,591
Accrued liabilities	19.1	586,985	528,094
Advance from customers	19.2	9,951	1,757
Export commission:			
- Related parties		59,033	45,572
- Others		54,325	22,342
Workers' Profit Participation Fund	19.3	189,351	32,813
Workers' Welfare Fund		159,844	120,314
Royalty payable to Archroma Management GmbH		252,487	216,099
Sales tax payable		54,138	159,320
Others		325,009	226,226
		5,750,385	3,772,401

19.1 This includes provision for employees compensated absences amounting to Rs. 113.670 million (2021: Rs. 83.697 million).

19.2 The amount of Rs. 1.757 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 2022, while new advances amounting to Rs. 9.951 million were further received during the year which will be recognized as revenue in the next year.

19.3 Workers' Profit Participation Fund	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Opening balance		32,813	39,717
Allocation for the year	28	168,664	171,541
Interest on funds utilised in the Company's business	30	502	509
Less: Amounts paid to and on behalf of the fund		(12,628)	(178,954)
Closing balance		189,351	32,813

20. MARK-UP ACCRUED			
Mark-up accrued on:			
Short term finance facilities		18,123	928
Short term borrowing under Islamic Export Refinance Scheme		6,048	2,708
		24,171	3,636

21. SHORT-TERM BORROWINGS - SECURED			
Short-term running facilities under Islamic mode	21.1	301,740	247,384
Short-term borrowing under Islamic Export Refinance Scheme	21.1 & 21.2	1,675,751	1,228,222
		1,977,491	1,475,606

21.1 Short term Islamic and conventional finance facilities are available from various banks under profit arrangements, amounting to Rs. 8,050 million (Islamic Rs. 6,800 million & Conventional Rs. 1,250 million) (2021: Rs. 6,250 million). These facilities have various maturity dates up to 30 June 2023. These arrangements are secured against a pari passu charge of hypothecation on plant and machinery, stock-in-trade and trade receivables with minimum 10% margin. These facilities other than Islamic Export Refinance Facility, carry profit ranging from 1 month KIBOR +0.1% to 1 month KIBOR + 0.25% and from 3 months KIBOR to 3 months KIBOR + 0.35%. The aggregate amount of these facilities which has not been utilized as at reporting date was Rs. 6,072 million (2021: Rs. 4,774 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

21.2 The Company has availed Islamic Export Refinance Facility under Part II amounting to Rs. 1,676 million (2021: Rs 1,228 million under the Export Financing Scheme of the State Bank of Pakistan (SBP). These arrangements are secured against a pari passu charge of hypothecation on plant and machinery. The profit rates on these facilities range from 10.5% to 11.00% per annum (2021: 2.5% to 3.0% per annum).

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 Octroi levies amounting to Rs. 31.32 million (2021: 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.

22.1.2 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 recognised in these financial statements.

22.1.3 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.

22.1.4 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) [CIR(A)]. 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 and deleted. 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.

22.1.5 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). CIR(A) has remanded back the case on certain allegations to the extent of Rs. 6.9 million and annulled the demand of Rs. 0.39 million. The company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against remaining impugned demand. 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.

22.1.6 Tax contingencies are disclosed in note 31.4 to these financial statements.

22.2 Commitments

22.2.1 Commitments for capital expenditure as at 30 September 2022 aggregated Rs. 49,576 million (2021: Rs. 20,016 million).

22.2.2 Commitments under letters of credit for stock-in-trade and stores and spares as at 30 September 2022 amounted to Rs. 1,980 million (2021: Rs. 841 million).

22.2.3 Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 30 September 2022 amounted to Rs. 344.367 million (2021: Rs. 153.763 million).

22.2.4 The Company has provided post dated cheques amounting to Rs. 2,253.81 million (2021: Rs. 3,739.30 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 2022

23. SALES - net

	Brand & Performance Textile Specialties		Others		Total	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(Rupees in '000)					
Sales						
Local	20,669,879	17,370,012	2,936,845	2,351,973	23,606,724	19,721,985
Export	5,823,395	3,826,478	-	12,607	5,823,395	3,839,085
Total sales	26,493,274	21,196,490	2,936,845	2,364,580	29,430,119	23,561,070
Trade Discounts and commission	(906,015)	(910,957)	(18,245)	(12,640)	(924,260)	(923,597)
Sales tax	(2,911,484)	(2,405,735)	(440,349)	(359,501)	(3,351,833)	(2,765,236)
	(3,817,499)	(3,316,692)	(458,594)	(372,141)	(4,276,093)	(3,688,833)
Sales - net	22,675,775	17,879,798	2,478,251	1,992,439	25,154,026	19,872,237

24. COST OF GOODS SOLD

	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Raw and packing materials consumed		15,979,705	11,398,030
Stores, spares and supplies consumed		147,355	114,933
Salaries, wages and benefits	24.1	466,793	447,290
Outside service charges		304,834	281,543
Fuel and power		331,319	242,589
Legal and professional charges		4,488	4,532
Traveling and entertainment		2,915	1,756
Communication		2,192	2,374
Rent, rates and taxes		2,108	4,472
Insurance		20,994	17,000
Repairs and maintenance		54,687	40,432
Depreciation	4.2	233,508	221,553
Printing and stationery		5,511	5,040
Opening stock of work-in-process		257,237	99,836
Closing stock of work-in-process	6	(330,871)	(257,237)
Cost of goods manufactured		17,482,775	12,624,143
Opening stock of finished goods		568,609	1,057,237
Finished goods purchased		505,992	582,616
Included under distribution and marketing expenses:			
Cost of samples issued	25	(2,660)	(2,146)
Cost of shortages and breakages	25	(1,762)	(257)
Rebate on exports		(164)	(54)
Closing stock of finished goods	6	(619,233)	(568,609)
		17,933,557	13,692,930

24.1 Salaries, wages and benefits include Rs. 15.135 million and Rs. 17.748 million (2021: Rs. 14.424 million and Rs. 34.706 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 2022

25. DISTRIBUTION AND MARKETING EXPENSES	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Salaries and benefits	25.1	280,469	297,538
Outside service charges		83,682	77,472
Traveling and entertainment		33,663	12,174
Repairs and maintenance		19,377	16,332
Business event participation		5,182	6,593
Rent, rates and taxes		14,324	26,239
Communication		4,462	3,680
Supplies, printing and stationery		58,229	49,901
Insurance		19,466	13,372
Royalty		1,231,006	951,634
Legal and professional charges		200	3,408
Fuel and power		28,384	26,786
Depreciation	4.2	26,834	25,120
Outward freight and handling		779,426	458,651
Shortages and breakages	24	1,762	257
Samples issued	24	2,660	2,146
Fees and subscription		5,197	2,038
Books and periodicals		59	47
		2,594,382	1,973,388

25.1 Salaries and benefits include Rs. 11.456 million and Rs. 7.444 million (2021: Rs. 10.858 million and Rs. 14.786 million) in respect of defined benefit scheme and defined contribution plan respectively.

26. ADMINISTRATIVE EXPENSES	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Salaries and benefits	26.1	258,850	274,073
Outside service charges		274,122	228,793
Traveling and entertainment		4,877	2,139
Repairs and maintenance		19,345	13,581
Rent, rates and taxes		1,541	373
Communication		3,086	3,285
Printing and stationery		11,072	8,731
Insurance		1,652	1,477
Legal and professional charges		17,672	15,409
Fuel and power		3,571	3,603
Depreciation	4.2	25,379	24,318
Fees and subscription		5,877	7,876
Books and periodicals		316	123
		627,360	583,781

26.1 Salaries and benefits include Rs. 11.655 million and Rs. 9.194 million (2021: Rs. 11.346 million and Rs. 4.720 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 2022

27. STAFF RETIREMENT BENEFITS

27.1 Defined benefit plan - approved gratuity fund

27.1.1 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.

27.1.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at 30 September 2022 and 30 June 2021 by the Archroma Group on global basis. The information provided in notes 27.1.3 to 27.1.13 has been obtained from the actuarial valuation carried out as at 30 September 2022 and 30 June 2021. The following significant assumptions have been used for valuation of this scheme:

<i>Financial assumptions</i>	2022	2021
a) Expected rate of increase in salary level	8.0%	6.5%
b) Discount rate	13.5%	9.4%
c) Expected return on plan assets	13.5%	9.4%
d) Price inflation	7.5%	6.0%
<i>Demographic assumptions</i>		
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Low	Low

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

27.1.3 Amounts recognised in the statement of financial position:	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Present value of defined benefit obligation	27.1.4	981,615	1,008,149
Less: Fair value of plan assets	27.1.5	<u>(1,006,619)</u>	<u>(1,083,901)</u>
		<u>(25,004)</u>	<u>(75,752)</u>
27.1.4 Movement in present value of defined benefit obligation:			
Obligation at beginning of the year		1,008,149	1,226,718
Current service cost		37,667	40,142
Interest cost		88,691	95,443
Benefits paid		(31,200)	(330,018)
Remeasurement (gain) / loss		<u>(121,692)</u>	<u>(24,136)</u>
Obligation at end of the year		<u>981,615</u>	<u>1,008,149</u>
27.1.5 Movement in fair value of plan assets:			
Fair value at beginning of the year		1,083,901	903,266
Return on plan assets		96,806	81,373
Company contributions		28,933	377,664
Benefits paid		(31,200)	(330,018)
Remeasurement (loss) / gain		<u>(171,821)</u>	<u>51,616</u>
Fair value at end of the year		<u>1,006,619</u>	<u>1,083,901</u>
27.1.6 Movement in the net defined benefit asset / (liability)			
Opening balance		75,752	(323,452)
Net periodic cost for the year		(29,552)	(54,212)
Contribution paid during the year		28,933	377,664
Re-measurements recognised in other comprehensive income during the year		<u>(50,129)</u>	<u>75,752</u>
Closing balance		<u>25,004</u>	<u>75,752</u>
27.1.7 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		37,667	40,142
- Net interest		<u>(8,115)</u>	<u>14,070</u>
		29,552	54,212
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>			
(Gain) / Loss due to change in experience adjustments		<u>(121,692)</u>	<u>(24,136)</u>
Actuarial loss / (gain) on fair value of plan assets during the year		<u>171,821</u>	<u>(51,616)</u>
Net re-measurement recognised in other comprehensive income		<u>50,129</u>	<u>(75,752)</u>
Total defined benefit (cost) / reversal recognised in statement of profit or loss and other comprehensive income		<u>(79,681)</u>	<u>21,540</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

27.1.8 Actual return on plan assets during the year was negative Rs. 43.915 million (2021: Rs. 101.889 million).

27.1.9 Sensitivity analysis

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

Change in assumption	2022	
	Percentage change	Impact of Increase / (decrease)
	(%)	(Rupees in '000)
Increase by 50 basis points	Discount rate + 0.5%	(22,179)
Decrease by 50 basis points	Discount rate - 0.5%	23,139

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

The comparative figures of sensitivity analysis are as follows:

Change in assumption	2021	
	Percentage change	Impact of Increase / (decrease)
	(%)	(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

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

27.1.11 Plan assets comprise of the following:

	30 September 2022 (Rs '000) (unaudited)	30 September 2022 Percentage composition	30 September 2021 (Rs '000) (unaudited)	30 September 2021 Percentage composition
Term finance certificates	198,118	19.68%	58,026	5.35%
Investments in units of mutual funds	807,147	80.19%	1,013,064	93.47%
Cash	1,354	0.13%	12,811	1.18%
	1,006,619	100.00%	1,083,901	100.00%

27.1.12 As per the actuarial recommendations, the expected return on plan assets was taken as 13.5% (2021: 9.4%), 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.

27.1.13 Based on actuarial advice, the Company intends to charge an amount of Rs. 26.587 million in the financial statements for the year ending 30 September 2023.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

27.2 Defined contribution plan - Employees Provident Fund

27.2.1 During the year, an amount of Rs. 38.248 million (2021: Rs. 36.628 million) has been charged to profit or loss in respect of the Company's contributions towards employees provident fund.

27.2.2 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.

27.3 Defined benefit plan - Long service awards

27.3.1 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.

27.3.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at 30 September 2022 and 30 June 2021 by the Archroma Group on global basis. The information provided in notes 27.3.2 to 27.3.6 has been obtained from the actuarial valuation carried out as at 30 September 2022 and 30 June 2021. The following significant assumptions have been used for valuation of this scheme:

<i>Financial assumptions</i>	2022	2021
a) Discount rate	13.50%	8.8%
b) Price inflation	7.50%	6.0%
<i>Demographic assumptions</i>		
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Low	Low

27.3.3 Amounts recognised in the statement of financial position

	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Present value of defined benefit obligation	11,164	12,526

27.3.4 Movement in present value of defined benefit obligation

Obligation at beginning of the year	12,526	17,687
Current service cost	2,926	1,087
Interest cost	1,072	1,409
Benefits paid	(7,233)	(3,341)
Remeasurement loss / (gain)	1,873	(4,315)
Obligation at end of the year	11,164	12,527

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

27.3.5 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 2022 (Rs '000)	30 September 2021 (Rs '000)
<i>Component of defined benefit costs recognised in statement of profit or loss and other comprehensive Income</i>		
- Current service cost	2,926	1,086
- Net interest	1,072	1,409
Net charge recognised in profit or loss	3,998	2,495
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>		
Actuarial loss / (gain) on defined benefit obligation for the year	1,873	(4,315)
Net re-measurement recognised in profit or loss	1,873	(4,315)
Total defined benefit (cost) / reversal recognised in profit or loss and other comprehensive income	5,871	(1,820)

27.3.6 Based on actuarial advice, the Company intends to charge an amount of Rs. 1.979 million in the financial statements for the year ending 30 September 2023.

	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
28. OTHER EXPENSES			
Workers' Profit Participation Fund	19.3	168,664	171,541
Workers' Welfare Fund		67,228	68,616
Auditors' remuneration	28.1	4,657	4,093
Donations	28.2	3,100	1,000
Loss on disposal of operating property, plant and equipment		-	658
Others		386	1,127
		244,035	247,035
28.1 Auditors' remuneration			
Annual audit fee		3,522	2,824
Fee for half yearly review		585	585
Special certifications and sundry services		350	350
Out of pocket expenses and others		200	334
		4,657	4,093

28.2 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.

	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
29. OTHER INCOME		
Indenting commission - net of payment of Rs. 11.435 million (2021: Rs. 4.533 million)	30,098	20,195
Sale of scrap	23,032	23,324
Gain on disposal of operating property, plant and equipment	215	-
Grant income	5,644	14,409
	58,989	57,928

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

30. FINANCE COSTS	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Exchange loss		503,785	143,462
Interest on Workers' Profit Participation Fund	19.3	502	509
Mark-up on:			
- Lease obligations		36,810	22,548
- Short-term running finances	30.1	68,996	6,991
- Export refinance facility	30.2	53,657	40,526
- Long-term loans		-	24,825
- Deposits by employees society		-	1,943
Bank charges		29,263	30,857
		693,013	271,661

30.1 This represents mark-up on running finance balance obtained from Islamic banks.

30.2 This represents mark-up on export refinance facility balance obtained from Islamic banks.

31. TAXATION	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Current		1,258,442	830,160
Deferred		(6,124)	49,865
	31.1	1,252,318	880,025

31.1 Relationship between income tax expense and accounting profit

	30 September 2022 (Effective tax rate %)	30 September 2021 (Effective tax rate %)	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Profit before taxation			3,137,384	3,189,391
Tax at the enacted tax rate	29.00	29.00	909,841	924,923
Tax effect of rebate / credits	-	(0.01)	-	(290)
Tax effect on exports under Final Tax Regime	(6.02)	(3.25)	(188,839)	(103,780)
Tax effect of items that are not deductible in determining taxable profit - permanent differences	4.02	1.86	126,098	59,172
Others	12.92	-	405,218	-
	39.92	27.60	1,252,318	880,025

31.2 The Company has filed a constitutional petition with the High Court of Sindh challenging the varies of section 4C of the Income tax Ordinance, 2001. The Court has provided an interim relief to the Company through order dated 3rd October 2022 allowing it to submit income tax return of the tax year 2022 with the tax authorities without payment of Super tax under section 4C of the Income Tax Ordinance, 2001. The Management based on consultation with its Tax consultants and legal counsel is confident that the case will be decided in favour of the Company.

31.3 Income tax assessments of the Company have been submitted up to and including tax year 2021 on self assessment basis under section 120 of the Income Tax Ordinance 2001 (the Ordinance). However, the return(s) may be selected for detailed audit within six years from the date of filing of return.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

31.4 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)	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. For the tax years 2012, the ATIR has passed the Order by remanding back the issues and for tax year 2013 departmental appeal has been dismissed.	Commissioner Inland Revenue Appeals and the Company	18 March 2015
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 amounted to Rs. 302 million 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 provision is required to be recognized in these financial statements.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	19 October 2020

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

Name of the court, agency or authority	Description of the factual basis of the proceedings and relief sought	Principal parties	Date instituted
Federal Board of Revenue	<p>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 appellate order with relief on certain disallowances by ACIR. The Company has filled an appeal before ATIR on issues decided by CIR(A) against the Company.</p> <p>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.</p>	The Assistant Commissioner Inland Revenue (ACIR) and the Company	29 March 2021
Commissioner Inland Revenue Appeals (CIRA)	<p>For the tax year 2018, Additional Commissioner (Audit-I) Inland Revenue (ACIR) had passed an order dated 24 November 2021 that amended the assessment under section 122(5A) of the Ordinance creating a demand amounting to Rs. 325 million. The Company filed an appeal dated 24 December 2021 before the CIR(A) against the order passed by ACIR.</p> <p>The management based on consultation with its tax advisor is confident that there will be no unfavorable outcome for the said tax year and accordingly no provision has been made in the these financial statements.</p>	The Assistant Commissioner Inland Revenue (ACIR) and the Company	24 November 2021
Appellate Tribunal Inland Revenue (ATIR)	<p>For the tax year 2019, Additional Commissioner (Audit-I) Inland Revenue (ACIR) had passed an order dated 31 January 2022 that amended the assessment under section 122(5A) of the Ordinance creating a demand amounting to Rs. 430 million. The CIR(A) passed order by allowing partial relief on certain disallowances. The Company has filed an appeal dated 22 July 2022 before the ATIR on issues decided by CIRA against the Company. The management based on consultation with its tax advisor is confident that there will be no unfavorable outcome for the said tax year and accordingly no provision has been made in the these financial statements.</p>	The Assistant Commissioner Inland Revenue (ACIR) and the Company	31 January 2022

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

32. EARNINGS PER SHARE

32.1 Basic

Profit after taxation attributable to ordinary shareholders

Weighted average number of ordinary shares outstanding during the year

Earnings per share

30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
1,885,066	2,309,366
(Number of shares)	(Number of shares)
34,117,881	34,117,881
(Rupees)	(Rupees)
55.25	67.69

32.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 September 2022 and 30 September 2021.

33. SEGMENT INFORMATION

	Brand & Performance Textile Specialties		Others *		Total	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(Rupees in '000)					
Net sales	22,675,775	17,879,798	2,478,251	1,992,439	25,154,026	19,872,237
Segment results based on 'management approach'	3,588,429	3,132,456	472,393	565,888	4,060,822	3,698,334
Other operating expenses - WPPF and WWF					(235,892)	(240,157)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					5,467	2,865
Operating profit					3,830,397	3,461,052
Finance costs					(693,013)	(271,661)
Profit before taxation					3,137,384	3,189,391
33.1 Segment assets	9,386,511	7,563,163	858,499	411,120	10,245,010	7,974,283
Unallocated					2,150,495	3,736,061
					12,395,505	11,710,344
33.2 Segment liabilities	3,941,020	2,739,978	444,752	231,115	4,385,772	2,971,093
Unallocated					4,237,924	2,891,660
					8,623,696	5,862,753
33.3 Fixed capital expenditures	239,516	156,701	317	90	239,833	156,791
Unallocated					946	1,453
					240,779	158,244
33.4 Depreciation	268,391	248,613	115	4,141	268,506	252,754
Unallocated					17,215	18,237
					285,721	270,991

*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 2022

33.5 Geographical information

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

Domestic sales
Export sales

30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
23,606,724	19,721,985
5,823,395	3,839,085
29,430,119	23,561,070

The Company exports its products to numerous countries.

33.6 As at 30 September 2022 and 30 September 2021, all non-current assets of the Company are located in Pakistan.

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

33.8 17.81% and 11.46% (collectively 29.27%) of the Company's gross sales for the year ended 30 September 2022 {(2021: 18.37% and 7.17% (collectively 24.54%)} 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 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Distributor 1	17.81	18.37	-	-	-	-	17.81	18.37
Distributor 2	11.46	7.17	-	-	-	-	11.46	7.17

34. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

34.1 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. 2022	30 Sept. 2021	30 Sept. 2022	30 Sept. 2021	30 Sept. 2022	30 Sept. 2021	30 Sept. 2022	30 Sept. 2021
	----- (Rupees in '000) -----							
Short-term employee benefits								
Managerial remuneration (including and leave pay)	39,839	35,949	35,428	32,681	366,799	297,861	442,066	366,491
Fees (Note 34.3)	-	-	650	900	-	-	650	900
Bonus	3,022	13,201	1,417	7,595	16,621	54,603	21,060	75,399
Housing and utilities	16,184	14,565	16,538	15,034	161,417	134,187	194,139	163,786
Medical	927	431	82	500	6,158	6,123	7,167	7,054
Post employment benefits								
Retirement benefits	9,681	8,588	6,191	5,418	65,146	57,058	81,018	71,064
	69,653	72,734	60,306	62,128	616,141	549,832	746,100	684,694
Number of person(s)	1	1	7	7	123	112	131	120

34.2 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.

34.3 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 2022

35. TRANSACTIONS WITH RELATED PARTIES

Name of related party	Nature of Relationship	Nature of transactions	Aggregate % of Shareholding	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Archroma Textile GmbH, Switzerland	Parent / Holding Company	Dividend	75%	2,942,678	767,656
Archroma Management GmbH, Switzerland	Associated Company	Purchases and services	N/A	358,996	313,276
		Royalty expenses		1,231,006	951,634
		Indenting commission		26,532	18,562
Archroma Turkey Limited	Associated Company	Purchases	N/A	559	2,224
		Sales		1,992,189	1,201,580
Archroma Singapore, Pte Ltd	Associated Company	Purchases	N/A	41,428	32,136
		Sales		37,937	275,821
		Export commission		83,934	59,010
		Indenting commission		13,668	5,420
Archroma Textile Mexico S.De	Associated Company	Purchases	N/A	52,770	29,380
		Sales		9,167	7,947
Archroma Thailand	Associated Company	Purchases	N/A	-	1,106
		Sales		465,410	290,002
		Indenting commission		1,092	708
PT Archroma Indonesia	Associated Company	Purchases	N/A	43,781	34,876
		Sales		10,914	11,277
		Indenting commission		241	39
Archroma Tianjin Ltd	Associated Company	Purchases	N/A	121,443	63,332
Spice Industria Quimica	Associated Company	Purchases	N/A	20,140	21,211
		Sales		7,370	13,017
PT Archroma Specialties Indonesia	Associated Company	Sales	N/A	17,028	30,303
Archroma China	Associated Company	Purchases	N/A	208	-
		Sales		103,459	118,416
Archroma Korea	Associated Company	Sales	N/A	274	916
Archroma Peru S.A.	Associated Company	Sales	N/A	13,524	14,237
Archroma Iberica, S.L.	Associated Company	Sales	N/A	213,066	121,604
Archroma Japan	Associated Company	Sales	N/A	150,754	2,906
Archroma Colombia S.A.S.	Associated Company	Sales	N/A	-	328
Archroma U.S	Associated Company	Purchases	N/A	6,543	-

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For the year ended 30 September 2022

<u>Name of related party</u>	<u>Nature of Relationship</u>	<u>Nature of transactions</u>	<u>Aggregate % of Shareholding</u>	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Pakistan Oxygen Limited	Common directorship	Purchases	N/A	-	84,852
Swiss Business Council	Common directorship	Subscription	N/A	100	100
Overseas Investor Chamber of Commerce and Industry	Common directorship	Subscription	N/A	-	300
Audit Oversight Board	Common directorship	Subscription	N/A	50	50
Jubilee Life Insurance Company Limited	Common directorship	Insurance	N/A	43,016	47,018
Key management personnel	Related parties	Proceeds from disposal of property, plant and equipment	N/A	1,787	7,422
Archroma Management Gmbh, Switzerland	Associated Company	Receivable Payable	N/A	15,016 509,675	10,086 314,981
Archroma Turkey Limited	Associated Company	Receivable Payable	N/A	80,540 -	- 2,308
Archroma Singapore, Pte Ltd	Associated Company	Receivable Payable	N/A	11,701 75,430	137,563 60,344
Archroma Textile Mexico S.De	Associated Company	Receivable Payable	N/A	4,257 7,820	4,692 4,720
Archroma Thailand	Associated Company	Receivable	N/A	86,041	-
PT Archroma Indonesia	Associated Company	Receivable Payable	N/A	- 5,798	42 20,652
Archroma Tianjin Ltd	Associated Company	Payable	N/A	-	24,612
PT Archroma Specialties Indonesia	Associated Company	Receivable	N/A	-	1,390
Archroma China	Associated Company	Receivable Payable	N/A	52,189 37,568	- 79
Archroma Peru	Associated Company	Receivable	N/A	7,637	6,402
Archroma Brazil	Associated Company	Payable	N/A	18,463	-
Archroma Japan	Associated Company	Receivable	N/A	45,246	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

36. CAPACITY AND PRODUCTION

	30 September 2022 (Tonnes)	30 September 2021 (Tonnes)
Actual production	52,675	60,322

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

37. NUMBER OF EMPLOYEES

	2022 No. of employees	2021 No. of employees
Number of employees of the Company at the year end	258	262
Average number of employees of the Company during the year	258	261

38. CASH GENERATED FROM OPERATIONS

	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Profit before taxation		3,137,384	3,189,391
Adjustments for non-cash charges and other items:			
Depreciation	4.2	285,721	270,991
Impairment reversal on trade receivables	7.1	(16,716)	(28,021)
(Gain) / loss on disposal of operating property, plant and equipment		(215)	658
Provision for staff gratuity	27.1.6	29,552	54,212
Other long term benefit	27.3.5	5,871	(1,819)
Interest / mark-up expense		159,463	94,890
		(5,644)	(14,409)
Working capital changes	38.1	(453,495)	1,102,195
		3,141,921	4,668,088

38.1 Working capital changes

Decrease / (increase) in current assets

Stores and spares	1,971	(8,933)
Stock-in-trade	(1,333,330)	437,239
Trade receivables	(1,040,208)	(953,526)
Loans and advances	1,571	(2,230)
Trade deposits and short-term prepayments	(61,772)	(14,827)
Other receivables	289	(4,433)
Tax refunds from government - sales tax	-	50,026
	(2,431,479)	(496,684)

Increase in current liabilities

Trade and other payables	1,977,984	1,598,879
	(453,495)	1,102,195

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

39. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flow comprise of the following statement of financial position amounts:

	Note	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Short term investments - term deposit receipts		-	601,000
Cash and bank balances	12	96,031	1,267,870
Short-term running finance facilities	21	(301,740)	(247,384)
		<u>(205,709)</u>	<u>1,621,486</u>

40. 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

- i) Loans and advances obtained as per Islamic mode
- ii) Relationship with banks having Islamic windows

Explanation

Disclosed in note 18 and 21
Following is the list of banks & financial institution with which the Company has a relationship with Islamic window of operations:

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

	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
iii) Bank balances		
Placed under profit arrangement - Fixed for 1 to 3 months	-	601,000
Placed under Shariah permissible arrangement	95,721	1,267,870
	<u>95,721</u>	<u>1,868,870</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

41.1 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.

	2022				
	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	64,522	-	-	-	-
Trade receivables	4,826,630	-	-	-	-
Other receivables	28,783	-	-	-	-
Cash and bank balances	96,031	-	-	-	-
	<u>5,015,966</u>	-			
Other financial liabilities at amortised cost					
Lease liabilities	-	124,829	-	-	-
Liabilities against diminishing musharika financing	-	164,240	-	-	-
Short-term borrowings	-	1,977,491	-	-	-
Mark-up accrued	-	24,171	-	-	-
Long term loan	-	42,633	-	-	-
Unclaimed dividend	-	88,430	-	-	-
Trade and other payables	-	5,337,101	-	-	-
	-	<u>7,758,895</u>			

	2021				
	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	601,000	-	-	-	-
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	-	-	-
Unclaimed dividend	-	72,097	-	-	-
Trade and other payables	-	3,458,197	-	-	-
	-	<u>5,450,179</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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

41.2 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:

41.2.1 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 counter parties and continually assessing the credit worthiness of counter parties.

Concentrations of credit risk arise when a number of counter parties 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, short term investments, deposits and credit exposures to customers, including trade receivables and other receivables.

The total bank balance of Rs. 95.7 million (2021: Rs. 1,267 million) and short term investment of Rs. Nil (2021: Rs. 601 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 counter parties 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.

Deposits are provided to counter parties 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 counter parties and are refundable upon termination of related services.

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 (2021: 5) customers which constitute 50.9% (2021: 43.9%) of the Company's trade receivables.

The break-up of amount due from customers other than related parties as disclosed in note 7 to these financial statements is presented below:

	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Due from customers other than related parties		
Direct customers	2,670,506	2,568,346
Distributors	2,363,040	1,573,456
	5,033,546	4,141,802
Less: Impairment loss on trade receivables	(493,117)	(521,094)
	4,540,429	3,620,708

Out of the total trade receivables of Rs. 5,319.747 million (2021: Rs. 4,290.8 million), the Company has made an allowance for impairment loss amounting to Rs. 493.117 million (2021: Rs. 521.094 million)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

41.2.2 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 2022				
	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	42,633	(44,765)	-	(44,765)	-
Trade and other payables	5,337,101	(5,149,874)	-	(5,149,874)	-
Unclaimed dividend	88,430	(88,430)	-	(88,430)	-
Mark-up accrued	24,171	(24,171)	(24,171)	-	-
Short term borrowings	1,977,491	(2,228,854)	(301,740)	(1,927,114)	-
Lease liabilities	124,829	(1,784,161)	-	(16,573)	(1,767,588)
Liabilities against diminishing musharika financing	164,240	(219,026)	-	(71,636)	(147,390)
	7,758,895	(9,539,281)	(325,911)	(7,298,392)	(1,914,978)

	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	(358,008)	-	(148,226)	(209,782)
Trade and other payables	3,458,197	(3,458,197)	-	(3,458,197)	-
Unclaimed dividend	72,097	(72,097)	-	(72,097)	-
Mark-up accrued	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)
	5,450,179	(7,262,068)	(251,020)	(4,969,045)	(2,042,003)

41.2.3 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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), Great British Pound (GBP), Chinese Renminbi (RMB), Japanese Yen (JPY) and Swiss Francs (CHF). The details of balances are as follows:

	30 September 2022					
	(USD '000)	(EUR '000)	(GBP '000)	(RMB '000)	(CHF '000)	(JPY '000)
Trade and other receivables	2,667	-	-	-	-	-
Trade payables	(7,878)	(84)	(7)	(34,754)	(35)	(2,850)
Other payables	(497)	-	-	-	-	-
Net foreign currency exposure	<u>(5,708)</u>	<u>(84)</u>	<u>(7)</u>	<u>(34,754)</u>	<u>(35)</u>	<u>(2,850)</u>

	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>

At 30 September 2022, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollar, Euro, Great British Pound, Chinese Renminbi and Swiss Francs with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 24.51 million (2021: Rs. 10.72 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 2022 (Rs '000)	Carrying amount 30 September 2021 (Rs '000)
Variable rate instruments		
Financial assets	88,430	823,505
Financial liabilities	(2,141,731)	(1,573,431)
	<u>(2,053,301)</u>	<u>(749,926)</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at 'fair value through 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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. 14.58 million (2021: Rs. 5.43 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 2021 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.

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

	2022					
	Long term loan	Other short term borrowings	Unclaimed Dividend	Diminishing Musharaka Liabilities	Lease Liabilities	Total
	(Rupees in '000)					
Balance as at 1 October 2021	221,904	1,228,222	72,097	97,825	120,914	1,740,962
<i>Changes from financing cash flows</i>						
Repayment of loan and borrowing	(173,627)	(325,478)	-	-	-	(499,105)
Proceeds from loan and borrowing	-	773,007	-	-	-	773,007
Dividend paid	-	-	(3,907,223)	-	-	(3,907,223)
Payments against lease liabilities	-	-	-	-	(11,967)	(11,967)
Financing against diminishing musharika finance - net	-	-	-	(73,268)	-	(73,268)
Total changes from financing activities	(173,627)	447,529	(3,907,223)	(73,268)	(11,967)	(3,718,556)
<i>Liability related other changes</i>						
Mark-up expense - net (note 41.3.1)	-	-	-	20,928	15,882	36,810
Grant Income	(5,644)	-	-	-	-	(5,644)
Additions	-	-	-	118,755	-	118,755
Dividend declared	-	-	3,923,556	-	-	3,923,556
Total liability related other changes	(5,644)	-	3,923,556	139,683	15,882	4,073,477
Balance as at 30 September 2022	42,633	1,675,751	88,430	164,240	124,829	2,095,883
	2021					
	Long term loan	Other short term borrowings	Unclaimed Dividend	Diminishing Musharaka Liabilities	Lease Liabilities	Total
	(Rupees in '000)					
Balance as at 1 October 2020	358,008	1,983,996	67,536	130,136	117,156	2,656,832
<i>Changes from financing cash flows</i>						
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>Liability related other changes</i>						
Mark-up expense - net (note 41.3.1)	10,416	-	-	8,714	13,834	32,964
Additions	-	-	-	19,293	13,244	32,537
Dividend declared	-	-	1,023,536	-	-	1,023,536
Total liability related other changes	10,416	-	1,023,536	28,007	27,078	1,089,037
Balance as at 30 September 2021	221,904	1,228,222	72,097	97,825	120,914	1,740,962

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

41.3.1 Mark-up accrued on long term loan and short-term borrowings aggregating to Rs. 122.65 million (2021: Rs. 47.52 million) have been classified as operating activities in the statement of cash flows.

41.4 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. The gearing ratio of the Company is as follows:

	30 September 2022 (Rs '000)	30 September 2021 (Rs '000)
Total interest bearing debt	2,309,193	1,916,249
Less: Cash and bank balances	(96,031)	(1,267,870)
Net interest bearing debt	<u>2,213,162</u>	<u>648,379</u>
Equity and interest bearing debt	<u>6,081,002</u>	<u>7,763,840</u>
Gearing ratio	<u>0.36</u>	<u>0.08</u>

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

42.1 The Board of Directors of the Company in their meeting held on 27 October 2022 has proposed a cash dividend in respect of the year ended 30 September 2022 of Rs. 20 per share in addition to Rs. 25 interim cash dividend announced and paid, making a total dividend payout of Rs. 45 per share (2021: cash dividend of Rs. 90 per share). Further, the Board has also announced appropriation of Rs. 313 million from unappropriated profit to revenue reserves (2021: Rs. 704 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 2022 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending 30 September 2023.

43. DATE OF AUTHORISATION


These financial statements were authorised for issue on 27 October 2022 by the Board of Directors of the Company.



Mujtaba Rahim
Chief Executive Officer



Naveed Kamil
Director



Irfan Chawala
Director and Chief Financial Officer

PATTERN OF SHAREHOLDING

As at 30 September 2022

No. of Shareholders	No. of Shareholding		Shares held
	From	To	
661	1	100	27,957
457	101	500	128,498
227	501	1,000	178,213
378	1,001	5,000	890,968
107	5,001	10,000	778,699
28	10,001	15,000	328,579
10	20,001	25,000	226,030
7	25,001	30,000	190,523
1	30,001	35,000	31,700
2	35,001	40,000	75,750
3	40,001	45,000	125,938
3	45,001	50,000	144,945
3	55,001	60,000	175,500
1	60,001	65,000	60,050
2	65,001	70,000	135,450
1	80,001	85,000	80,800
2	85,001	90,000	177,800
1	95,001	100,000	100,000
1	110,001	115,000	115,000
1	130,001	135,000	134,266
2	145,001	150,000	300,000
2	175,001	180,000	356,806
1	385,001	390,000	389,850
1	805,001	810,000	808,357
18	15,001	20,000	325,423
1	810,001	815,000	812,000
1	1,430,001	1,435,000	1,430,246
1	25,585,001	25,590,000	25,588,533
1,923			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	2	180,489	0.53
Insurance Companies	4	840,507	2.46
Modarabas and Mutual Funds	7	1,521,346	4.46
Share holders holding 10%	1	25,588,533	75.00
General Public :			
a. Local	1,793	4,861,949	14.25
b .Foreign	-	-	-
Others	112	1,123,056	3.29
Total (excluding : share holders holding 10%)	1,923	34,117,881	100.00

PATTERN OF SHAREHOLDING

Category Details of Shareholding as at 30 September 2022

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	179,400
	Total :	180,489
Insurance Companies		
1	STATE LIFE INSURANCE CORP. OF PAKISTAN	808,357
2	GHAF LIMITED	23,550
3	INFINI3 INSURANCE BROKERS (PRIVATE) LIMITED	800
4	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	7,800
	Total :	840,507
Modarabas and Mutual Funds		
1	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	35,750
2	CDC - TRUSTEE AKD INDEX TRACKER FUND	2,150
3	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	14,400
4	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	9,100
5	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	22,800
6	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,430,246
7	CDC - TRUSTEE MCB PAKISTAN DIVIDEND YIELD PLAN	6,900
	Total :	1,521,346
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	7,600
10	PFIZER PAKISTAN PROVIDENT FUND	5,200
11	TRUSTEE - IBM SEMEA EMPLOYEES PROVIDENT FUND	7,950
12	UNILEVER PAKISTAN LIMITED NON-MANAGEMENT STAFF GRATUITY FUND	2,450
13	THE UNION PAKISTAN PROVIDENT FUND	21,300
14	UNILEVER PAKISTAN DC PENSION FUND (SUB FUND A)	12,800
15	UNILEVER PAKISTAN DC PENSION FUND (SUB FUND B)	6,500
16	UNILEVER PENSION PLAN	780

PATTERN OF SHAREHOLDING

Category Details of Shareholding as at 30 September 2022

Shareholder's category	Number of share held
17 TRUSTEE-RAFHAN BEST FOODS EMPLOYEES PROVIDENT FUND	2,210
18 TRUSTEE-RAFHAN BEST FOODS LIMITED EMPLOYEES GRATUITY FUND	789
19 TRUSTEE PAK TOBACCO CO LTD EMPLOYEES GRATUITY FUND(1383-4)	7,600
20 TRUSTEE PAK TOBACCO CO LTD STAFF DEF CONTRI PEN FD (1384-1)	13,500
21 TRUSTEE PAK TOBACCO CO LTD STAFF PENSION FUND [1390-2]	57,500
22 TRUSTEE-SHELL PAKISTAN MANAGEMENT STAFF PROVIDENT FUND	12,000
23 TRUSTEE-SHELL PAKISTAN MANAGEMENT STAFF GRATUITY FUND	3,400
24 TRUSTEE-SHELL PAKISTAN LABOUR & CLERICAL STAFF GRATUITY FUND	650
25 TRUSTEE-SHELL PAKISTAN LABOUR PROVIDENT FUND	1,100
26 TRUSTEE-SHELL PAKISTAN DC PENSION FUND	19,600
27 TRUSTEE-SHELL PAKISTAN STAFF PENSION FUND	513
28 TRUSTEE-SHELL PAKISTAN MANAGEMENT STAFF PENSION FUND	18,550
29 Y.S. SECURITIES & SERVICES (PVT) LTD.	125
30 ZAFAR SECURITIES (PVT) LTD.	1,300
31 KIRAN FOUNDATION	950
32 KHOJA (PIRHAI) SHIA ISNA ASHARI JAMAT	268
33 TRUSTEES OF SHEKHA & MUFTI CHARTERED ACCOUNTANTS E.P.F.	1,600
34 TRUSTEES LOTTE CHEMICAL PAKISTAN MNGT STAFF GRATUITY FUND	6,300
35 TRUSTEES LOTTE CHEMICAL PAKISTAN NON MGN STAFF G.FUND	85
36 TRUSTEES LOTTE CHEMICAL PAKISTAN MNG STAFF PROVIDENT FUND	6,500
37 TRUSTEES LOTTE CHEMICAL PAKISTAN MGT. STAFF DEF. CONT. S.FUND	8,000
38 TECHNOLOGY LINKS (PVT.) LIMITED	9,500
39 FREEDOM ENTERPRISES (PVT) LTD	1,257
40 TRUSTEES OF MAGNUS INVESTMENT ADVISORS LTD. EMPL. PROV. FUND	350
41 TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	177,406
42 TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	6,225
43 GLOBE MANagements (PRIVATE) LIMITED	7,650
44 AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	150
45 TRUSTEES OF FRIENDS EDUCATIONAL AND MEDICAL TRUST	7,300
46 AL-ABBAS EDUCATIONAL AND WELFARE SOCIETY	4,800
47 MERIN (PRIVATE) LIMITED	1,000
48 TRUSTEES D.G. KHAN CEMENT CO. LTD. EMP. P.F	16,700
49 NH HOLDINGS (PVT) LTD	153
50 NH SECURITIES (PVT) LIMITED.	263
51 TRUSTEES NESTLE PAKISTAN LTD EMPLOYEES PROVIDENT FUND	15,326
52 MAPLE LEAF CAPITAL LIMITED	1
53 Habib Bank AG Zurich Zurich Switzerland	87,800
54 AZEE SECURITIES (PRIVATE) LIMITED	1
55 IRFAN MAZHAR SECURITIES (PVT) LTD.	2,500
56 ORIENTAL SECURITIES (PVT) LTD.	5,300
57 KHAYYAM SECURITIES (PVT.) LIMITED	250
58 SHERMAN SECURITIES (PRIVATE) LIMITED	1
59 NCC - PRE SETTLEMENT DELIVERY ACCOUNT	100
60 GHULAMAN-E-ABBAS EDUCATIONAL AND MEDICAL TRUST	1,073
61 ORIENT IMPEX (PRIVATE) LIMITED	1,800
62 WASI SECURITIES (SMC-PVT) LTD.	2
63 TOPLINE ASSOCIATE (PRIVATE.) LIMITED	20,000
64 HBL BANK UK LIMITED	115,000

PATTERN OF SHAREHOLDING

Category Details of Shareholding as at 30 September 2022

Shareholder's category	Number of share held
65 BRR FINANCIAL SERVICES (PVT.) LIMITED	2,000
66 MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	1,250
67 MIANSONS TEXTILES (PRIVATE) LIMITED	1,000
68 MERIN (PRIVATE) LIMITED	5,900
69 PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND-DC SHARIAH	5,000
70 KHAADI (SMC-PVT.) LIMITED EMPLOYEES PROVIDENT FUND	2,350
71 PAKISTAN CENTRE FOR PHILANTHROPY	3,340
72 SANOFI-AVENTIS PAKISTAN EMPLOYEES GRATUITY FUND	5,650
73 SANOFI-AVENTIS PAKISTAN EMPLOYEES PROVIDENT FUND	4,800
74 ENGRO CORP LTD MPT EMPLOYEES DEF CONT GRATUITY FUND	11,600
75 HABIB UNIVERSITY FOUNDATION	26,000
76 ATCO LABORATORIES LIMITED EMP. PROVIDENT FUND TRUST	7,100
77 ENGRO FOODS LIMITED EMPLOYEES GRATUITY FUND	16,000
78 GLAXO LABORATORIES PAKISTAN LIMITED PROVIDENT FUND	1,440
79 GLAXOSMITHKLINE PAK. LTD. EMPLOYEES GRATUITY FUND	24,750
80 GLAXO LABORATORIES PAK. LTD. LOCAL STAFF PROV. FUND	5,100
81 SMITHKLINE & FRENCH OF PAKISTAN LTD. PROVIDENT FUND	7,600
82 PAKISTAN REFINERY LIMITED MANAGEMENT STAFF GRATUITY FUND	3,200
83 PAKISTAN REFINERY LTD MANAGEMENT STAFF PENSION FUND	8,000
84 PAKISTAN REFINERY LIMITED PROVIDENT FUND	4,600
85 ENGRO CORPORATION LIMITED PROVIDENT FUND	58,000
86 WYETH EMPLOYEES PROVIDENT FUND	800
87 PFIZER PAKISTAN GRATUITY FUND	1,250
88 GLAXOSMITHKLINE CONSUMER HEALTHCARE PAK. LTD. EMPLOYEES G.F	1,138
89 GLAXOSMITHKLINE CONSUMER HEALTHCARE PAK LTD EMP. PROV. FUND	2,350
90 HPSL GRATUITY FUND	7,650
91 HPSL PENSION FUND	7,900
92 HPSL PROVIDENT FUND	1,350
93 PAKISTAN REFINERY LIMITED WORKMEN PENSION FUND	1,350
94 UNILEVER EMPLOYEES EDUCATION FOUNDATION	2,850
95 THE HUB POWER COMPANY LIMITED STAFF GRATUITY FUND	2,600
96 FAUJI FERTILIZER BIN QASIM LIMITED EMPLOYEES GRATUITY FUND	4,900
97 FAUJI FERTILIZER BIN QASIM LIMITED PROVIDENT FUND	16,600
98 NOVARTIS PHARMA PAKISTAN LIMITED EMPLOYEES GRATUITY FUND	4,250
99 SYSTEMS LIMITED EMPLOYEES PROVIDENT FUND	20,800
100 TAPAL HOLDINGS (PRIVATE) LIMITED	48,900
101 INTERNATIONAL INDUST. LTD EMPLOYEES PROVIDENT FUND	3,700
102 INTERNATIONAL INDUST. LTD EMPLOYEES GRATUITY FUND	5,150
103 INTERNATIONAL STEELS LTD EMPLOYEES GRATUITY FUND	2,750
104 INTERNATIONAL STEELS LTD EMPLOYEES PROVIDENT FUND	2,050
105 INDUS MOTOR COMPANY LTD EMPLOYEES PROVIDENT FUND	12,050
106 INDUS MOTOR COMPANY LIMITED EMPLOYEES PENSION FUND	5,800
107 ENGRO CORPORATION LIMITED GRATUITY FUND	1,700
108 ENGRO CORP LTD MPT EMPLOYEES DEF CONT GRATUITY FUND	31,700
109 ENGRO CORP LTD MPT EMPLOYEES DEF CONTR PENSION FUND	4,900
110 FIKREES (PRIVATE) LIMITED	100
111 KTRADE SECURITIES LIMITED	1
112 CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	10,000
Total :	1,123,056

ARCHROMA PAKISTAN LIMITED

Notice of Meeting

NOTICE is hereby given that the Twenty-Seventh 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 Tuesday, 27 December 2022 at 10:00 a.m. for the purpose of transacting following business:

ORDINARY BUSINESS

1. To receive and approve the Audited Financial Statements for the Period ended 30 September 2022 alongwith the Directors' Report thereon.
2. To approve final cash dividend @ 200% i.e. (Rs: 20/- per share), as recommended by the Board.
3. To approve appointment of external auditors for the year 2023 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

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass the following resolution as Special Resolution,

Resolved that, the following amendment be made in the Articles of Association of the Company.

The figures "50,000 appearing in the third line of Article 70 be replaced by the figures "100,000" to read the amendment Article 70 as under:

70 The remuneration of a Director, shall, from time to time be determined by the Board of Directors and unless otherwise determined shall not exceed Rs. 100,000/- per meeting at which the Director shall be present. The Director shall be paid such traveling boarding, lodging and other expenses properly incurred by them in or about the performance of their duties or business if any of them has to come to attend the Board meeting of the Company from outstation.

ANY OTHER BUSINESS

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

By order of the Board



M Irfan Lakhani
Company Secretary

Karachi: 27 October 2022

ARCHROMA PAKISTAN LIMITED

Notice of Meeting

NOTES:

Closure of Share Transfer Books

- i. The Share Transfer Books of the Company will remain closed from 20 December 2022 to 27 December 2022 (both days inclusive). Transfers received in order by the Company's Share Registrar, M/s. FAMCO Associates (Pvt) Limited, 8-F, near Hotel Faran, Nursery, Block- 6, P.E.C.H.S Shahreh-e-Faisal, Karachi, by 19 December 2022 will be in time to entitle the transferees for the dividend and to attend and vote at the Annual General Meeting.
- ii. A member entitled to attend and vote at the meeting may appoint proxy to attend and vote instead of him/her. A proxy need not be a member of the company. Proxies, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the Meeting, excluding holidays.
- iii. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their Original National Identity Card and account number in CDC for verification.

Participation in the Annual General Meeting electronically

The Company will be providing the facility to all shareholders to participate in Annual General Meeting via video link.

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 25 December 2022.

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.

Submission of CNIC and NTN Not Provided Earlier

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 Investor Account Services 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:

- 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.
- Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit the above information directly to relevant Participant/CDC Investor Account Service.

ARCHROMA PAKISTAN LIMITED

Notice of Meeting

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, incase 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 shareholders of Archroma Pakistan Limited, who have not provided their bank details are once again, through this notice, requested to update their accurate and complete 24 digits IBAN together with the bank's name, branch's address, CNIC number and correct email address with respective Participants/Investors' Account Services of CDC for electronic form of shares, and in case of physical shareholding to our Shares Registrar, M/S FAMCO Associates (Pvt) Limited, 8-F near 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 on CDC's eservices Portal <https://eservices.cdcaccess.com.pk> to get above facility.

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, 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 from 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%.

ARCHROMA PAKISTAN LIMITED

Notice of Meeting

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 shares jointly are requested to provide shareholding proportions of Principal shareholder 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, near 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.

Deduction of Zakat

Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat to our share registrar before commencement of book closure otherwise deduction will be made as per applicable rates. Shareholders holding shares in electronic form are requested to send their zakat declaration to their broker (participant) / CDC Investor Account Services.

- (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 and Shares

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

An updated list for unclaimed dividend/shares of the Company, which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable, is available on the Company's website www.archroma.com.pk.

Claims can be lodged by shareholders on Claim Form as is available on the Company's website. Claim Forms must be submitted to the Company's Share Registrar for receipt of dividend/ shares.

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.

ARCHROMA PAKISTAN LIMITED

Notice of Meeting

Deposit of Physical Shares into CDC Account

As per Section 72 of the Companies Act, 2017 (Act) 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 Companies to comply with 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 2022 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 (if any) immediately.

Shareholders 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.

ARCHROMA PAKISTAN LIMITED

Notice of Meeting

Statement Under Section 134 (3) of The Companies Act, 2017 Regarding Special Business:

Item No. 4: To increase Director Remuneration for attending meeting from Rs: 50,000/- to Rs: 100,000/-

The existing amount of Directors remunerations for attending meetings of the Board / Committees of the Board was Rs: 50,000/- per meetings. The said amount had become inadequate & did not compensate for the increase in responsibilities of the Director. The proposed resolutions seeks to revise the existing remuneration from Rs: 50,000/- to Rs: 100,000/- per meeting.

The Director are interested in the Business to the extent of the remuneration.

The existing and amended Articles of Association have been placed at the Registered Office of the Company for inspection by the members during business hours.

INFORMATION REQUIRED PURSUANT TO SRO 423(I)/2018

S.R. No.	Description	Information Required
1	Comparative analysis of existing clause with the proposed amendment along with reasons for the change.	A comparative analysis of the change and reason is stipulated below.
2	Reasons for change in clause 70 of the articles of association of the company.	The existing amount of Directors remunerations for attending meetings of the Board / Committees of the Board was Rs: 50,000/- per meetings. The said amount had become inadequate & did not compensate for the increase in responsibilities of the Director.
3	A statement that the proposed alteration is in line with the applicable provisions of the law and regulatory framework.	It is hereby confirmed that the proposed alteration to the Articles of Association of the Company is in line with the applicable provisions of the law and regulatory framework.

COMPARATIVE TABLE

Article Clause No.	Previous Clause	Amended Clause
70	The remuneration of a Director, shall, from time to time be determined by the Board of Directors and unless otherwise determined shall not exceed Rs. 50,000/- per meeting at which the Director shall be present. The Directors shall be paid such traveling, boarding, lodging and other expenses properly incurred by them in or about the performance of their duties or business if any of them has to come to attend the Board meeting of the Company from outstation.	The remuneration of a Director, shall, from time to time be determined by the Board of Directors and unless otherwise determined shall not exceed Rs. 100,000/- per meeting at which the Director shall be present. The Director shall be paid such traveling boarding, lodging and other expenses properly incurred by them in or about the performance of their duties or business if any of them has to come to attend the Board meeting of the Company form outstation.

ARCHROMA PAKISTAN LIMITED

BCR Criteria

S. No.	Framework for Annual Reporting	Page No.
1	ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT	
1.01	Principal business activities and markets.	8
1.02	Geographical location and address of all business units including sales units and plants.	6
1.03	Mission, vision, code of conduct, culture, ethics and values.	4 & 10
1.04	Ownership, operating structure and relationship with group companies and number of countries in which the organization operates. Also name and country of origin of the holding company /subsidiary company, if such companies are a foreign company.	31, 67, 68
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	7
1.08	Significant factors effecting the external environment and the associated organization's response. Also describe the effect of seasonality on business in terms of production and sales. (External environment includes commercial, political, economic, social, technological, environmental and legal environment).	54
1.10	SWOT Analysis of the company.	62
1.11	Competitive landscape and market positioning.	55
1.12	The legislative and regulatory environment in which the organization operates.	95
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	54
1.14	Significant changes from prior years.	53
2	STRATEGY AND RESOURCE ALLOCATION	
2.01	Short, medium and long term strategic objectives.	52
2.02	Strategies in place or intended to be implemented to achieve the strategic objectives.	52
2.03	Resource allocation plans to implement the strategy and financial capital structure.	53
2.06	2.06 The effect of technological change, societal issues such as population and demographic changes, human rights, health, poverty, collective values and educational systems, environmental challenges, such as climate change, the loss of ecosystems, and resource shortages on the company strategy and resource allocation.	54
2.07	2.07 Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues.	53
2.10	Significant changes in objectives and strategies from prior years.	53
3	RISKS AND OPPORTUNITIES	
3.01	Key risks and opportunities effecting availability, quality and affordability of CAPITALS in the short, medium and long term.	57-59
3.02	Risk Management Framework including risk management methodology and principal risk and uncertainties facing the company.	57
3.03	Sources of risks and opportunities (internal and external).	57-59
3.04	The initiatives taken by the company in promoting and enabling innovation.	60
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	57-59
3.06	Specific steps being taken to mitigate or manage key risks.	57-59
3.07	Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.	60 & 61
3.08	Statement from the board that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	61
3.09	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses.	61
3.10	Inadequacy in the capital structure and plans to address such inadequacy.	61
4	SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY	
4.01	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility as per best business practices.	22-26 & 64-79
4.03	Certifications acquired and international standards adopted for best sustainability and CSR practices.	22-26, 64-79, 92 & 50

ARCHROMA PAKISTAN LIMITED

BCR Criteria

S. No.	Framework for Annual Reporting	Page No.
5	GOVERNANCE	
5.01	Board composition: Leadership structure of those charged with governance.	07 & 28
	Name of independent directors indicating justification for their independence.	28 & 89
	Diversity in the board i.e. competencies, requisite knowledge & skills, and experience.	89
	Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc.	13-14
	No. of companies in which the executive director of the reporting organization is serving as non-executive director.	89
5.02	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	15
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	89
5.04	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	90
5.05	Disclosure if the board's performance evaluation is carried out by an external consultant.	90
5.06	Details of formal orientation courses for directors.	91
5.07	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	91
5.08	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	91-92
5.09	Approved policy for related party transactions.	92
	Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding.	93 & 167-168
	Disclosure of director's interest in related party transactions.	93
	In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	93
5.10	Disclosure of Board's Policy on the following significant matters:	
	Governance of risk and internal controls.	93 - 94
	Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	94
	Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.	94
	Retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	95
	Security clearance of foreign directors.	95
	Board meetings held outside Pakistan.	95
	Human resource management including preparation of succession plan.	95
	Social and environmental responsibility.	95
	Communication with stakeholders.	95
	Investors' relationship and grievances.	95
	Employee health, safety and protection.	96
	Whistle blowing policy	96
	Safety of records of the company.	96
	Providing reasonable opportunity to the shareholder for participation in the AGM.	97
5.11	Board review statement of the organization's business continuity plan or disaster recovery plan.	97 & 102
5.13	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	106
5.14	A brief description about role of the Chairman and the CEO.	97 & 98
5.15	Shares held by Sponsors / Directors / Executives.	177 & 178
5.16	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	98 & 99

ARCHROMA PAKISTAN LIMITED

BCR Criteria

S. No.	Framework for Annual Reporting	Page No.
5	GOVERNANCE	
5.17	Timely Communication: Date of authorization of financial statements by the board of directors: within 40 days ---6 marks within 60 days ---3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).	
5.18	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include:	103 & 104
5.19	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	100
5.21	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.	100
5.22	Chairman's significant commitments and any changes thereto.	100
5.23	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	101
5.24	How the organization's implemented governance practices have been exceeding legal requirements.	101
6	ANALYSIS OF THE FINANCIAL INFORMATION	
6.02	Analysis of financial ratios (Annexure I) (this includes marks of ratios for Shariah compliant companies and companies listed on Islamic indices)	114 - 116
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	110 - 113
6.04	Graphical presentation of 6.02 and 6.03 above.	115 & 116
6.07	Information about defaults in payment of any debts and reasons thereof period.	30
7	DISCLOSURES ON IT GOVERNANCE AND CYBERSECURITY	
7.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	101
7.02	Disclosure related to IT governance and cyber security programs, policies and procedures and industry specific requirements for cyber security and strategy in place.	101
7.03	Disclosures about how cyber security fits into the board's risk oversight function and how the board is engaging with management on this issue.	102
7.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	102
7.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	102
7.09	Disclosure about education and training efforts of the Company to mitigate cyber security risks.	101
8	FUTURE OUTLOOK	
8.01	Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	86
8.02	Explanation of the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and how it will affect the organization in terms of its business performance, strategic objectives and availability, quality and affordability of capitals.	87
8.03	Explanation as to how the performance of the company meets the forward looking disclosures made in the previous year.	86

ARCHROMA PAKISTAN LIMITED

BCR Criteria

S. No.	Framework for Annual Reporting	Page No.
9	STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT	
9.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	83
9.02	Stakeholders' engagement process.	81 - 82
9.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	83
9.04	Investors' Relations section on the corporate website.	83
9.05	Issues raised in the last AGM, decisions taken and their implementation status.	100
9.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	84
10	BUSINESS MODEL	
	Business model is a system of transforming inputs, through business activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium and long term	
10.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework (IR Framework).	17

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
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FORM OF PROXY

Please quote Folio
Number

I/We _____

of _____

being a member of ARCHROMA PAKISTAN LIMITED, hereby appoint _____

of _____

or failing him/her _____

of _____

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held on Tuesday, 27 December 2022 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 ستائیسواں سالانہ اجلاس جو صبح 10.00 بجے، بتاریخ 27 دسمبر 2022ء بروز منگل منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

(ریونیواسٹیٹ)

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 میننگ سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس واقع 1-A/1، سیکٹر 20، کورنگی انڈسٹریل ایریا کورنگی کراچی میں جمع کرا دیا 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 میننگ 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۔



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