

ANNUAL REPORT 2023



**CELEBRATING 10 YEARS OF ENHANCING LIVES
THROUGH SUSTAINABILITY AND INNOVATION**

HERITAGE



1886

Foundation of **Kern & Sandoz**

1995

Specialty chemicals to
Clariant spin-off and IPO

1997

Acquisition of **Hoechst**
Specialty Chemicals

ARCHROMA
LIFE ENHANCED

2013

Textile, paper and emulsions businesses are acquired by **SK Capital Partners** and become **Archroma**

2015

Acquisition of **BASF** textile chemicals business

2016

Merger of Textiles Chemical Pakistan Private Limited (formerly BASF Pakistan Private Limited) into **Archroma Pakistan**

2022

Acquisition of Textile Effects Business of **Huntsman** globally.



HERITAGE



The company was founded in 1886 as a small chemical company by Alfred Kern and Edouard Sandoz in Basel, Switzerland under the name Chemiefirma Kern und Sandoz. Initially the company focused on production of dyes namely Alizarin blue and Auramine.

In 1917, Sandoz entered pharmaceutical research and in 1929, Calcium Sandoz was introduced, laying the foundation research into modern calcium therapy. In 1918, ergotamine was isolated, the substance was eventually used to treat migraine and headaches and was introduced under the trade name Gynergen in 1921.

In 1939, Kern & Sandoz became Sandoz Limited, a name it operated under for nearly sixty years.

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

In 1996, the merger of Pharma division of Sandoz and Ciba-Geigy led to the creation of Novartis.

Sandoz contributes to society's ability to support growing healthcare needs by pioneering novel approaches to help people access high-quality medicine.

The Sandoz brand is a seal of quality, and healthcare professionals around the world trust it as a symbol of high-quality, affordable medications.

In 1995, the specialty chemicals division of Sandoz became an independent company under the name Clariant, based in Muttenz, Switzerland.



CLARIANT



Clariant AG is a Swiss multinational specialty chemical company, formed in 1995 as a spin-off of the chemical operations of Sandoz. Headquartered in Muttenz, Switzerland, the public company encompasses 74 subsidiaries in 36 countries.

Clariant was global provider of specialty chemicals for the paints & coatings industry including paint additives, waxes, and pigments for coatings. It was one of the world's leading specialty chemical companies, contributing to value creation with innovative and sustainable solutions for customers from many industries.

It provides flame retardants, polymer additives, and waxes for plastics, coatings, inks, catalysts for petrochemical and refining, synthesis gas, chemical, emissions control, specialty zeolites and zeolite-based, and custom catalysts markets, paper, and detergent additives, PVC stabilizers, BTX-catalysts, and kerosene.

Clariant has three business units, Care Chemicals, Adsorbents & Additives and Catalysts.

In 1997, Clariant grew substantially, with the acquisition of the German Chemical giant Hoechst specialty chemicals business.

Hoechst AG was a German chemicals life-sciences company founded in 1863 by Wilhelm Meister "Teerfarbenfabrik Meister, Lucius & Co." in Höchst, near Frankfurt.

In 1997, Hoechst underwent a realignment wherein its various businesses were transferred to independent companies, including Clariant.

In September 2013, Clariant sold its Textile Chemicals, Paper Specialties and Emulsion business to Archroma.



HERITAGE



Archroma 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.

Archroma came into existence in September 2013 when SK Capital acquired the then Textile Chemicals, Paper Specialties, and Emulsions businesses from Clariant Corporation. The three divisions were combined into an integrated, market-focused, and collaborative company and renamed Archroma upon becoming an independent entity.

Archroma's heritage traces back to when Kern & Sandoz was established in 1886 in Basel to produce textile dyes. In 1995 Clariant was formed, as a spin-off from Sandoz, and in 1997 acquired the specialty chemicals business of Hoechst.

In the year 2015, Archroma acquired textile chemical business of German chemical giant BASF. BASF is an acronym for Badische Anilin und Sodafabrik. It was founded by Friedrich Engelhorn in 1865 in Mannheim, Germany.

BASF is the world's leading chemical company headquartered in Ludwigshafen, Germany. Its portfolio is organized into six segments: Chemicals, Materials, Industrials Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. The Chemicals segment consists of the Petrochemicals and Intermediates divisions. It is the largest chemical producer in the world. BASF is listed on the Frankfurt Stock Exchange, London Stock Exchange, and Zurich Stock Exchange.

Between 2014 and 2018, Archroma acquired M. Dohmen, an international group specializing in the production of textile dyes and chemicals for the automotive, carpet and apparel sectors. In December 2019, acquisition of BASF's stilbene-based OBA business for paper and powder detergent applications took place.

In February 2023, Archroma acquired Huntsman Textile Effects. With this, two global leaders were brought together to lead the industry towards a more sustainable future for customers and markets.

Huntsman was formed in 1970 by Jon M. Huntsman through Huntsman Container Corporation in Fullerton, California. Huntsman Corporation acquired Ciba Geigy Textile Effects Business in 2006. In 2022 Huntsman completes the sale of its Textile Effects division to Archroma, a portfolio company of SK Capital Partners.

Through this direct lineage and further acquisitions, Archroma has knowledge and experience of chemistry and industry spanning more than 160 years.

The company operates a highly integrated, customer-focused platform that delivers specialized performance and color solutions in over 90 countries. It has 5,000 employees in 42 countries with over 30 production sites.

Archroma delivers specialized performance and color solutions to meet customers' needs in their local markets, touching and coloring people's lives every day, everywhere. With know-how of key drivers and requirements for the whole supply chain, the R&D, technical experts and product managers worldwide help companies to optimize production processes and enhance products.



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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 • Irfan Chawala • Patrick Verraes • Shahid Ghaffar • Thomas Bucher • Yasmin Peermohammad 	- Chief Executive Officer (Alternate: Naveed Kamil)
Audit Committee	<ul style="list-style-type: none"> • Shahid Ghaffar • M Veqar Arif • Thomas Bucher • Irfan Lakhani 	- Chairman (Alternate: Naveed Kamil) - Secretary
Human Resources and Remuneration Committee	<ul style="list-style-type: none"> • Yasmin Peermohammad • Mujtaba Rahim • Thomas Bucher • Irfan Lakhani 	- Chairperson (Alternate: Naveed Kamil) - Secretary
Management Committee	<ul style="list-style-type: none"> • Mujtaba Rahim • Irfan Chawala • Muhammad Altaf • 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 Falah Limited • Bank Al Habib Limited • Dubai Islamic Bank Pakistan • 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 	



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!

GLOBAL PRESENCE



4500 employees, 100 locations (including 34 production sites) across 41 countries worldwide

● Headquarters ● Offices ● Production, offices ● Laboratories ● Production ○ Sales offices ● Sales countries

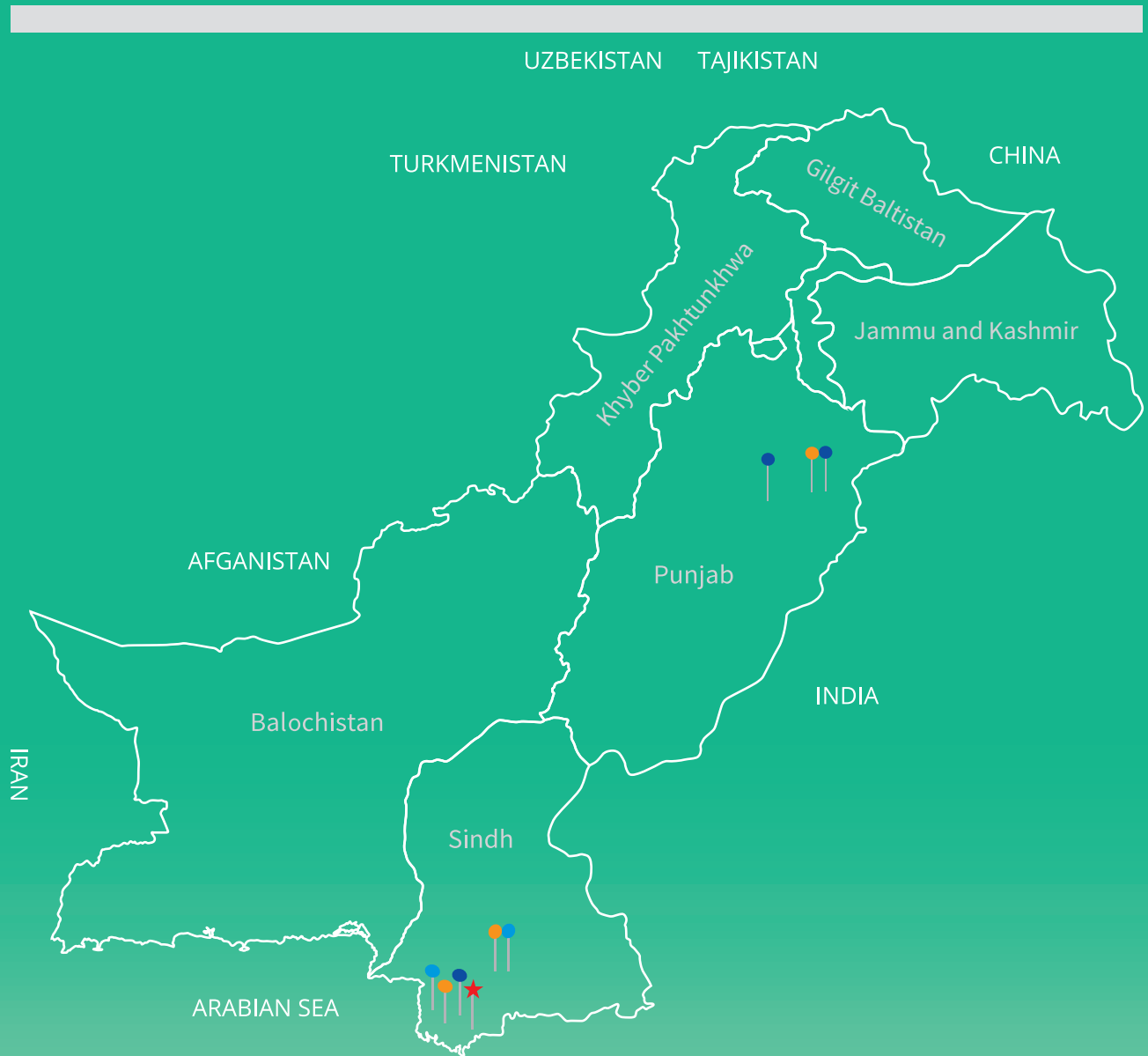
Markets served

We currently serve 94 markets worldwide, organized into six Business Clusters: Asia-Pacific, South Asia & Central Asia, Pakistan, Latin America, North America, Europe, and Middle East and Africa.

Scale of operations

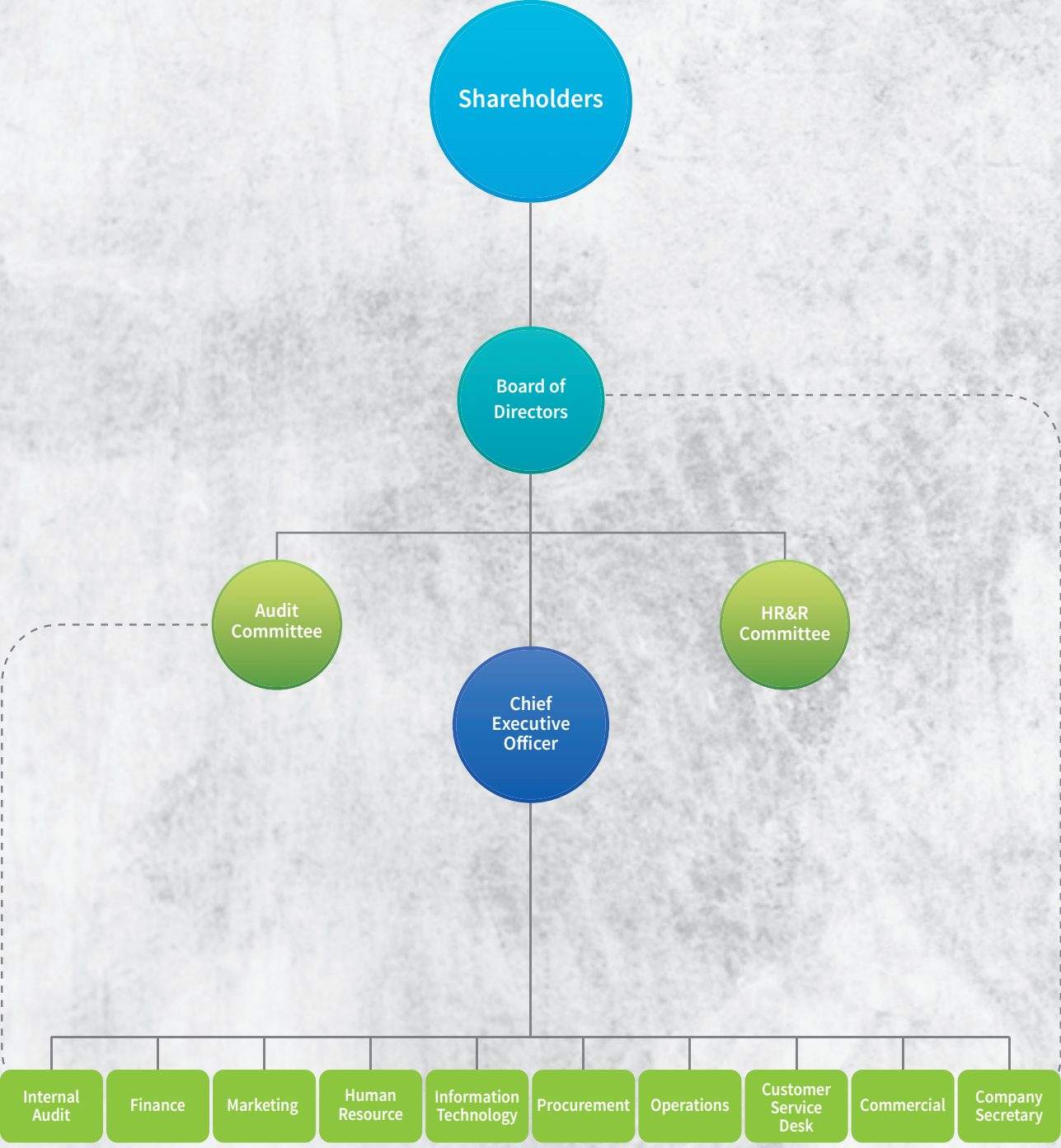
Archroma currently has 100 locations in 41 countries worldwide. We have significant operations in Brazil, China, Germany, South Asia, Indonesia, Mexico, Pakistan, Spain, and in the USA.

PRESENCE IN PAKISTAN



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

ORGANOGRAM



— Administrative Relationship
- - - Functional Relationship

PRINCIPAL BUSINESS ACTIVITIES



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

Textile Effects

From fiber to finish, Archroma's Textile Effects division plays a key role throughout the entire textile supply chain, with special chemicals for pretreatment, dyeing, printing and finishing of textiles. Our R&D-enabled systems and solutions enhance the properties of apparel and other textiles in applications as diverse as high fashion, home textiles and special technical textiles.

Packaging, Paper & Coatings

Archroma's Packaging, Paper & Coatings division provides expertise in the management of whiteness, coloration, coatings and strength for all kinds of applications such as packaging & paper, paint, adhesive and construction. By combining our focused product range with the application services of our experts around the globe, we enhance both the optical and functional properties of innumerable end products.

CODE OF CONDUCT

For Archroma, there is no other way to do business than in a sustainable and responsible way. Archroma is therefore committed to act with integrity and in strict compliance with the law.

Archroma has a Code of Conduct for employees, signed by the Chief Executive Officer and publicly available, which sets out the binding rules and guidelines to the employees and officers of Archroma. This enables employees to rely on the Code as a navigation guide, and one another's good judgement, to uphold a high standard of integrity for the individual and Archroma.

Archroma takes responsibility for its employees, its customers, its suppliers, its other stakeholders and the environment in order to achieve profitable long-term business development. Archroma commits maintaining ethical and sustainable operation and business development in all activities according to its own Code of Conduct and Responsible Care®.

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.

Our Work Culture



DIRECTORS' PROFILE



Thomas Bucher

Mr. Thomas Bucher was appointed to the Board of Directors in 2021 as a 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.



Patrick Verraes

Mr. Patrick Verraes was appointed to the Board of Directors in April 2023. Patrick joins Archroma from the Huntsman Corporation in Basel, where he has been Corporate Vice President, Global Deputy General Counsel & Assistant Secretary to the Board since 2018. Before that he performed senior legal roles in Huntsman in Belgium & Shanghai. He holds a Master of Law degree from the University of Leuven, Belgium and a Postgraduate degree in EC Competition Law from King's College, London.



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 40 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.



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.

DIRECTORS' PROFILE



Irfan Chawala

Mr. Irfan Chawala was appointed as Executive Director on the Board of Archroma Pakistan in September 2023. He has been holding Directorship position in Archroma since 2020. He is a Finance graduate and a Fellow member of Institute of Chartered Accountants of Pakistan (ICAP) with over 25 years of diverse working & cultural experience of different industries & geographical locations.

Mr. Chawala is currently working as Vice President of Pakistan & Central Asia for Paper, Packaging & Coatings (PP&C) business of Archroma in addition to his role as CFO of Archroma Pakistan Limited. He has also worked earlier with Clariant for 14 years in different roles in Finance, Marketing, Commercial Operations and Business Support in Pakistan, China, Singapore and South-east Asia. Mr. Chawala started his professional career with PricewaterhouseCoopers and has also worked in the past with 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.



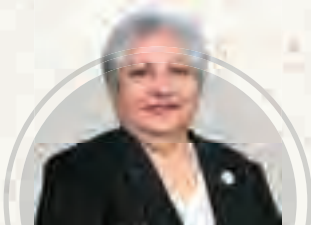
Shahid Ghaffar

Mr. Shahid Ghaffar was reelected to the Board of Directors as Independent Director in 2021 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, Managin 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 2023 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 Region Pakistan.



Yasmin Peermohammad

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



MANAGEMENT COMMITTEE



Irfan Chawala
Director & Chief Financial Officer

Muhammad Altaf
Head of Procurement
& Operations - Landhi Site

Mujtaba Rahim
Chief Executive Officer

Naveed Kamil
Director & HR Head

Qazi Naeemuddin
Head of Safety & Operations
Jamshoro Site

CHAIRMAN'S REVIEW

With the grace of Almighty Allah, despite many challenges, your Company managed to achieve sales of Rs 34,900 million and profit after tax of Rs 1,244 million. The earnings per share at Rs 36.47 as compared to Rs 55.25 during the previous year.

The Board constantly review the key risks facing the Company and considers whether they are effectively mitigate. 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 the management to reduce company 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 for the Company. The overall guidance and timely advice from the Board contributed immensely in steering the Company in the right direction.

The Board diligently held four meetings, including those of the audit committee, ensuring consistent monitoring of our performance and that of our sub-committees.

The Board's annual self-evaluation for 2023 reflected satisfactory results, meeting the criteria set for the current financial year. This self-assessment helps in gauging our performance against our set objectives, allowing us to address areas needing improvement.

During the year, the Board's key approvals included:

- Capital expenditures (CAPEX);
- Review and approval of quarterly and annual financial statements;
- Review of internal audit and audit committee findings;
- Consent to the selection of external auditors;
- Acquisition and merger of Huntsman Pakistan into the company.

The Board has performed its duties and responsibilities diligently, and has contributed effectively in guiding the Company in its strategic affairs. Currently the areas of focus as identified by the Board are risk management, business growth and opportunities and providing oversight to the management. The Board also played a key role in monitoring of management performance and focus on major risk area. 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 were chaired by independent directors, indicating the commitment to the highest levels of governance and transparency.

The Board sets several targets for the CEO and the management team including development of short term and long term strategies. 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.
- Reviewed all related party transactions.
- 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.



M Veqar Arif
Chairman



CEO'S REVIEW

Dear Archroma Shareholders,

It gives me pleasure to present Annual Report of Archroma Pakistan Limited for the fiscal year 2022-2023.

The year was filled with a series of progressive activities that led to strengthening of Archroma in the industrial arena. Our foremost achievement was the smooth integration of Huntsman Textile Effects into the folds of Archroma in March 2023. Indeed, this was a long-awaited goal which was achieved with exemplary perfection. Archroma has now a wide range of product lines that offer end to end solutions for textile Industry.

We completed ten eventful years of existence this year. Employees took delight in celebrating the events with passion and fervor. Our day of entering the second decade started with a sumptuous meet-at-breakfast delicacies and anniversary cake.

Group CEO, Mr. Mark Garrett visited Archroma Pakistan and was delighted to meet our highly motivated diverse teams. Our warmth and ideological commitment to make Archroma an industrial icon highly impressed him. He visited all sites i.e Archroma Center of Excellence, Landhi and Jamshoro and enjoyed the diversity of people and culture. We held a Poster Competition amongst the students of TCF Schools neighboring our Korangi and Landhi sites. Children made impressive posters on Climate Change, environment and Earth Day. Mark gave away prizes and gifts to the participating students.

The Foreign Minister of Switzerland, H.E Mr. Ignazio Cassis visited Archroma Center of Excellence along with three Members of Swiss Parliament and other high-level officials of the Swiss Government including the Ambassador of Switzerland, H.E. Georg Steiner. It was, indeed, a great honor for us to welcome the dignitaries. We presented the globally acclaimed 'Zero Liquid Discharge Sustainable Effluent Treatment Plant' and "Aniline-free* Indigo" produced at Jamshoro, as our best-in-class sustainable practices in the industry. Mr. Cassis inaugurated the company's "Wall of Pride", an impressive collection of recognitions, accolades and honors earned by Archroma in Pakistan since the company's inception in October 2013.

Our hallmark of maintaining Safety, Health & Well-being and Compliance continued with all honors. Landhi site, Karachi celebrated 10 years of "No Lost Time Injuries" which incidentally coincided well with the 10th Anniversary of Archroma. Continuous emphasis on training and training, safety drills, firefighting and first aid exercises enable us to maintain our good record.

At the corporate level, Archroma Pakistan has been listed amongst top 25 best performing companies in Pakistan. With this, we have now completed two decades of being a lead performer at the Pakistan Stock Exchange. The accolade itself is commemorative of our high standards being meticulously followed. The list of our other honors is quite impressive too.

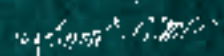
Ground-breaking of Aniline-free Indigo plant expansion has been performed at Jamshoro site. It illustrates that the denim industry is moving towards environment friendly solutions.

Archroma Center of Excellence continues to serve our partners with dedication., providing sustainable solutions to meet growing needs of the industry. As a service provider, the Center of Excellence also caters to students and mill technicians by providing hands-on training in testing and applications which will be highly valuable in their future careers in textiles. The headcount of our Interns has already crossed 8000 counts.

Sustainable Effluent Treatment (SET) Plant is providing clean water to the neighborhood @ 13000 gallons per day. Under Responsible Care® Initiative we look after the needs of community. SET plant has set an example for the industry and our good work is being followed by other organizations.

It is heartening to note the advancements being made in packaging & paper, coating, adhesives & sealant markets. Our teams reach out and support customers with dedication. With the growth in economy, we anticipate a boost in the two segments.

I would like to express my sincere gratitude to our partners, associates and team members for their unstinted support. With continued reinforcement of our portfolio, Archroma Pakistan is transforming the industry to more sustainable future and further strengthening its leadership position.



Mujtaba Rahim
President & CEO



DIRECTORS' REPORT

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2023

The Directors' of your Company are pleased to present their report together with the audited financial statements for the year ended 30 September 2023.

Business Overview

Archroma's major consumption Markets i.e. Textiles' and Construction Industry demand & consumer sales remained slow both for local as well as exports during the current Financial Year under review, mainly due to Macro-economic and fiscal challenges, ever highest inflation, energy & commodity prices triggered after Russia-Ukraine conflict and devastating floods affecting one-third of the Country.

Despite the global & local challenging environment and less than 50% production and capacity utilization for the Textiles' Industry, your Company maximized engagement with its customers and consumption Markets and provided them fullest support through its Partners, Team and local Production Plants to overcome the business challenges and in the process was able to further increase its Market Share' position in all segments to achieve ever highest sales of PKR 30,013 million for the financial year ended 30 September 2023 versus PKR 25,154 million in comparison to last year. This increase in sales of 19% was mainly contributed by Textile Effects, whose Sales increased by 17% and Paper, Packaging & Coatings business, whose turnover increased by 40%, in comparison to last year.

Gross Margins for all the business segments of the Company remained under pressure mainly due to severe devaluation of PKR versus US Dollar and other foreign currencies and consequential increase in Raw materials' import costs. However, due to higher sales, absolute business margins increased to PKR 7,468 million during the financial year ended 30 September 2023 versus PKR 7,220 million in comparison to last year, whereas, in percentage terms overall Business Margins declined to 24.9% in comparison to 28.7% last year.

Higher borrowing costs, foreign exchange losses and further increase in Taxation rates for Registered and Corporate businesses during the financial year further dented the bottom-line profitability of your Company to PKR 1,244 million as against PKR 1,885 million achieved in comparison to last year.

DIRECTORS' REPORT



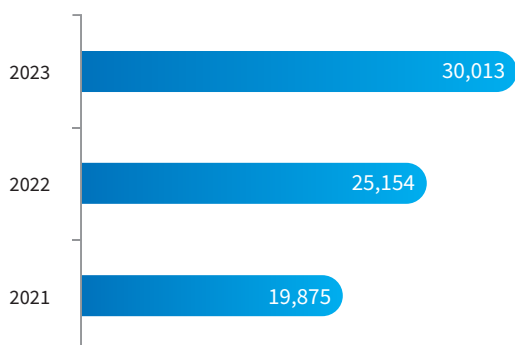
Financial Performance

Your Company achieved a gross revenue of PKR 34,900 million which is 19% higher as compared to last year's revenue of PKR 29,430 million.

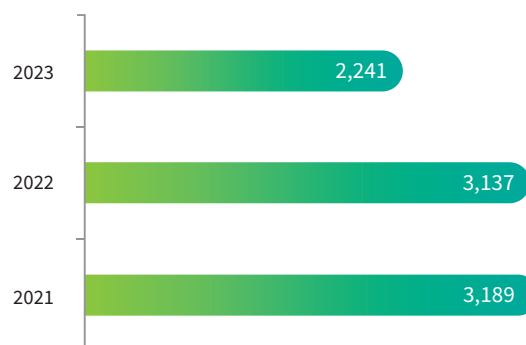
PKR in thousands

Particulars	30 Sep 2023	30 Sep 2022	Change %
Gross Revenue	34,900,100	29,430,119	19
Net Revenue	30,012,733	25,154,026	19
Gross Profit	7,467,776	7,220,469	3
Operating Profit	3,503,259	3,830,397	(9)
Profit Before Tax	2,240,984	3,137,384	(29)
Profit After tax	1,244,382	1,885,066	(34)
Earnings Per Share (PKR)	36.47	55.25	(34)

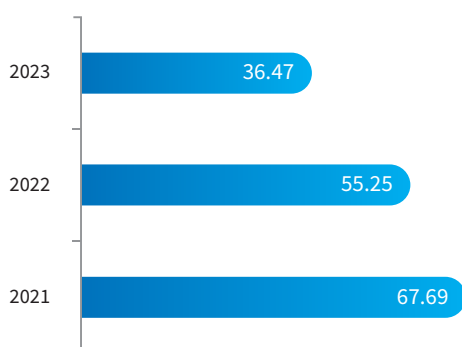
Net Revenue
PKR million



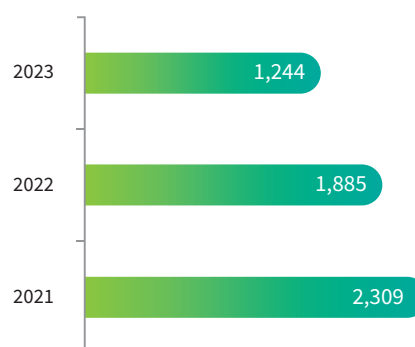
Profit before Tax
PKR million



Earnings per Share
PKR

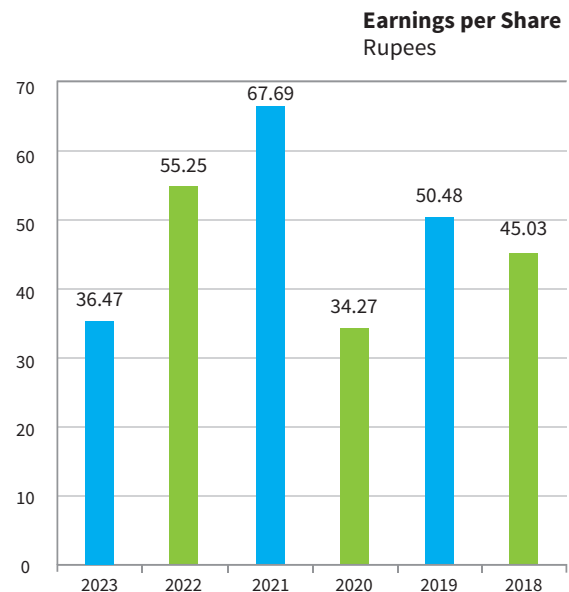
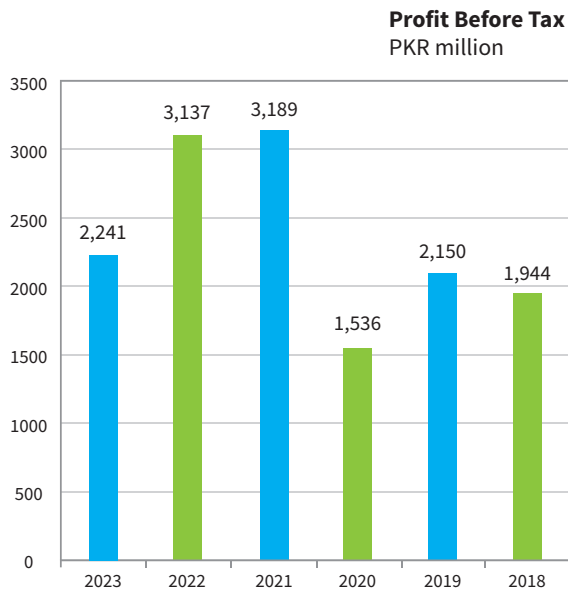
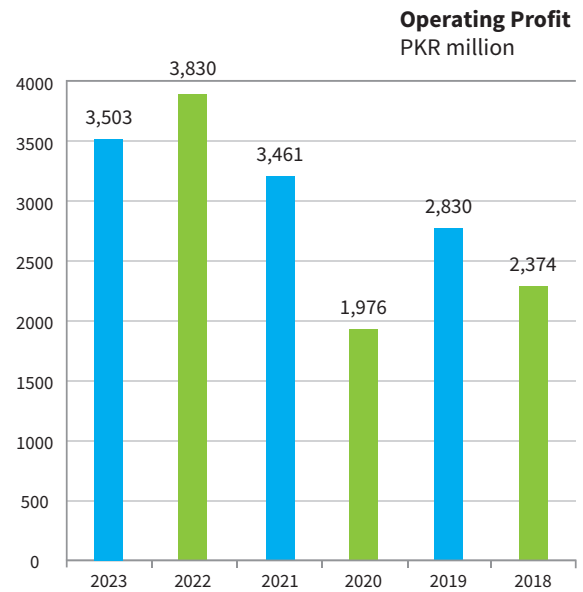
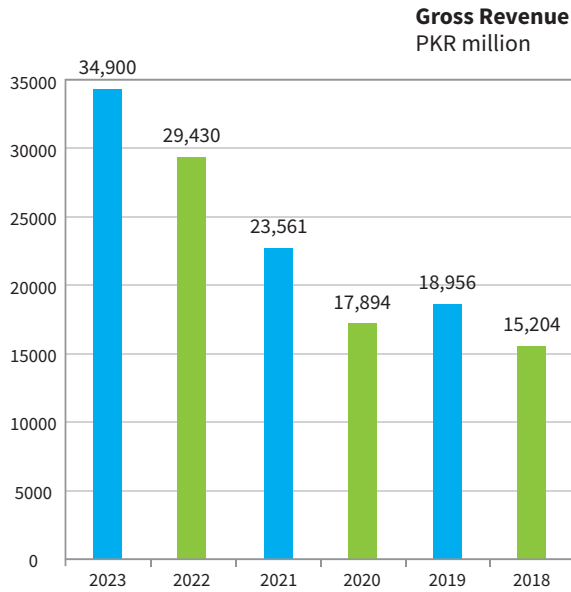


Profit after Tax
PKR million



DIRECTORS' REPORT

Six Years Financial Performance at a Glance



DIRECTORS' REPORT



Future Outlook

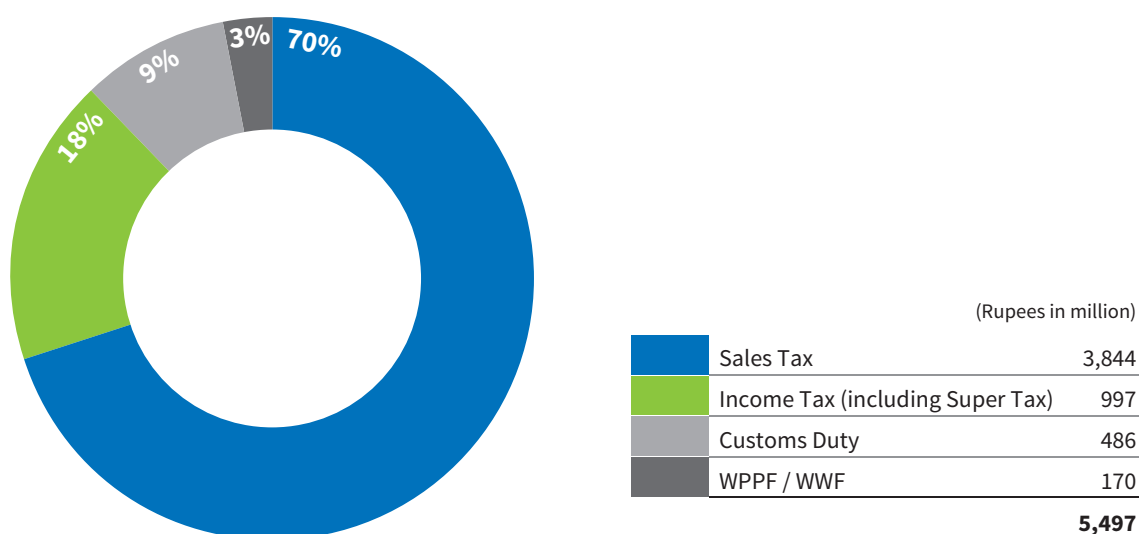
The Global Energy and Commodities prices and Raw Materials' availability situation has become further complex due to emergence of armed conflict in the Middle East and ongoing Russia-Ukraine War and despite certain controlling measures put in by the Care-taker Government, Balance of Trade and Forex reserves' situation of Pakistan, continues to remain under pressure and keeps the outlook for Country's Textiles' Exports somewhat uncertain. However, with the additional financing agreement of USD 3 Billion with IMF in the month of June, 2023 and anticipated corrective fiscal measures are expected to positively contribute towards improvement in the overall macro-economic situation of Pakistan and support business development for local Textiles and Construction Industry of the Country in the first half of the next financial year of the Company.

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 5,497 million.



Earnings Per share

The profit for the year stood at Rs. 1,244 million (last year Rs. 1,885 million). On this basis the earnings per share for the year has decreased to Rs. 36.47 as compared to last year's earnings per share of Rs. 55.25.

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	1,245
Profit available for appropriation	1,245

Share Price

During the year under review, Company's share price touched the peak of PKR 579 where as, the lowest recorded price was PKR 410 on the Pakistan Stock Exchange Ready Board quotations.



Dividend

Considering the merger activities in progress as at 30 September 2023, including awaiting sanction of the Scheme of Arrangement at such time, the Board of Directors has not recommended a dividend for the year.

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. 30 million.

Donations

Archroma provided financial support by donations to various charitable, educational & medicals organizations etc. During the period under review our Company also made financial contributions worth Rs. 3.8 million.

Archroma Internship program moves from silver towards gold

Completing 25 years of Internship program, we are now going strong entering in our 27th year! A robust hands-on training program awaits at Archroma Center of Excellence for students from Engineering Universities, Textile Institutes and Technical Centers for academics 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 carries a heavy weightage in the job market enabling students to get preferential placements in textile Industry.

The internship program was initially started in 1996 and is successfully run round-the year. Students have classroom sessions on academics and later are provided hands-on practical demos in Textile Wet Processing along with tutorials. At the end of the six week session, their performance is evaluated by aptitude test. To-date more than 8500 students have participated in our internship program and are working on responsible positions within the textile Industry. More than 25% of our interns are female students. Our interns are Textile Champions & Ambassadors and enhance performance of the industry.



DIRECTORS' REPORT

Tree Plantation Campaigns

Archroma being associated with Sustainable Neighborhood at Responsible Care ensures that our vicinities are clean and green. Regular tree plantation campaigns are organized mainly during spring and monsoon seasons. We closely collaborate with government departments, environmental protection agencies as well as civic bodies.

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



Fruit trees planted by visiting Group CEO, Mark Garrett and H.E. Georg Steiner, Swiss Ambassador to Pakistan



Sustainable Effluent Treatment (SET) Plant

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

Archroma 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.

Inaugurated in December 2013, SET Plant received global recognition at Global Water Stewardship Summit in Paris, France in 2014 selected amongst 600 worldwide entries.

DIRECTORS' REPORT

As a chemical company committed to sustainability, we put in a lot of time and engagement in developing innovative solutions to help our customers educating them on systems methodology that requires less water.

A Biological Effluent Treatment Plant is also functioning at our Landhi site since 2002. Water is effectively re-cycled and used for utilities and gardening. The installation of Plant is the manifestation of Responsible Care initiative. It 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.

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.

Jamshoro, being water stressed, approximately 13,000 gallons of clean water is supplied daily to the neighboring community absolutely free of cost.



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 128 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.

Board Changes

Consequent to the resignation of Mr. Michel Zumstein from the Board in April 2023, Mr. Patrick Verraes has been appointed in place with effect from 27 April 2023.

Consequent to the resignation of Mr. Marcos Furrer from the Board in September, Mr. Irfan Chawala has been appointed in place with effect from 20 September 2023.

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

DIRECTORS' REPORT



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:

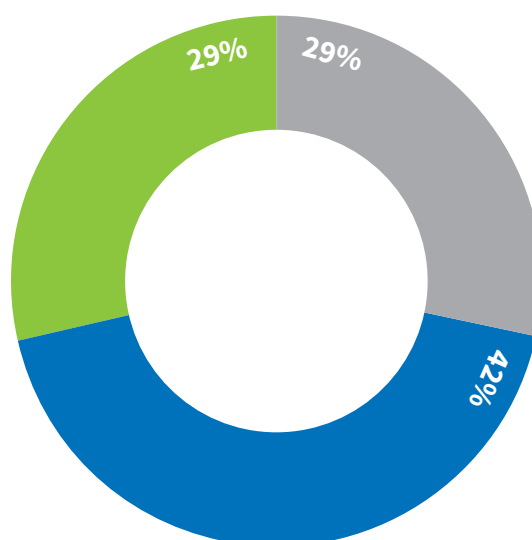
Total numbers of directors:

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

Composition:

i)	Executive Directors	02
ii)	Non-executive Directors	03
iii)	Independent Directors	02
		<u>07</u>

	Executive	29%
	Non-executive	42%
	Independent	29%



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. Thomas Bucher	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 every quarter to review the financial statements and any major judgmental areas with reference to Company's business. The Audit Committee gives its recommendation to the Board for the approval of financial statements which are duly endorsed by the CEO, CFO and a director authorized to do so.

Human Resource & Remuneration (HR&R) Committee

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

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

Directors' Training Program

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

Remuneration Policy of Non-Executive Directors

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

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 (Alternate: Naveed Kamil)	Non-Executive	2	2	1
Michel Zumstein (Alternate: Naveed Kamil)	Non-Executive	2	2	-
Marcos Furrer (Alternate: Irfan Chawala)	Non-Executive	4	4*	-
Patrick Verraes	Non-Executive	1	-	-
Thomas Bucher	Non-Executive	-	-	-
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.

* By Invitation

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 2023. The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

Gratuity and Provident Funds

The value of investments of Gratuity and Provident funds based on the latest unaudited financial statements at 30 September 2023 and audited financial statements at 30 September 2022 are as follows.

	2023	2022
	(Rupees in million)	
Gratuity Fund	1,072	1,024
Employees Provident Fund	772	679

The value of investment includes accrued interest.

DIRECTORS' REPORT

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.

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 financial statements of the Company.

Holding Company

Archroma Textiles GmbH is a global, diversified provider of dyes and specialty chemicals serving the branded and performance textiles, packaging and paper, and coatings, adhesives and sealants markets. Headquartered in Pratteln, Switzerland, the company operates a highly integrated, customer-focused platform that delivers specialized performance and color solutions in over 90 countries. Archroma works with 4,500 employees in over 41 countries and with 34 production sites.

Acquisition and Merger

After the closing of Global acquisition of Huntsman Textile effects business and local acquisition of Archroma Chemicals Pakistan (Private) Limited formerly Huntsman Textile Effects Pakistan during the financial year under review, by your Company's Holding Company i.e. Archroma Textiles GmbH, your Company is now actively working towards the merger of Archroma Chemicals Pakistan (Private) Limited into Archroma Pakistan Limited.

The Board of Directors of your Company in its meeting held on 27 April 2023 approved the draft Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017. The members of the Company also approved the Scheme of Arrangement in the Extra Ordinary General Meeting held on 23 June 2023 on amalgamation effective from 01 October 2023 or such other date as may be stated by the Court.

The Company shall allot and issue an aggregate of 445,460 Company's shares to the shareholders of Archroma Chemicals Pakistan (Private) Limited (formerly Huntsman Textile Effects Pakistan) on the basis of the swap ratio of approximately 0.0455 shares of the Company for every one share of Huntsman. Currently, Scheme of Arrangement is pending for issuance of sanction order by the Honorable High Court of Sindh.



DIRECTORS' REPORT

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, M/s. 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 financial year 2024, as recommended by the Audit Committee, subject to approval of members in the upcoming 28 Annual General Meeting.

Key Operating & Financial Data

Key Operating and Financial data for last six years shown on page 128.

Pattern of Shareholding

A statement showing the pattern of shareholding as at 30 September 2023 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: 30 October 2023

GRAND HAPPENINGS AT ARCHROMA

WELCOME TO ARCHROMA FAMILY

In February 2023, Archroma acquired Huntsman Textile Effects. With this, we brought together two global leaders to lead our industry towards a more sustainable future for our customers and markets.

Huntsman Textile Effects acquisition was first announced in August 2022. The global business of Huntsman Textile Effects comprises approximately 2,300 employees in 33 countries and 10 production sites globally. Combined product portfolios will be highly complementary, offering fashion brands and the global textile industry the high performance and innovation they expect, whilst respecting natural resources and the planet.



Mr. Muhammad Usman from Huntsman Textile Effects, cutting the cake

This new structure was integrated globally as well as locally on 6th March 2023. New colleagues were given a rousing welcome at Archroma Centre of Excellence. Our new team members felt happy by cutting the welcome cake and souvenirs presented to them by the management.

SWISS AMBASSADOR VISITS ARCHROMA PAKISTAN

The team of Archroma Pakistan welcomed His Excellency Mr. Georg Steiner, Ambassador of Switzerland to Pakistan on 6th June 2023. A well-structured Archroma briefing was given to him. He showed deep interest in the innovative solutions offered by Archroma and the role being played towards sustainable practices.



Archroma team with Ambassador of Switzerland Mr. Georg Steiner

GRAND HAPPENINGS AT ARCHROMA



SWISS GLOBAL ENTERPRISE (S-GE) HEADS VISIT

Swiss Global Enterprise (S-GE) are partners of Swiss Business Council. Their lead team visited Karachi to meet the Swiss Business Community in Karachi. Mr. Beat Ineichen, ex. Sr. Consultant South Asia, Oceania, and Project Head of Medical Technology who was retiring from his position in S-GE introduced his successor Mr. Suhail el Obaid to Archroma team on 12th May 2023. Mr. Suhail would be responsible for Pakistan, Middle East and Afghanistan. Their visit was mainly for orientation of Karachi and business outlook of Pakistan. A detailed presentation was given on the role of Archroma in the corporate sector.



Swiss Business Council & Swiss Global Enterprise officials with Archroma team



Presentation and discussion in progress



GRAND HAPPENINGS AT ARCHROMA

SWISS FOREIGN MINISTER VISITS ARCHROMA CENTER OF EXCELLENCE

The Foreign Minister of Switzerland, H.E. Mr. Ignazio Cassis along with high-level delegation of Swiss Parliamentarians & Government officials visited Archroma Center of Excellence at Karachi on 9th July 2023. The Foreign Minister and CEO Archroma Pakistan, Mujtaba Rahim inaugurated "Archroma Wall of Pride" that displays our accolades, recognitions & awards. The delegation toured three storied Research & Technology, Application, Analytical Labs & Training Academy at the Center of Excellence. The delegation was given detailed briefing on best sustainable practices relating to Aniline-Free* Indigo and Zero Liquid Discharge Sustainable Effluent Treatment Plant at Jamshoro site by Mr. Mujtaba.



H.E. Mr. Ignazio Cassis and Mr. Mujtaba Rahim inaugurating "Archroma Wall of Pride"



Archroma team with H.E. Mr. Ignazio Cassis at "Archroma Wall of Pride"



Members of high level Swiss delegation at Archroma Wall of Pride

SIGNIFICANT EVENTS DURING THE YEAR

27 October 2022

Board Meeting held for approval of Annual Accounts 2022

27 December 2022

27th Annual General Meeting held for approval of Final Cash Dividend for Financial Year 2022

27 December 2022

Corporate Briefing Session to review Company's performance for Financial Year 2022

26 January 2023

Board Meeting held for approval of Quarterly Accounts for Financial Year 2023

27 April 2023

Board Meeting held for approval of Half Yearly Accounts for Financial Year 2023

23 June 2023

Extra Ordinary General Meeting held for approval of Scheme of Arrangement for the merger with Huntsman Textile Effects, Pakistan

25 July 2023

Board Meeting held for approval of 3rd Quarter Accounts for Financial Year 2023

22 September 2023

Corporate Briefing Session to review Company's 9 months performance for Financial Year 2023

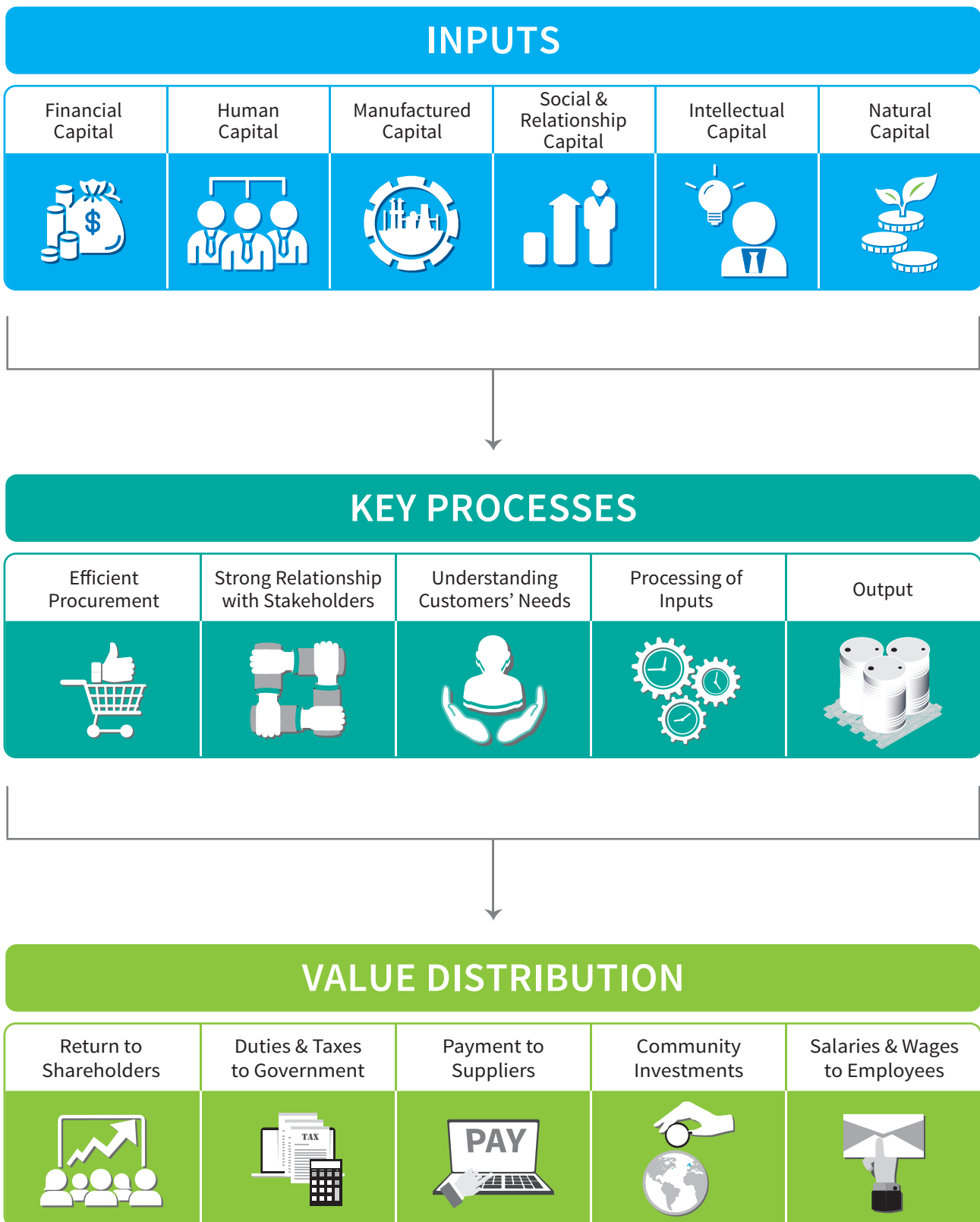
20 July 2023

Human Resources & Management Committee Meeting

30 October 2023

Board Meeting held for approval of Annual Accounts for Financial Year 2023

BUSINESS MODEL



ACCOLADES & ACCREDITATIONS



We have an exhaustive list of achievements in every sphere of activity. A highly dedicated team succeeds with our motivational theme quantifying with every step that "It's Possible"! The list of our honours humble us even more.

ARCHROMA COMPLETES TWO DECADES OF RANKING AMONGST TOP 25 COMPANIES AT PAKISTAN STOCK EXCHANGE

Archroma Pakistan won the coveted position at Pakistan Stock Exchange amongst Top 25 Companies for the year 2022. This is our 20th win in last 21 years. The criteria are based on capital efficiency & growth in operating revenues, total shareholders' return, free-float & turnover of shares, change in EBITDA margins, compliance on Sustainable Development Goals, diversity & inclusion, corporate governance & investor relations, compliance with listing of Companies & Securities Regulations.

This achievement is an acknowledgement of highest performance standards which continue to deliver sustainable excellence in all spheres of our operations. It is also a demonstration of excellent financial and managerial performance in all categories amongst the listed Companies of Pakistan.

Rank	Company Name
1	Archroma Pakistan Limited
2	...
25	...

DECADE OF CORPORATE EXCELLENCE



Archroma Pakistan entered second decade of consecutively winning Corporate Excellence Award - Chemical Sector from Management Association of Pakistan for the 12th time. The Award is a recognition of Good Management Practices which include a vast section of policies and procedures in finance, compliance, human resources and corporate social responsibility.

Our Director Mr. Irfan Chawala receiving the Award from Mr. Younus Dagha

BEST CORPORATE REPORT CERTIFICATE

In recognition of exemplary corporate and financial reporting, consecutively for the 3rd 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 Mr. Irfan Chawala receiving the best corporate report certificate from Mr. Ehsan Malik, CEO, Pakistan Business Council

ACCOLADES & ACCREDITATIONS

EMPLOYER OF THE YEAR – ARCHROMA PAKISTAN AWARDED RECOGNITION SHIELD

For the 6th time in a row, Archroma Pakistan received accolade as "Employer of the Year" from Employers Federation of Pakistan. The recognition was earned in the Multinational Category for the year 2022.

Ms. Shahana Kaukab
manager Communication,
receiving Recognition Shield
from Mr. Sajid Hussain Turi,
Federal Minister of Labour



ARCHROMA PAKISTAN AMONGST TOP TEN ORGANIZATIONS WITH BEST PRACTICES ON WOMEN EMPOWERMENT

A nationwide survey of 250 companies was conducted in Aug-Sept for research analysis on women empowerment by Employers Federation of Pakistan in collaboration with International Labor Organization. Archroma Pakistan was selected amongst top 10 companies with best practices on women empowerment.



We were awarded a Recognition Shield at the Conference on Women Empowerment. Our good practices will be used as case study on the second phase to share with other businesses as benchmark.

Ms. Iffat Zahra, Head of Technical Applications
receiving Recognition Shield from
Mr. Ismail Suttar, President
Employers Federation of Pakistan

ACCOLADES & ACCREDITATIONS



ARCHROMA PAKISTAN WINS FIRE SAFETY AWARD



National Forum for Environment & Health declared Archroma Pakistan winner of Fire Safety Award for 2022. The award is a recognition of our regular fire drills and safety training at Jamshoro and Landhi sites.

Mr. Abdul Salam, Head of SHE receiving Award from Mr. Kamran Khan Tessori, Governor of Sindh

ARCHROMA PAKISTAN WINS GOLD AWARD FOR SKILLS DEVELOPMENT

A great day for our team as Employers Federation of Pakistan recognized our efforts towards Skills Development by conferring Gold Award in Manufacturing Sector. ILO officials were also present on the occasion along with officials from Ministry of Labour & Manpower Development, Government of Sindh.



Mr. Qasim Raza, Manager H.R. receiving award from International Labour Organization Officials.



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.

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 with the aim to support the Industry with problem-solving and cost effective solutions for our customers that support in 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 7,279 million by increasing business with existing and new international markets. Further, diversification into new business segments is creating new export opportunities also for the Company.	Short Term
Risk Management	The Company has developed a sound mechanism for identification of risks and devising appropriate mitigation measures which are regularly monitored and structurally implemented by the management across all major functions of the Company.	Short 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
Operational Efficiency	Realign and implement policies and procedures for cost optimization and implement systems and processes to enhance synergy among functions.	Medium to Long Term
Diversification	Archroma is bringing in new products for Construction chemicals, which save water & energy and Health Care and Home Hygiene, especially developed to maintain clean living space, manage disinfection, better odour & aesthetics.	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
Maintain outstanding brand image by providing premium quality innovative products and services	Invest in R&D and innovative solutions for introducing new products as per the evolving needs of the customers	Long Term
Shareholder Value Creation	Safeguarding of shareholders' interest through a healthy and viable business.	Medium to Long Term



STRATEGY AND RESOURCE ALLOCATION

Resource Allocation Plans to implement the Strategy

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.

Key Capabilities and Resources providing Sustainable Competitive Advantages

Strong Brand Reputation

The Company's strong legacy and positive brand reputation built on quality, reliability, and customer trust provides Archroma with a competitive advantage.

Manufacturing Excellence

Best in class facilities and manufacturing practices in adherence to the highest quality standards.

Research and Development (R&D)

Robust R&D enables the Company to innovate and develop new products, processes, and technologies, giving competitive edge to Archroma locally & globally.

Human Capital

Archroma benefits from a dynamic and diverse workforce that significantly contributes to the exceptional performance and growth of the company and play a vital role in providing it the edge over its competitors.

Distribution Network

Well-established network ensures broad market coverage, timely delivery, and customer accessibility.

Advance Technological Infrastructure

State-of-the-art technologies, systems, and IT infrastructure enhance operational efficiency, streamline processes, and enable effective data management and analysis, supporting informed decision-making.

Smart Logistics Setup and Supply-Chain Management

With an enviable array of business partners in every domain, our fully integrated supply chain is a key source of competitive advantage for its business. Ensures timely availability of raw materials, efficient production, and seamless distribution & logistics, enabling cost savings, responsiveness, and competitive pricing.

STRATEGY AND RESOURCE ALLOCATION

International Footprint

A strong presence in local and international markets is at the forefront of Archroma's business strategy.

Sustainable and Responsible Practices

Embracing sustainability, environmental stewardship, and Corporate Social Responsibility (CSR) practices not only contribute to societal well-being but also enhance the Company's reputation, attracting environmentally conscious customers and investors.

Effects of External factors on Strategy and Resource Allocation

Archroma proactively addresses new developments in technology, sustainability and matters related to environment, social and governance (ESG). While making its wider business strategies, matters such as demographic changes, health, poverty alleviation and educational requirements are also brought into considerations keeping in view the flux in external business environment. Such externalities have a profound influence in reshaping the future business strategy of the organization. Management monitors imminent challenges and prioritizes its actions through appropriate resource allocation. Nonetheless, any development that has potential to materialize in future also remains under the radar for effective planning and formulation of alternatives.

Company's Sustainability Strategy

At Archroma, sustainability is a vital commitment towards ensuring a better future for our planet and generations to come. Guided by our core values of innovation, excellence, and responsibility, our sustainability strategy encapsulates our vision for a greener tomorrow.

We understand the urgency of addressing climate change. Through innovative technologies, energy-efficient processes, and investments in renewable energy sources, we aim to significantly reduce our carbon footprint. Our target is to ensure 100% compliance with Environmental Quality Standards (EQS).

As stewards of the environment, we are committed to protecting and enhancing biodiversity around our operations. We actively engage with local communities and environmental experts to identify areas of ecological importance and implement measures that safeguard local ecosystems. Our goal is to leave a positive impact on the natural world while fostering harmony between our operations and the environment. Every year we set targets for tree plantations in and around our plants.

We are committed to working closely with our suppliers to ensure they adhere to ethical and sustainable practices. By promoting responsible sourcing, we aim to create a ripple effect of positive change throughout the industry, from raw material extraction to the end product.

Our success is intertwined with the well-being of the communities where we operate. Through targeted initiatives in education, healthcare, and skill development, we seek to uplift these communities and create a better quality of life. By fostering strong partnerships and transparent communication, we strive to be a force for positive change and progress.

Sustainability is not just a strategy; it's our responsibility towards the planet and future generations. By embracing innovation, fostering collaboration, and redefining industry norms, we are confident in our ability to create a world where economic growth coexists harmoniously with environmental preservation.

STRATEGY AND RESOURCE ALLOCATION

Strategy to Manage Repayment of Debts

The Company has always been able to meet its debt obligations in a timely manner. Due to its robust business model, operational efficiencies, prudent financial management and diverse income streams, it has never faced liquidity problems. The Company's liquidity management strategy encompasses projecting cash flows and considering the level of liquid assets necessary to meet the cash flow requirements as well as maintaining the debt financing plans; the company faces no risk of default in payment of any obligation, as it has sufficient capacity of generating cash flows.

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 2023-24. Strategies are revised or re-aligned according to the objectives and targets set for the year.

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 & Leadership Team is directly engaged in the strategic decision making process. With the support of key team members, the Management 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







STRATEGY AND RESOURCE ALLOCATION

OUR OPERATING ENVIRONMENT

The operating environment for Archroma and its stakeholders remained volatile, uncertain, complex, and ambiguous in 2023. This ever-changing operating environment poses risks and opportunities impacting our ability to continue creating sustainable value for our stakeholders. Our business strategy ensures that we are best positioned to effectively manage the risks and capitalize on the opportunities resulting from volatile factors in the external environment.

Factors	Description	Organizational Response
 <p>POLITICAL</p>	<p>Political instability and turmoil impact the organization negatively.</p> <p>Abrupt and frequent changes in Government's policies impact the Company's business.</p>	<p>Archroma closely observes ongoing political developments and government's regulatory policies that may affect its business & operations.</p> <p>Changes in Government policies and regulations are continuously and closely monitored by the Company for timely & pro-active decision making.</p> <p>Timely adjustments are made in the organizational processes and policies in response to actual or anticipated changes in Government policies.</p>
 <p>ECONOMIC</p>	<p>Currency devaluation, along with rising interest rates and higher inflation, result in increased input costs and diminished margins.</p> <p>Reduced Government spending, slower economic growth and high inflation contribute to a decrease in demand across various industries in which Archroma operates, thereby potentially impacting its operating profitability.</p>	<p>Archroma keeps a sharp eye on all the economic factors including depreciating local currency & rising interest rates market through strong & effective Cash-flow management. Further, effective supply-chain management of raw materials for the Production Plants' is done proactively identifying alternative sources which meet Archroma production standards.</p> <p>The Company constantly strives to bring efficiencies in its manufacturing process and energy mix, which helps mitigate the adverse effects of increase in production cost. Cost reduction initiatives to control production and non-production related fixed costs are regularly implemented.</p> <p>Proactive margin management through pricing strategies.</p> <p>The Company continues to strive for and identify new sources for its raw materials and markets for its products, both locally and internationally.</p>

STRATEGY AND RESOURCE ALLOCATION

Factors	Description	Organizational Response
 <p>SOCIAL</p>	<p>Focus on Corporate Social Responsibility, Donations, Development of communities.</p>	<p>As a social responsible corporate entity Archroma 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 principles of global compact are strictly adhered and followed. Since the inception of Global Compact Awards, Archroma has always been amongst the winners of the Best Practices Award on Global Compact in view of its work on Human rights, labor, environment and anti-corruption.</p> <p>Archroma continues to promote & closely support especially the communities, where it has its operations.</p>
 <p>TECHNOLOGICAL</p>	<p>Technological obsolescence, striving to competitive edge competitors on new opportunities created by technological advancements.</p>	<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> <p>The Company also ensures participation of its employees in various national / international exhibition & training sessions, to acquaint them with the latest technology.</p>
 <p>ENVIRONMENT</p>	<p>Environmental Footprint, Recycling, Climatic Conditions Global warming, Natural disasters etc.</p> <p>Growing attention to environmental protection, climate changes, natural disasters and natural resource conversion.</p>	<p>The Company adheres to all applicable laws and regulations and voluntarily takes initiatives to create long-term value for community and environment.</p> <p>The Company complies with Quality, Health, Safety, and Environmental standards. The Company takes various steps to protect the environment like:</p> <ul style="list-style-type: none"> • Tree plantation is being done in the factory premise for limiting the emission of harmful gases in the atmosphere. • Water conservation remains at the core of our operational practices. Archroma started SET plant with Zero Discharge Concept to recycle and reuse 80% of its water consumption at its production site
 <p>LEGAL</p>	<p>Various laws and regulations applicable on the company, i.e statutory, corporate legal, secretarial, taxation, import, environmental, health and safety laws and regulations.</p>	<p>The company ensures 100% 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 its meticulous compliance.</p> <p>The Company benchmarks itself with the best in corporate Pakistan by participating in various awards programs, for e.g. PSX Top 25 Companies awards, MAP Corporate Excellence Awards and Best Corporate Report Awards by ICAP & ICMAP.</p>

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 in 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 maintain 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.

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.

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 our success, therefore we put customers at the core of our decisions which help to manage the power of customers.

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.

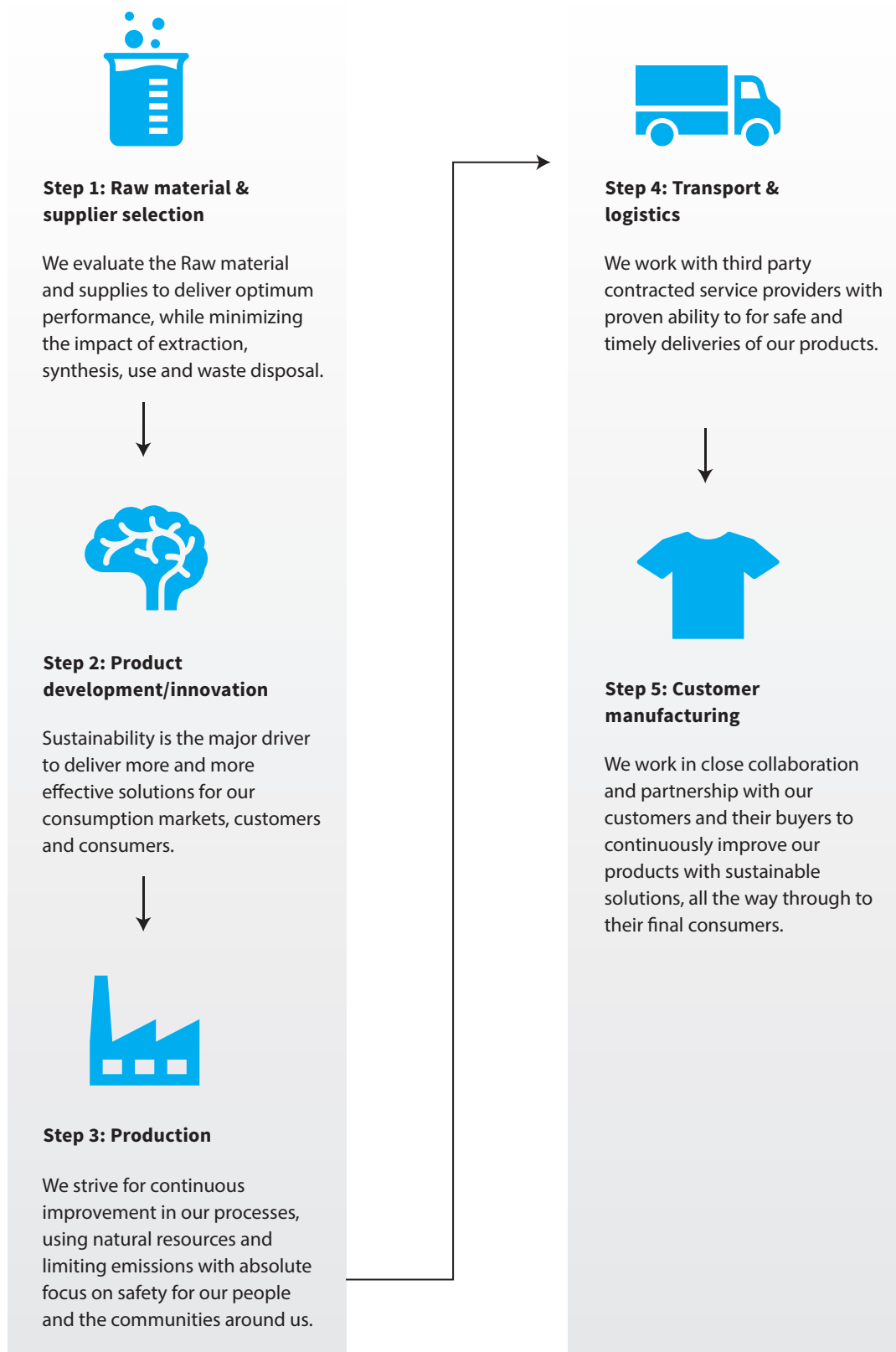
Threat of Substitute Products

The risk of substitute products in the market is very low, because of the nature of products.

BUSINESS VALUE CHAIN



...at all levels of our value chain



RISK MANAGEMENT



RISK MANAGEMENT

Risk Management Framework & Methodology

Archroma is committed to a strong risk management throughout the company, supported by the Leadership Team and the Board of Directors and implemented at all levels. We understand that risks are inherent to all businesses. Consequently, we strive to create sustainable value by understanding and managing the threats we face. Simultaneously, we identify opportunities which contribute to the achievement of Archroma's strategic objectives.

Our risk management process

The risk management function is under the responsibility of the Head of Risk Management & Internal Audit, reporting on risk management areas to the Audit Committee. The company has a Risk Management Policy in place since 2015, which was updated in FY2021, and has been undergoing regular risk evaluation reviews.



In FY2023, as part of the yearly exercise to update our risk map, the relevant risks have been re-defined and re-assessed to reflect the changes in the global risk landscape that affect not only Archroma but also our customers, suppliers and competitors.

Risk mapping results

Archroma defined the risk management process with the objective to have an overview of the main risks affecting the company and, subsequently, to our stakeholders and society. Risk landscape is very broad topic, and hence the assessment result requires prioritization to focus on the most relevant matters.

Therefore, we classify our risks into:

- TIER 1: The most relevant risks on which we set the main focus;
- TIER 2: Relevant risks that we need to closely monitor;
- TIER 3: Other important risks to keep in our radar.

Apart from their prioritization and the identification of a clearly identified risk owner, risks are classified amongst:

- Strategic risks;
- Operational risks;
- Financial risks;
- Legal and Compliance risks

The strategic objectives that are potentially affected by each of the risks are also identified, as well as the mitigation strategy defined (avoidance, mitigation, transfer, monitoring and acceptance).


Constructive risk management

Risk management at Archroma is not only managed at top management level and driven by the risk mapping exercise. At the same time, it is also translated into the daily activities through our policies and procedures and the control activities established in our Internal Control System.

During FY2023, after the risk map update was finalized, we conducted a full review of our Internal control system. As a result, each single process in Archroma went through a comprehensive analysis to identify risks and controls in place. During this examination we did not only consider risks linked to high-level exposures in the risk map and associated mitigation strategies but also operational & tactical.


RISK MANAGEMENT

Risk, Mitigation Plans and Opportunities




Volatility in Foreign Currency Exchange Rates

Exchange rate risk impacting transactions in foreign currency which lead to negative impact the Company's profitability.



Mitigation Measure


The Company has created hedge through exports and pricing to cover for its foreign currency exposure from major imported source of raw materials. Further, the Company also actively seeks to identify competitive local sources for its raw materials to effectively manage its exposure to foreign currency fluctuations.



Associated Objective


Mitigating impact of devaluation of currency on margins.

Source	Type	Likelihood	Impact
External	Financial	High	High




Increasing raw material prices and Other Operating Costs

The escalation in Raw Material prices and operating costs results to significant impairment in margins.



Mitigation Measure

Increase in prices of Raw Materials is beyond the control of the Company. However, the Company is committed to implement effective cost controls and operational efficiencies to mitigate this risk.



Associated Objective

Improve operational efficiency through cost economization and enhanced synergies among functions.

Source	Type	Likelihood	Impact
External	Financial	High	High

RISK MANAGEMENT



Production supplies availability

Lack or scarcity of raw materials, delay in raw material feeding and other production supplies



Mitigation Measure

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 and timely availability for production and sales to its customers.



Associated Objective

Sustainability of business operations

Source

External

Type

Financial and Manufacturing

Likelihood

Medium

Impact

High



Adverse regulatory changes

Changes in the current applicable regulation, and unstable economic condition implying a negative impact on the daily development of Archroma's business.



Mitigation Measure

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.

However, Archroma being major stakeholder in the Textiles / Exports (major source of FX for the Country) gets positive consideration while making any such changes.



Associated Objective

Sustainable growth

Source

External

Type

Financial

Likelihood

Medium

Impact

Medium

RISK MANAGEMENT



Non-compliance of laws and regulations

Risk of non-compliance with applicable laws and regulations. Actual or potential threat of adverse effects on environment arising out of the Company's activities.

Personal health and safety risks at operating sites.



Mitigation Measure

Company has strong finance, legal & compliance functions which regularly monitor changes in the applicable legal and regulatory requirements to ensure timely compliances. Various environmental friendly projects such as Zero Discharge, green office etc. are implemented into the core sustainability culture of the Company which enables it to focus on energy conservation and operational efficiencies.

Being a Chemical Manufacturing concern, this inherent risk exists but all safety measures, regular monitoring & testing are done to mitigate such risks.

Safety is given high importance. Continuous Trainings, awareness and vigilance is maintained to minimize such risk.



Associated Objective

Demonstrate sustainable social, environmental and corporate governance commitment.

Source

External and Internal

Type

Social, Natural & Human

Likelihood

Low

Impact

High



Credit & Liquidity Risk

Risk of default by company's customers to discharge their obligations and cause financial loss to the company.



Mitigation Measure

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.



Associated Objective

Sustainable growth / Profitability

Source

External

Type

Financial

Likelihood

Low

Impact

Low

RISK MANAGEMENT



Interest Rate Risk

High interest rates results in higher borrowing costs as currently prevalent in the Country.



Mitigation Measure

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.

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.



Associated Objective

Sustainable Financial Performance

Source	Type	Likelihood	Impact
External	Financial	Medium	Medium



Employee Retention

It is critical for the company to attract, develop, and retain the right talent to accomplish the company's goal.



Mitigation Measure

The Company's key focus remains on the training and development of its intellectual capital and to provide meaningful opportunities to foster a thriving work environment and a high-performance culture.

The Company has a formal succession planning process aided by market competitive compensation.



Associated Objective

Commitment to high performance culture and conducive work environment.

Source	Type	Likelihood	Impact
Internal / External	Human Capital	Medium	Medium

RISK MANAGEMENT



Natural disasters / Climatic uncertainties and Pandemic

The risk of disruption in operations due to any natural disaster and including inability to recover Operational capacity.



Mitigation Measure

The Company has established disaster recovery/ business continuity plans that have been implemented at all locations and staff is fully equipped and thoroughly trained with practical exercises to quickly recover from any natural disaster or unforeseen situation.



Associated Objective

Sustainable growth

Source

External

Type

Financial

Likelihood

Medium

Impact

Medium



Information Technology Risks

Loss of confidential information due to data theft. IT Systems becoming unavailable because of System/Network failure, cyber-attacks etc.



Mitigation Measure

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.

IT audits, vulnerability awareness campaigns, and trainings are conducted to monitor and minimize the risk.



Associated Objective

Protection of data and information from external threats.

Source

Internal / External

Type

Financial

Likelihood

Medium

Impact

Medium

RISK MANAGEMENT



Loss of customer confidence

Customer dissatisfaction due to product quality issues.



Mitigation Measure

The Company has a robust system of quality testing at the procurement and manufacturing/production stages.

Company has established stringent quality control protocols and SOPs which are in line with the best practices and global/local quality standards.

Moreover, company's customer complaint system aids in conducting a timely review of customer feedback.



Associated Objective

Customer Satisfaction

Source	Type	Likelihood	Impact
Internal	Operational / Commercial	Low	High

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 result not only in attracting and retaining new customers but will also increase value for stakeholders.

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

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

Robust Assessment of Principal Risks

The Board oversees the governance of risk and level of risk tolerance 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.

Statement for determining the Company's level of risk tolerance by establishing risk management policies

In today's dynamic and evolving business landscape, understanding and managing risks is paramount to safeguarding our business, stakeholders, and the trust they place in us. Risk-taking is inherent in business growth, innovation, and value creation. However, it must be approached with a clear understanding of our risk appetite and tolerance.

Board has approved risk policy and a risk management framework which determines and assesses the Company's level of risk tolerance; and present a mechanism to minimize the negative impact of such risks on Company's business. The framework describes the risk identification and management process; and provides guidelines that cover key risk areas.

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 Group Management and 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

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.

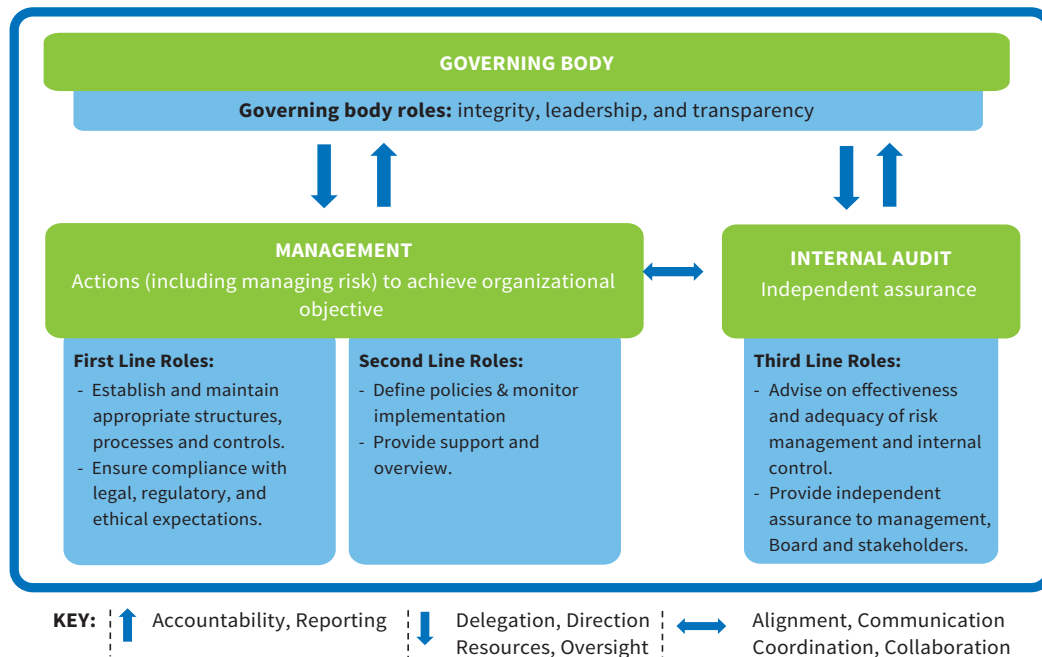
The Company manages liquidity risk through efficient cash flow management and by maintaining sufficient balances with banks and short-term financing facilities. The Company maintains a good business relationship with some reputable banks and financial institutions of the Country and all the financing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

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



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

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

Factor impacting the supply chain

The Company acknowledges the potential risks stemming from these factors, particularly those impacting the supply chain and it maintains a comprehensive risk assessment framework to proactively identify potential supply chain disruption risks linked to ESG incidents. To ensure the ongoing evaluation of supply chain risks, we employ a robust monitoring system that enables real-time tracking of relevant ESG incidents. The Company remains dedicated in its commitment to addressing ESG-related supply chain disruption risks.

The Company has established a comprehensive strategy to address these challenges effectively through Supplier Engagement and Collaboration, Diversification of Suppliers and Resilience Enhancement.

Company by identifying, monitoring, and mitigating these risks ensure the long-term sustainability of our operations, minimize potential adverse impacts, and contribute to a more resilient and responsible business ecosystem.

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 as part of any scheme announced by the Government or central bank. 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



Strengths

- Market Leadership Position.
- Strong brand image and robust value system.
- State-of-the-art manufacturing facilities with deep knowledge and expertise in manufacturing leading to efficient production processes, innovative problem-solving, and higher quality products.
- Leading Indigo producer in Pakistan, with a growing presence in international markets.
- Product range and customization .
- Global presence.
- Competent and committed team.
- System Selling approach.
- Strong Corporate Governance Structure.
- Environmental Sustainability.
- Strong relationship with customers, suppliers and partners.

Weakness

- Dependence on consistent supply of imported Raw materials.
- Longer Lead times and Cash cycle.
- Limited access to untapped markets.
- Cost of sales exposed to variation in prices of various fuel sources due to high proportion of energy cost in overall cost of production.
- Constraints in passing on cost increase in current economic conditions.



Opportunities

- Import substitution / solution provider in the Market.
- Diversification into new businesses & market segments with high local & export potential.
- Improvement in overall efficiency through cost-saving / innovation initiatives across the organisation.
- Acquisition of Huntsman Textile Effects business.

Threats

- Supply chain constraints, lack of raw material availability and volatility in international commodity prices.
- Lack of level playing field for local manufacturing.
- Government Policies.
- Restrictive import regulations.
- Uncertainty over continuous gas availability.
- Continuous delays In Sales & Income tax refunds.
- Policy rate hikes, currency devaluation and restrictive import regulations.
- High corporate taxability being Registered & listed business.
- Slowdown in demand due to global/local economic situation.

CORPORATE SOCIAL RESPONSIBILITY



SUSTAINABILITY & CSR REPORT

After a year of worldwide dramatic heat waves, fires, floods and water shortage, there is no denying that climate change is happening. Governments are under growing public pressure to address the climate crisis and implement the regulations needed to do so.

In that context, we at Archroma remain more convinced than ever that we have a role to play in leading our core industries towards a more sustainable future for our customers and markets.

This is why we continue to focus our efforts in areas such as health & safety, greenhouse gas emissions, resource optimization, sustainable sourcing, diversity & inclusion, and "green" innovation, and these efforts are paying off:

In October 2021, Archroma was awarded with the EcoVadis Platinum rating, placing our company in the top 1% of the best rated companies in its industry. We also maintained our #1 position in the "industrial chemicals" list published by the Chinese Institute of Public & Environmental Affairs (IPE), known for driving transparency in the supply chain.

Our Integrated Quality Management

Archroma and all its subsidiaries operate according to a global integrated management system based on following international standards:

- **SN EN ISO 9001: 2015 Quality Management System**
- **SN EN ISO 14001: 2015 Environmental Management System**
- **SN EN ISO 45001: 2018 Occupational Health and Safety Management System**

The initial certification was obtained in 2014, a re-certification has been achieved in 2017 and 2020 with a current validity until 8th July 2023. Our internal auditors team conducts cyclical audits to ensure any of our company operations are performed in line with the above international standards.

The Quality Management system is led by our Head of Integrated Quality Management who is reporting functionally to the Chief Executive Officer.

An interested parties assessment is carried out to understand the needs and expectations from stakeholders. This process ensures that our products and services are in line with our customers requests and comply with all legal requirements. A set of action plans has been conducted as a result of the assessment. All activities are further constantly monitored according to the continuous improvement philosophy which is entirely reflected in our integrated Quality Management system.

Integrated Quality Management plays a critical role in our activities to prevent either the introduction of, or the production of, unwanted hazardous substances in our commercial products.

Documented information is a key asset of any company – they are a critical process information source for now and for the future, and as such they must be correct, relevant, and readily available.

SUSTAINABILITY & CSR REPORT



Quality Management, being the principal owner of all quality related areas, has implemented a new document management system (DMS) in 2023. Since then, Archroma has successfully deployed the new system in 18 Archroma sites. DMS significantly improves data security, compliance and data recovery and therefore became a key success factor for our Quality Management performance.

With our new DMS we ensure that the latest version of an approved document is stored safely and protected against unintended alterations. At the same time DMS significantly improves transparency because documents can be retrieved anytime and anywhere by every Archroma employee.

Transparency towards customers

Transparency towards our stakeholders has high priority in our organization. Due to the rapidly rising number of inquiries from customers on many different topics a new and systematic way had to be found to better meet these demands.

For this reason, Quality Assurance has now established a documented standard process to better manage the substantial number of customer's questionnaires about topics such as: customer policies, code of conducts acceptance, ISO standards related questionnaires and others.

In addition, the new Archroma quality statement was launched to improve the customer experience by reducing the inquiry processing time and delivering comprehensive answers to customer needs.

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.

SUSTAINABILITY & CSR REPORT



Archroma is a **member of the European Chemical Industry Council (CEPIC)**, 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.



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)

Our local affiliations and memberships

Archroma collaborates with local trade bodies and organizations that work to enhance business initiatives and improvements at macro level. It supports the initiatives taken by them driving through solutions and innovations. With these joint collaborations we align with the industry, stakeholders, and government to create a positive change.



Archroma is a public limited company in Pakistan. Stocks are traded at Pakistan Stock Exchange. Our share value is regarded with high credentials. We follow strict regulatory procedures of Security and Exchange Commission of Pakistan. It is an honor that for past two decades we are being adjudged amongst "Top 25 Best Performing Companies of Pakistan".



Employers Federation of Pakistan is the ace body of employers with over 1000 nationwide members. It facilitates the issues of Employers with the government and other partner organizations. Archroma is an active member since decades and is conferred with honors and awards on regular basis.



As the oldest and largest investment Chamber, **Overseas Investors Chamber of Commerce & Industry (OICCI)** serves as a platform to promote foreign investments thereby playing a major role in the growth of commerce and industry in the country. Archroma participates in various committees and forums of OICCI.



The Pakistan Business Council (PBC) is an advocacy forum established in 2005 to improve business environment. It works closely with relevant government departments, ministries, regulators and institutions, as well as other organizations and professional bodies.



Swiss Business Council (SBC) was established in 2008, it is a partner of Switzerland Global Enterprise (S-GE) and has an alliance with the Swiss-Asian Chamber of Commerce (SACC) in Switzerland. Archroma is a member of SBC.



Management Association of Pakistan (MAP) is a well known forum of providing service to the industry. They organize nationwide management excellence awards of which Archroma is a regular recipient.



Archroma is amongst the first twenty founding **members of Global Compact in Pakistan** since December 2005. Global Compact has a local network which safeguards the implementation of its ten principles. Archroma has been a recipient of Sustainable Best Practices of Global Compact Awards.

SUSTAINABILITY & CSR REPORT



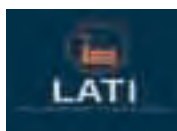
Pakistan Chemical Manufacturers Association (PCMA) is trade body formed to cater to the needs of the chemical industry. It takes up matters related to import & export, liaison with government and other associations of the chemical industry worldwide.



Archroma Pakistan has signed **Memorandum of Understanding with WWF**. We collaborate with them on environmental protection measures and green office practices.



Korangi Association of Trade & Industry (KATI) was established in 1970 to promote industrial harmony and bridge between public, private sectors and liaison with government. Korangi Industrial area covers over 10000 acres of land having over 5000 industrial, commercial, and service industries including two main oil refineries of the country.



Landhi Association of Trade & Industry (LATI) was established in 1967. It covers a huge industrial area wherein a number of textile mills, Export Processing Zone and Industrial Parks are situated.



Kotri Association of Trade and Industry (KATI) comprises membership of industry within Kotri area. Archroma is a member of KATI and our managers serve on its committees and board during different time intervals.



The **Jamshoro Chamber of Commerce (JCCI)** is a representative body of the business community in District Jamshoro. It aims to promote, encourage, and support business community. Its role as the spokesmen to voice the collective opinion, concern and aspirations of the private sector and offers helpful advice, assistance and accumulated experience of the business community to the Government.



This NGO is very active in highlighting environmental issues, tree plantation campaigns and advocacy. Archroma participates in all corporate events and is also **a recipient of accolades from NFEH**.

SUSTAINABILITY & CSR REPORT



THE ARCHROMA WAY TO A SUSTAINABLE WORLD: IT'S OUR NATURE!

Our vision statement “The Archroma Way to a sustainable world”, ensures consistency in the way we operate, behave and communicate our core values to the market and our stakeholders. It also helps our organization to focus on those aspects of our business, from research and development, production all the way through to sales, which positively affect our footprint and those of our suppliers and customers. Articulated around three dimensions – Safe, Efficient and Enhanced – The Archroma Way motivates us to identify and address current deficiencies in the value chains that we serve, and positively challenge the status quo with our innovative systems and solutions.

As a leading global manufacturer and supplier of specialty chemicals and colorants to the textile, paper and coating industries, the impacts of our products extend far beyond our own operations. Through our Sustainable Systems selling approach, our proprietary ONE WAY resource optimization tool and our Safe Edge digital product safety platform, we strive to ensure that our net impact across the value chains we serve is positive.

The Archroma Way ensures that our solutions and innovations continue to address market needs, meet our stakeholder expectations and respect the planet.

We assess the topics most material to our stakeholders and our business, with regards to the three pillars of The Archroma Way: Safe, Efficient and Enhanced.

Driving the sustainability agenda in everything we do

We look at how we operate in a holistic way, in order to protect the health and safety of our people, our communities, our customers, the consumers, as well as the environment in order to preserve our Earth for us all and future generations.

We assess the topics most material to our stakeholders and our business, with regards to the three pillars of The Archroma Way: Safe, Efficient and Enhanced.

Archroma's purpose is to lead our industry towards a more sustainable future for our customers and markets.

We touch and color people's lives every day, everywhere. That is why, at Archroma, we continuously challenge the status quo in the deep belief that we can make our industry sustainable. We call it "The Archroma way to a Sustainable World": Safe, efficient, enhanced.

It's our nature!



SUSTAINABILITY & CSR REPORT

HOLD TIGHT / A system for improved fiber retention and bonding... to create paper that performs cycle after cycle - and to conserve our forests

Cartastrength® DST.03
Dry strength agent

- / Replaces both starch and fixative
- / Bonds with fibers to increase dry strength at values close to virgin fibers
- / Allows energy and water savings



Cartastrength® ABL
Retention & dry strength booster

- / Ensures fiber-to-fiber bonding and acts as bridge between fillers and fibers
- / Enhances pulp retention and overall yield during production



Archroma starts the Fiber Colors* revolution

With the Earth population reaching 8 billion in November 2022, the need to address the issue of textile waste becomes more critical.

According to earth.org, 92 million tons of textile waste is produced every year, a number that is expected to soar to 134 million tons by the end of the decade. Around 85% of all textiles discarded in the US are said to end up in landfills, leading to land and water pollution impacting first and foremost local communities.

Archroma is now introducing another ground-breaking innovation: the FiberColors* technology. With this technology, Archroma upcycles textile waste into gorgeous colors. The colors are synthesized from a minimum content of 50% waste-based raw material.

The dyes are especially suited for cellulose fibers such as cotton, viscose, linen and kapok, and can be used in continuous, exhaust, denim and garment dyeing and FiberColors* are ideal for forward-thinking companies who want to help find a solution to textile landfills, and at the same time give value to waste including articles collected in their take-back schemes that cannot be reused.



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, world view and gender.

Our aim is to:

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

We have a balanced representation of women at all levels of the workforce, including leadership roles. For Archroma, management includes Senior executive, Senior management, Middle management and Junior management positions.

Diversity & Inclusion week celebrated

Awareness session marked the happy celebration for all employees of APL. Topics included:

Archroma D & I journey

International Womens' Day Embrace Equity

Short training on inclusive language

Korangi site celebrated IWD with cake cutting and short fun Quiz on unconscious bias.

Training was given on D & I to university students at ACE, Korangi to propagate Diversity and showcase Archroma's efforts for inclusive environment.

At Jamshoro site, community representatives were specially invited for an interactive session highlighting the importance of IWD. Along with Cake cutting ceremony, it was emphasized to create synergy for efforts to embrace equity.



SUSTAINABILITY & CSR REPORT

Occupational Safety and Health

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.

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.

Each Archroma location has a Safety and Environment Officer (SEO), who reports on a monthly basis to the global Safety, Health and Environment (SHE) Manager. Individual goals are set for each site. There are three safety pillars: prevention of incidents, training and safety audits.



The year 2023 continued to remain "Accident Free". One Million Safe Working hours have been feted at Jamshoro and Landhi sites and both sites are closing the gap towards the Two Million Safe Working hours mark!!

In the meantime in September 2023, Landhi site made another record of completing ten years of "No Lost Time Injuries (LTI)!!!



A celebration was held at the visit of Group CEO Mark Garrett. The team happily cut the 10th Anniversary Cake amidst applause.

Archroma Pakistan celebrates World Safety Day

On 28 April 2023, all sites of Archroma Pakistan enthusiastically celebrated World Day for Safety and Health at Work with firm commitment to ensure that each one of us will make workplace environment hazard free & safe and return home to family safe!

There was a Safety quiz program wherein prizes were given to best performers.

Teams went for a Safety walk at Jamshoro and Landhi sites. Everyone participated with passion towards safety.



Waste Management

Waste generation is typically related to the nature and complexity of the manufacturing processes. The higher the yield of a process, the lower the generated waste. Raw materials packed in small bags or drums create a high amount of waste while materials delivered in bulk generate practically none. In Archroma waste is avoided, reduced, recovered and reused wherever possible. However, in some cases waste, both hazardous and non-hazardous, is generated which cannot be recovered or reused and is consequently disposed in an adequate and legal compliant manner.

Waste management is part of the overall Archroma environmental safety management process. Wherever possible waste processes are being analyzed and assessed to identify opportunities to be recovered and/or reused and recycled.

By simple method, we prepare Compost from organic solid kitchen and garden waste. Both Jamshoro and Landhi sites are pioneers in reduction on solid waste and environmental burden on earth. To date more than 10000 kgs of organic compost has been made and used in our vast green lands thereby improving the green yields.

Training sessions for other organizations are also held and data freely shared.



SUSTAINABILITY & CSR REPORT

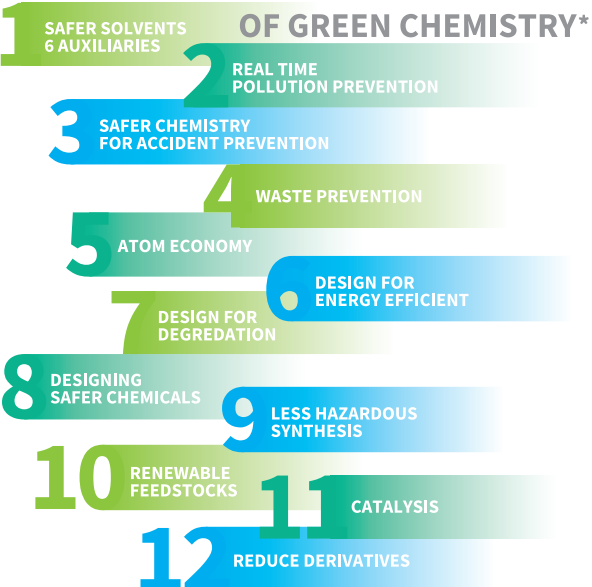
Environmental Safety

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.

THE 12 PRINCIPLES



World Environment Day at Jamshoro

Jamshoro site organized a seminar with Sindh Environment Protection Agency (SEPA) and Liaquat University of Jamshoro. Qazi Naeemuddin, Head of Site Operations, briefed the participants on the importance of this day. Tree plantation was done in the neighborhood park. Students and faculty members actively participated.



LOCAL COMMUNITIES

Distribution of Water

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.



Educational Programs

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.



Archroma Pakistan holds poster competition between TCF school students

School children made some very exceptional poster designs highlighting environment. The poster competition was held between two Citizens Foundation Schools from the site neighborhood of Landhi & Korangi. Our visiting Group CEO, Mark Garrett interacted closely with the students and gave away prizes to the winners on 3rd October on his visit to Landhi site. Children were delighted to present their poster themes to Mark.



SUSTAINABILITY & CSR REPORT

Distribution of Smart Mazdoor Card

Archroma Jamshoro Plant has formally launched the Mazdoor Smart Card (MSC) to SESSI register labourers in the site. It will provide them with their due rights and social security privileges. Mr. Mujtaba Rahim CEO Archroma Pakistan limited, was the chief guest on the occasion. Through this card labourers and their family will be benefited. The purpose of the card is empower workers for health, education, social welfare and financial stability.



Distribution of Blankets

Company has provided more than 200 blankets to the prisoners of Central Jail Hyderabad shows a genuine concern for the well-being of those in need. It's actions that make a positive impact on the community.



Indus Bank Clean Drive

On world food Day The United Nations lanced the Clean Indus campaign in Kotri near Jamshoro in collaboration with University Students, NGOs and corporate entities. Archroma is also participated Clean-up drive.



Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social groups.

Archroma has a record of continuous liaison with organizations that are working in the direction of corporate social responsibility. We are the first 20 founding members of United Nations Global Compact (UNGC) in Pakistan since December 2005. We are actively participating in the environmental segment of UNGC and our SET Plant and supply of free drinking water to the neighboring communities of Jamshoro comes under this orbit.

We participate in discussions with local NGOs working e.g. Hisaar Foundation and CERB, Pakistan Business Council on water security and environmental upgrading through joint projects.

Since decades we are recipient of CSR Award organized by National Forum for Environment & Health (NFEH). This is a clear recognition of our best practices towards the community and public at large.

SUSTAINABILITY & CSR REPORT



Board's statement for adoption of best practices for CSR

Sustainability - moving towards organizational excellence creating best practices.

We are committed to operating and conduct all our business activities in an ethical and fair manner, according to the principles of the United Nations Global Compact, Responsible Care®, and Archroma Code of Conduct. Corporate Social Responsibility is an integral component of our philosophy. We actively develop talent, promote diversity, and invest in our employees' skills to enable superior business performance whilst contributing to community development.

Celebrations all over the world on completion of ten years of existence demonstrated that Archroma is a steadfast entity which is dedicated to bringing innovative solutions, research and technology and sustainable values to the industry.

Sustainability is a core element of Archroma's strategy. It means taking responsibility for people around us as well as the prevailing environment. That is the reason we are geared towards a direction with a complete logical methodology which challenges the status quo. Our reasoning leads us to invent new products, make innovations, find technical solutions, and provides viable growth. From air pollution and water shortage to natural disasters prompted by climate change, the threats facing the environment are numerous across industries. We can no longer continue to operate in silos and need to strengthen cooperative network of like-minded organizations.

Board's statement about the company's strategic objectives on ESG (environmental, social and governance)/ sustainability reporting.

We, at Archroma are convinced that we have a role to play in leading our core industries towards a more sustainable future for our customers and markets. It is for this reason we continue focus on areas such as health & safety, greenhouse gas emissions, resource optimization, sustainable sourcing, diversity & inclusion.

Our two sites are fully compliant on gas emissions. No Non-Conformity has been placed before us from external audits on quality management systems and risk counts. At the corporate social responsibility front our diverse projects cover free drinking water supply to communities, educating youth on technical textile applications, collaborating with schools and tree plantations. All regulatory checks have given us green signals.

The EcoVadis Platinum rating placed our Archroma in the top 1% of the best rated companies in its industry.

Furthermore, external auditors performed a limited assurance audit on our progress on core ESG indicators including carbon emissions, water intake and gender diversity. We are proud to report that we passed this assessment successfully.

We are particularly committed to developing R&D enabling innovations that foster circularity, with growing use of natural and renewable ingredients, and with formulations aiming to support the biodegradability, compostability or recyclability of the end product.

We are fully committed to the Ten Principles of the United Nations Global Compact (UNGC) on human rights, labor, environment and anti-corruption. These are embedded into our strategy, culture and day-to-day operations, and articulated in our guiding principle: "The Archroma Way to a Sustainable World: Safe, efficient, enhanced, it's our nature!"

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

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

Both sites of Jamshoro and Landhi have crossed half a century and simultaneously are close to reach the mark of two million accident-free hours. We celebrated ten years of No Lost Time injury of Landhi site this year.

SUSTAINABILITY & CSR REPORT

Chairman's overview on how the company's sustainable practices can affect their financial performance.

It is a well-established principle that financial performance is directly proportional to the sustainable practices of any company. The quotients include accident-free environment, occupational safety and health of employees, diversity and inclusion, product portfolio stability, quality management, fair labor management, financial ethics with transparency and many more. We at Archroma are fully cognizant to this fact since our existence and have adhered to best practices which can be cited as model in sustainable practices.

In addition, Archroma has a robust reporting system on sustainable practices.

Highlights of the company's performance, policies, initiatives, and plans in place relating to the various aspects of sustainability and CSR as per best business practices including:

Global CSR Policy

We are committed to operate and conduct all our business activities in an ethical and fair manner, according to the principles of the United Nations Global Compact, Responsible Care®, and our Code of Conduct. Corporate Social Responsibility is an integral component of our philosophy. We actively develop talent, promote diversity, and invest in our employees' skills to enable superior business performance whilst contributing to community development.

Committed to excellence

Our Purpose is to lead our industries towards a more sustainable future for our customers and markets. This drives our Environment, Social & Governance (ESG) strategy, and is reflected in the guiding principles of "The Archroma Way: Safe, Efficient, and enhanced Value - it's our nature". We strive for excellence and continuous improvement in line with the 4 culture pillars: Achieve and exceed – Adapt & innovate – Center on customer – Collaborate & embrace diversity.

Committed to Safety, Health and Environment

Safety and protection of people and the environment is our uncompromised top priority. We set ambitious goals for occupational safety, health and environment (SHE) and our 12 Life Saving Rules, which are valid throughout the entire Archroma Group, and we monitor and evaluate all related aspects of our activities worldwide.

Company progress towards ESG initiatives during the year; and

Our progress remained steady with an upward trend throughout the year as under:

1. Environmental

Water saving through SET Plant continued with free supply of clean water at 13000 gallon per day to the neighborhood

2. Social

Participation in local networking groups, trade bodies and welfare organizations

3. Governance

Internal and external audits placed Archroma in a befitting position. No non conformances were reported on financial, shopfloor and quality management systems.

SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals

In September 2015, all 193 Member States of the United Nations adopted a plan for achieving a better future for all. At the heart of “Agenda 2030” are the 17 Sustainable Development Goals (SDGs). They recognize that ending poverty must go together with strategies that improve health and education, reduce inequality, and foster economic growth – while at the same time tackling climate change and working to preserve our oceans and forests.

For us at Archroma, the SDGs are not just a framework which helps us to set the right ambitions, but a strategic lever to detect emerging market opportunities and manage risks. After all, they serve us as a compass to continuously identify the next steps in our journey towards more innovative products, less impactful operations and achieving sustainable value creation for our stakeholders along the supply chain.

SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABLE DEVELOPMENT GOALS

1 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 fully abided. ILO Convention 87 based on Freedom of Association is strictly followed with the result that we have respective 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.

2 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 same food menu.

Green spaces reduce pollution and are source of oxygen @ carbon-free clean air. 60% of land at Archroma production sites is open and 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 harvests have been used at our canteen for staff meals.

3 GOOD HEALTH AND WELL-BEING



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SUSTAINABLE DEVELOPMENT GOALS

4

QUALITY EDUCATION



Archroma Center of Excellence (ACE) has completed its Silver Jubilee and now marches forward towards Golden Jubilee. ACE is a training center for chemistry & textile engineering students from universities. A six-week internship course is offered providing theory, tutorials and hands-on training on latest technical instruments along with coaching by our in-house trainers. To date around 8500 students have benefitted from internship program. Archroma attested 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)
- Mehran University of Engineering & Technology (MUET)
- University of Engineering & Technology (UET)
- National Textile University (NTU)
- NED University of Engineering & Technology (NEDUET)
- DICE Foundation
- WWF Pakistan

5

GENDER EQUALITY



Archroma is the first company to adopt Gender Equality Policy by Employers Federation of Pakistan in December 2008. We are an equal opportunity employer, within Archroma fold, there is no discrimination and we pay equally for equal value of work. Anti-harassment policies are an integral part of our Guidelines Manual. 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

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.

6

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 built 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 source of nutrients for the trees & plants at the site. 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.

SUSTAINABLE DEVELOPMENT GOALS

7

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.

Archroma assisted TCF School in Korangi with Solar System installation. It is providing affordable and clean energy to the entire school and provides students relief in hot summers.

8

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 for the 13th time in 2023 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.

9

INDUSTRY,
AND INNOVATION
INFRASTRUCTURE



Archroma lays great emphasis on building it 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 complain to this goal.

SUSTAINABLE DEVELOPMENT GOALS

10

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.

11

SUSTAINABLE
AND CITIES
COMMUNITIES



Archroma is a responsible corporate citizen. We have a firm commitment to towards enhancement of living standard of the people specially in the areas we operate. Jamshoro is a small city and an education hub of Sindh province. In times of climatic disaster of floods, we designed a housing colony in the vicinity of our production site. Another milestone was the re-construction and restoration of water filtration plant destroyed by floods. Clean water is being continuously provided free of cost to families of the neighboring community.

At our second production site in Landhi, Karachi we assisted in upgrading Chemistry Labs in Workers Model School built for workers' children. Now students are able to do experiments in a more precise way. Plantation has been carried out making the road islands attractive.

12

RESPONSIBLE
CONSUMPTION
AND PRODUCTION



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.

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Sanitation

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SUSTAINABLE DEVELOPMENT GOALS

13

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 Jamshoro 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 neighboring 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.

14

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 approximately 34 tons of Aniline has been removed from the environment and aquatic life hence we saved the environmental degradation.

SUSTAINABLE DEVELOPMENT GOALS

15

LIFE
ON LAND



Archroma protects and restores use of land and environment ecosystems through our continuous tree plantation campaigns throughout the year. Life is dependent on water therefore we take utmost care to conserve natural resources. Water is saved, recycled and reused at Jamshoro and Landhi sites.

Our gas emissions are within the given limits. We do not release harmful substances in drains.

Organic solid waste is converted into Compost and used for gardening. Through the composting process we reduced waste by 75%. To date more than 10000 kgs of compost have been made and used.

We also minimize use of fuel and electricity through proactive measures. LED lights and savers have replaced old bulbs.

16

PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Since the inception of the organization, industrial peace has prevailed with harmony between the workers and management. No dispute has arisen at any time. Workers Union submit their charter of demands, when due in a legal manner which are mutually negotiated, agreed and implemented in letter and spirit.

We are fully compliant with the directives of provincial and federal institutions. Submissions into government treasury are made in time resulting in strengthening of the institutions.

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PARTNERSHIPS
FOR THE GOALS



Archroma strengthens its partnership with external organizations to form long term relationships that are mutually beneficial. Building strong academic linkages is on the top of the list. We assess that students will become future industry entrepreneurs in the near future. With this aim we have signed Memorandum of Understanding (MoUs) with all major Engineering Universities with strong Textile Faculties. R&D projects, Academic conferences, training sessions, Internship programs and Field trips have been organized.

MoUs with academic institutions include:

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

MoUs with NGOs :

1. DICE Foundation
2. WWF Pakistan

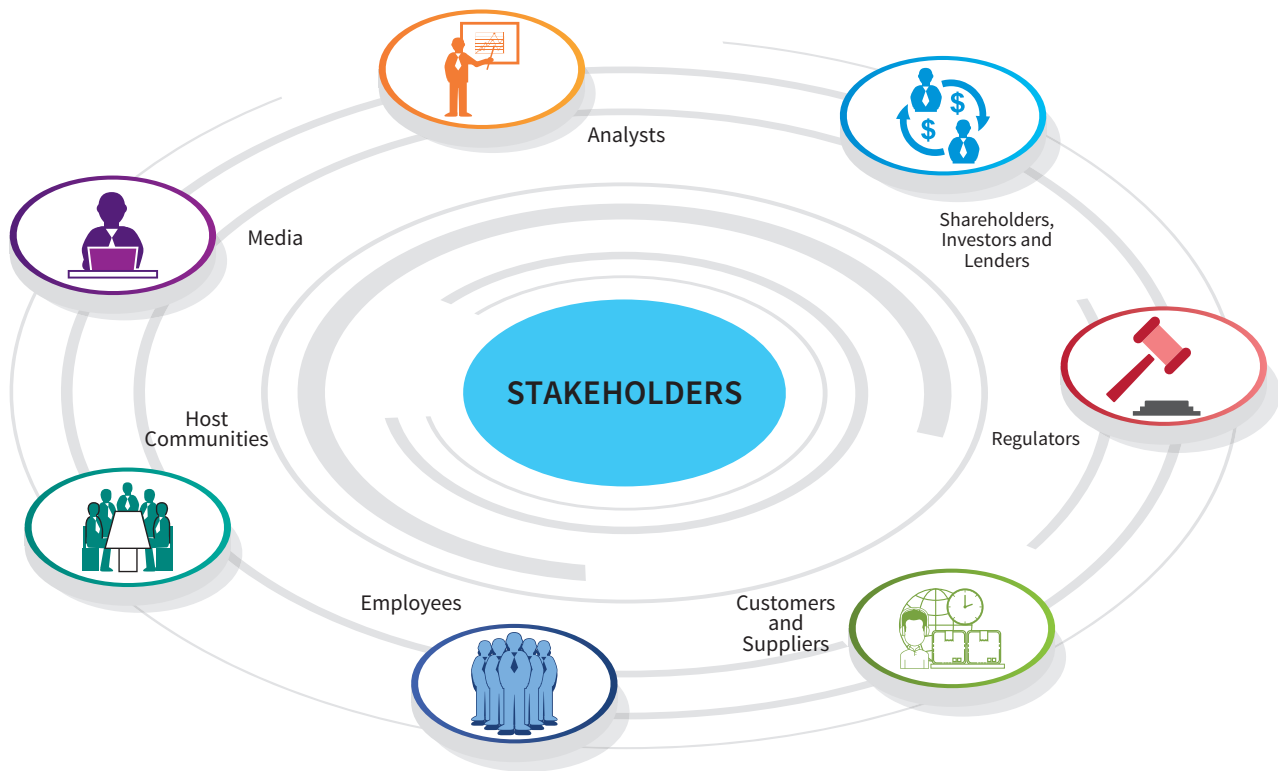
STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT



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

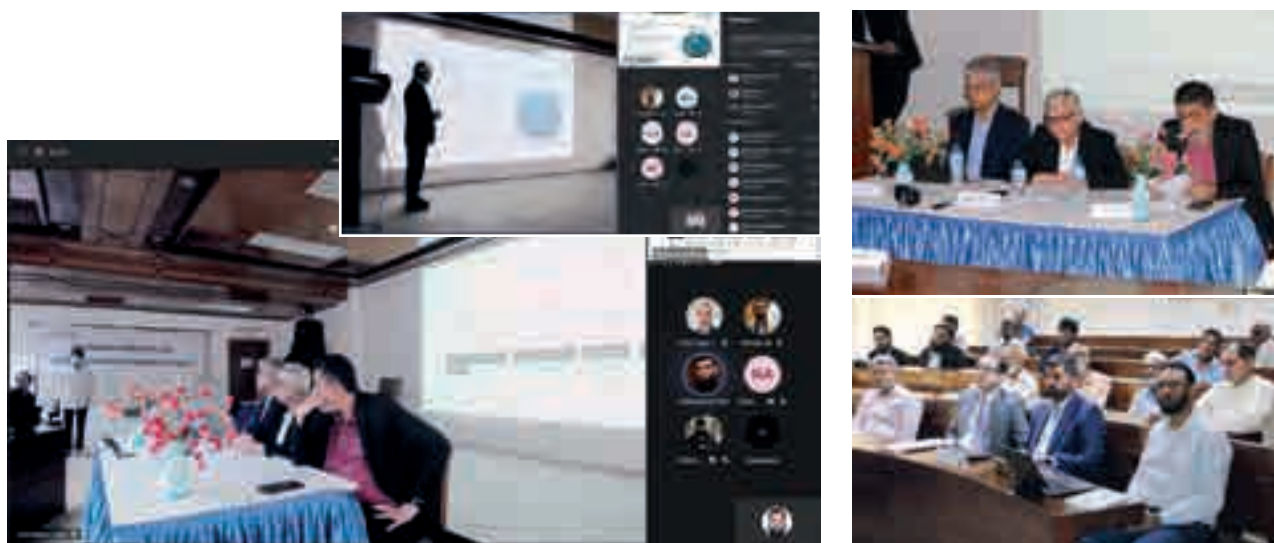
Through timely announcements and disclosures, the Company fully informed to Pakistan Stock Exchange Limited thus providing investors and stakeholders equal and timely access to material information.

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
Year ended 30 September 2022	27 December 2022
Nine months ended 30 June 2023	22 September 2023

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 Global Energy and Commodities prices and Raw Materials' availability situation has become further complex due to emergence of armed conflict in the Middle East and ongoing Russia-Ukraine War and despite certain controlling measures put in by the Care-taker Government, Balance of Trade and Forex reserves' situation of Pakistan, continues to remain under pressure and keeps the outlook for Country's Textiles' Exports somewhat uncertain. However, with the additional financing agreement of USD 3 Billion with IMF in the month of June, 2023 and anticipated corrective fiscal measures are expected to positively contribute towards improvement in the overall macro-economic situation of Pakistan and support business development for local Textiles and Construction Industry of the Country in the first half of the next financial year of the Company.

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.

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.



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 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.

Source of Information and Assumptions Used for Forecasting

The projections are based on historic trends, latest information available and views of relevant business experts. APL utilizes the knowledge base and legacy information on its businesses amassed by its inhouse experts – its employees. The Company subscribes to key international business publications, and relevant representatives of each business attend important conferences / seminars around the world to stay abreast with emerging trends.

External consultants are utilized in instances/ areas when the level of expertise does not exist within the organization. Such projections are then reviewed and agreed upon amongst the Executive Management Team of the Company for review and approval by the Board of Directors.

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

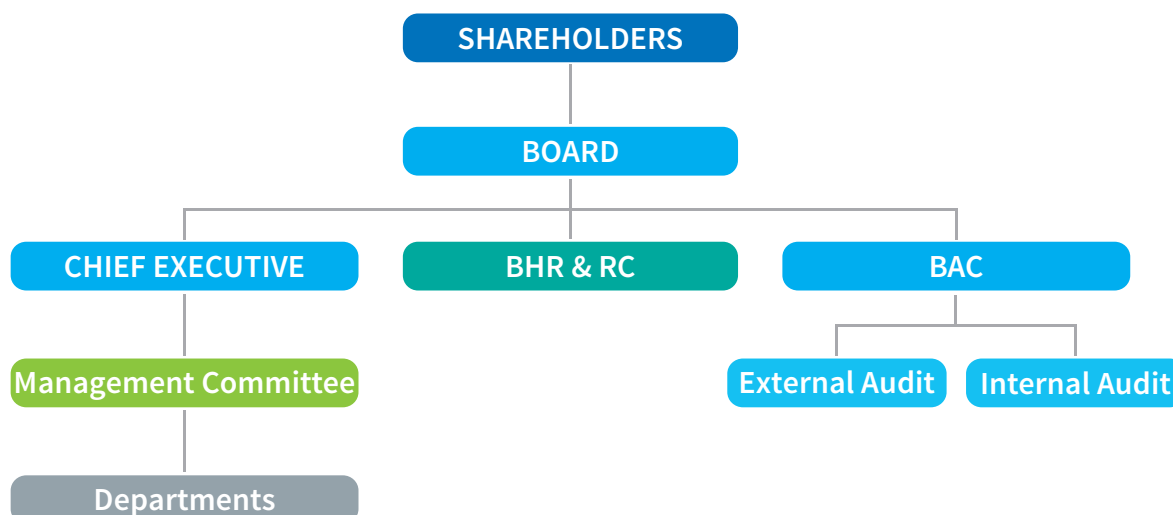
The Company only has one Executive Director on the Board who is also the CEO of the Company. The CEO of the Company, Mr. Mujtaba Rahim also holds Non-Executive Directorship on the Board of Swiss Business Council.



CORPORATE GOVERNANCE

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 2022-23 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 2022-23, 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 2022-23

Board Evaluation for the year 2022-23 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.

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:

- The Company's vision and mission
- Role and responsibilities of the Director as per the Companies Act, including Code of Corporate Governance and any other regulatory laws applicable in Pakistan
- Financial information / history
- 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.

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 two executive directors, three 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.

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 Archroma Pakistan 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 2023.

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.

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. Thomas Bucher & 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. Thomas Bucher	Non-Executive Director	Member

Terms of Reference (TOR) of Audit Committee

Introduction

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

Frequency of Meetings

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

Internal Audit

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

- Financial Audit
- Operational Audit
- Compliance Audit

Terms of Reference

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

These include:

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

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

Reporting Procedure

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

Terms of Reference of Human Resource & Remuneration Committee

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

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

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, 2023
- 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, 2024.

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 27 December 2022, 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.

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 three 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.

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

The Audit Committee of Archroma Pakistan Limited is appointed by the Board and has three (3) non-executive directors out of which Chairman of the Committee, Mr. Shahid Ghaffar, is an Independent Director. The committee as a whole possess significant economic, financial and business acumen. During the year, four meetings of the Audit Committee were held which the Chief Financial Officer also attended by invitation.

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended September 30, 2023 and reports that:

- The Company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company's Code of Conduct and Values throughout the year.
- The Company has issued a "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" which has also been reviewed and certified by the External Auditors of the Company.
- The Company's Code of Conduct has been disseminated and placed on Company's website.
- The Audit Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended for approval of the Board of Directors. It has also reviewed preliminary announcements of results prior to publication and the internal audit reports.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements. Applicable International Financial Reporting Standards were followed in the preparation of financial statements of the Company, for the financial year ended September 30, 2023, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company and its subsidiaries for the year under review.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the applicable laws and financial reporting is consistent with Management processes and adequate for shareholder needs.
- These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Act. In case requirements differ, the provisions of or directives under the Act prevail.
- The CEO, a Director and the CFO have endorsed the standalone 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 Company's financial statements, accuracy of reporting, 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.
- All direct or indirect trading and holdings of Company's shares by Directors & executives or their spouses (if any) 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 within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding.
- The Committee members carried out the Annual Evaluation of the Board Audit Committee in terms of board structure, Strategy, Decision Making, Internal Controls and Risk Management.

REPORT OF THE BOARD AUDIT COMMITTEE

Annual Report 2023

- 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.

Internal Audit Function

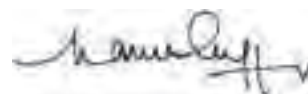
- The Board Audit Committee has effectively implemented the internal control framework through an in-house Internal Audit function, which is independent of the External Audit function. The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Board Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.
- The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Board Audit Committee. Further, the Board Audit Committee has reviewed material Internal Audit findings and management's response thereto, taking appropriate action or bringing the matters to the Board's attention where required.
- The Head of Internal Audit has direct access to the Chairman of the Board Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- 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 30 September 2023.
- 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 30 September 2024.

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.



Shahid Ghaffar
Chairman Audit Committee

Karachi: 30 October 2023



INDEPENDENT AUDITOR'S REVIEW REPORT

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. Thomas Bucher (Alternate Mr. Naveed Kamil) Mr. Patrick Verraes Mr. M. Veqar Arif
Executive Director	Mr. Mujtaba Rahim Mr. Irfan Chawala

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. Naveed Kamil
 5. Mr. Shahid Ghaffar
 6. Ms. Yasmin Peermohammad

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. M. Veqar Arif | - Member |
| - Mr. Thomas Bucher | - Alternate: Mr. Naveed Kamil |
| - Mr. Irfan Lakhani | - Secretary |

Human Resource and Remuneration Committee

- | | |
|---------------------------|------------------------------|
| - Ms. Yasmin Peermohammad | - Chairman |
| - Mr. Mujtaba Rahim | - Member |
| - Mr. Thomas Bucher | - 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, 2023
HR and Remuneration	One meeting during the financial year ended 30 September 2023

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



M. Veqar Arif
Chairman

Karachi

Dated: 30 October 2023








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

PERFORMANCE AND POSITION



HORIZONTAL ANALYSIS

Statement of Financial Position	2023	23 v/s 22	2022	2021	2020	2019	2018
	Rs. in mio	%age					
ASSETS							
Non - current assets							
Property, plant and equipment	1,901.9	(1.4)	1,929.5	1,865.0	1,976.8	1,914.5	1,952.7
Long term loans	-	-	-	-	-	0.1	0.6
Long term deposits and prepayments	13.2	4.3	12.7	16.6	6.1	7.2	8.0
Deferred taxation - net	-	-	-	-	15.5	-	-
Employee benefit	56.1	124.4	25.0	75.8	-	-	-
	1,971.2	0.2	1,967.2	1,957.4	1,998.4	1,921.7	1,961.3
Current assets							
Stores and spares	71.5	18.0	60.6	62.6	53.6	49.4	45.4
Stock-in-trade	6,756.1	69.5	3,986.0	2,652.7	3,089.9	3,056.1	2,694.5
Trade receivables	9,312.9	92.9	4,826.6	3,769.7	2,788.2	3,916.3	3,733.3
Advances	11.4	736.6	1.4	2.9	0.7	0.4	3.4
Trade deposits and short-term prepayments	146.6	45.2	101.0	39.2	24.4	57.7	48.4
Other receivables	25.0	(13.1)	28.8	29.1	24.6	34.1	46.2
Sales tax	1,836.3	38.3	1,328.0	1,328.0	1,378.0	1,680.1	1,724.3
Taxation - net	-	-	-	-	225.2	147.9	172.0
Short term investments	-	-	-	601.0	-	-	-
Cash and bank balances	315.4	228.4	96.0	1,267.9	269.2	599.0	532.1
	18,475.1	77.2	10,428.3	9,753.0	7,853.8	9,541.1	8,999.8
TOTAL ASSETS	20,446.4	64.9	12,395.5	11,710.3	9,852.3	11,462.8	10,961.0
EQUITY AND LIABILITIES							
Share capital and reserves							
Authorised share capital							
50,000,000 ordinary shares of Rs. 10 each	500.0	-	500.0	500.0	500.0	500.0	500.0
Share capital							
Issued, subscribed and paid-up capital	341.2	-	341.2	341.2	341.2	341.2	341.2
Reserves							
Revenue reserve	2,747.0	12.9	2,434.0	3,138.0	3,238.0	3,096.0	2,968.0
Unappropriated profit	1,246.0	25.0	996.6	2,368.4	924.7	1,680.3	1,496.0
	3,993.0	16.4	3,430.6	5,506.4	4,162.7	4,776.3	4,464.0
	4,334.1	14.9	3,771.8	5,847.6	4,503.9	5,117.4	4,805.2
LIABILITIES							
Non - current liabilities							
Deferred taxation - net	70.5	19.7	58.9	52.2	-	59.6	127.5
Employee benefits	10.4	(6.7)	11.2	12.5	341.1	63.2	14.2
Long term loan - secured	-	-	-	44.4	209.8	-	-
Lease liabilities	118.9	13.5	104.7	104.3	95.7	9.4	22.9
Liabilities against diminishing musharika financing	140.4	21.8	115.3	59.0	94.1	81.2	69.2
	340.2	17.3	290.1	272.5	740.7	213.3	233.7
Current liabilities							
Trade and other payables	10,349.2	80.0	5,750.4	3,772.4	2,173.5	3,027.6	3,293.1
Unclaimed dividend	90.9	2.8	88.4	72.1	67.5	66.0	65.5
Unpaid dividend	511.8	100.0	-	-	-	-	-
Mark-up accrued	167.4	592.6	24.2	3.6	17.9	82.0	40.4
Short-term borrowings - secured	4,370.6	121.0	1,977.5	1,475.6	2,143.0	2,920.1	2,489.7
Current portion of long term loan - secured	-	(100.0)	42.6	177.5	148.2	-	-
Current portion of lease liabilities	23.6	17.2	20.1	16.6	21.5	12.2	17.4
Current portion of liabilities against diminishing musharika financing	50.4	2.9	49.0	38.8	36.0	24.2	16.1
Taxation - net	208.2	(45.4)	381.4	33.6	-	-	-
	15,772.1	89.3	8,333.6	5,590.3	4,607.7	6,132.0	5,922.1
	16,112.2	86.8	8,623.7	5,862.8	5,348.4	6,345.4	6,155.8
TOTAL EQUITY AND LIABILITIES	20,446.4	64.9	12,395.5	11,710.3	9,852.3	11,462.8	10,961.0

HORIZONTAL ANALYSIS



Statement of Profit and Loss	2023	23 v/s 22	2022	2021	2020	2019	2018
	Rs. in mio	%age					
Sales	34,900.1	18.6	29,430.1	23,561.1	17,893.7	18,955.8	15,204.1
Trade discounts and commission	1,043.7	12.9	924.3	923.6	746.9	823.0	604.6
Sales tax	3,843.7	14.7	3,351.8	2,765.2	2,107.9	779.8	309.4
	4,887.4	14.3	4,276.1	3,688.8	2,854.8	1,602.8	914.0
Net sales	30,012.7	19.3	25,154.0	19,872.2	15,038.9	17,353.1	14,290.1
Cost of goods sold	22,545.0	25.7	17,933.6	13,692.9	10,834.2	12,006.9	9,771.8
Gross profit	7,467.8	3.4	7,220.5	6,179.3	4,204.7	5,346.2	4,518.3
Distribution and marketing expenses	3,065.2	18.1	2,594.4	1,973.4	1,569.6	1,744.3	1,480.2
Administrative expenses	767.6	22.4	627.4	583.8	560.1	507.6	498.7
Impairment (reversal) /loss on trade receivables	(5.9)	(64.5)	(16.7)	(28.0)	13.2	143.4	60.2
Other expenses	180.7	(26.0)	244.0	247.0	112.1	136.5	129.0
	4,007.6	16.2	3,449.1	2,776.2	2,254.9	2,531.8	2,168.2
Other income	43.0	(27.0)	59.0	57.9	25.9	16.0	23.8
Operating profit	3,503.3	(8.5)	3,830.4	3,461.1	1,975.7	2,830.3	2,373.9
Finance costs	1,262.3	82.1	693.0	271.7	439.2	680.3	429.9
Profit before taxation	2,241.0	(28.6)	3,137.4	3,189.4	1,536.5	2,150.0	1,944.0
Taxation	996.6	(20.4)	1,252.3	880.0	367.2	427.6	407.7
Profit for the year	1,244.4	(34.0)	1,885.1	2,309.4	1,169.3	1,722.4	1,536.3

VERTICAL ANALYSIS

Statement of Financial Position	2023	23 v/s 22	2022	2021	2020	2019	2018
	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	1,901.9	9.3	1,929.5	1,865.0	1,976.8	1,914.5	1,952.7
Long term loans - secured	-	-	-	-	-	0.1	0.6
Long term deposits and prepayments	13.2	0.1	12.7	16.6	6.1	7.2	8.0
Employee Benefits	56.1	0.3	25.0	75.8	-	-	-
Deferred taxation - net	-	-	-	-	15.5	-	-
	1,971.2	9.6	1,967.2	1,957.4	1,998.4	1,921.7	1,961.3
Current assets							
Stores and spares	71.5	0.3	60.6	62.6	53.6	49.4	45.4
Stock-in-trade	6,756.1	33.0	3,986.0	2,652.7	3,089.9	3,056.1	2,694.5
Trade receivables	9,312.9	45.5	4,826.6	3,769.7	2,788.2	3,916.3	3,733.3
Advances	11.4	0.1	1.4	2.9	0.7	0.4	3.4
Trade deposits and short-term prepayments	146.6	0.7	101.0	39.2	24.4	57.7	48.4
Other receivables	25.0	0.1	28.8	29.1	24.6	34.1	46.2
Sales Tax	1,836.3	9.0	1,328.0	1,328.0	1,378.0	1,680.1	1,724.3
Taxation - net	-	-	-	-	225.2	147.9	172.0
Short term investments	-	-	-	601.0	-	-	-
Cash and bank balances	315.4	1.5	96.0	1,267.9	269.2	599.0	532.1
	18,475.1	90.4	10,428.3	9,753.0	7,853.8	9,541.1	8,999.8
TOTAL ASSETS	20,446.4	100.0	12,395.5	11,710.3	9,852.3	11,462.8	10,961.0
EQUITY AND LIABILITIES							
Share capital and reserves							
Authorised capital							
50,000,000 ordinary shares of Rs. 10 each	500.0	2.4	500.0	500.0	500.0	500.0	500.0
Share capital							
Issued, subscribed and paid-up capital	341.2	1.7	341.2	341.2	341.2	341.2	341.2
Reserves							
Revenue reserve	2,747.0	13.4	2,434.0	3,138.0	3,238.0	3,096.0	2,968.0
Unappropriated profit	1,246.0	6.1	996.6	2,368.4	924.7	1,680.3	1,496.0
	3,993.0	19.5	3,430.6	5,506.4	4,162.7	4,776.3	4,464.0
	4,334.1	21.2	3,771.8	5,847.6	4,503.9	5,117.4	4,805.2
LIABILITIES							
Non - current liabilities							
Deferred taxation - net	70.5	0.3	58.9	52.2	-	59.6	127.5
Employee benefits	10.4	0.1	11.2	12.5	341.1	63.2	14.2
Long term loan - secured	-	-	-	44.4	209.8	-	-
Lease liabilities	118.9	0.6	104.7	104.3	95.7	9.4	22.9
Liabilities against diminishing musharika financing	140.4	0.7	115.3	59.0	94.1	81.2	69.2
	340.2	1.7	290.1	272.5	740.7	213.3	233.7
Current liabilities							
Trade and other payables	10,349.2	50.6	5,750.4	3,772.4	2,173.5	3,027.6	3,293.1
Unclaimed dividend	90.9	0.4	88.4	72.1	67.5	66.0	65.5
Unpaid dividend	-	-	-	-	-	-	-
Taxation - net	208.2	1.0	381.4	33.6	-	-	-
Mark-up accrued	167.4	0.8	24.2	3.6	17.9	82.0	40.4
Short-term borrowings - secured	4,370.6	21.4	1,977.5	1,475.6	2,143.0	2,920.1	2,489.7
Current portion of long term loan - secured	-	-	42.6	177.5	148.2	-	-
Current portion of lease liabilities	23.6	0.1	20.1	16.6	21.5	12.2	17.4
Current portion of liabilities against diminishing musharika financing	50.4	0.2	49.0	38.8	36.0	24.2	16.1
	15,772.1	77.1	8,333.6	5,590.3	4,607.7	6,132.0	5,922.1
	16,112.2	78.8	8,623.7	5,862.8	5,348.4	6,345.4	6,155.8
TOTAL EQUITY AND LIABILITIES	20,446.4	100.0	12,395.5	11,710.3	9,852.3	11,462.8	10,961.0

VERTICAL ANALYSIS



Statement of Profit and Loss	2023	23 v/s 22	2022	2021	2020	2019	2018
	Rs. in mio	%age					
Sales	34,900.1	100.0	29,430.1	23,561.1	17,893.7	18,955.8	15,204.1
Trade discounts and commission	1,043.7	3.0	924.3	923.6	746.9	823.0	604.6
Sales tax	3,843.7	11.0	3,351.8	2,765.2	2,107.9	779.8	309.4
	4,887.4	14.0	4,276.1	3,688.8	2,854.8	1,602.8	914.0
Net sales	30,012.7	86.0	25,154.0	19,872.2	15,038.9	17,353.1	14,290.1
Cost of goods sold	22,545.0	64.6	17,933.6	13,692.9	10,834.2	12,006.9	9,771.8
Gross profit	7,467.8	21.4	7,220.5	6,179.3	4,204.7	5,346.2	4,518.3
Distribution and marketing expenses	3,065.2	8.8	2,594.4	1,973.4	1,569.6	1,744.3	1,480.2
Administrative expenses	767.6	2.2	627.4	583.8	560.1	507.6	498.7
Impairment (reversal) /loss on trade receivables	(5.9)	(0.0)	(16.7)	(28.0)	13.2	143.4	60.2
Other expenses	180.7	0.5	244.0	247.0	112.1	136.5	129.0
	4,007.6	11.5	3,449.1	2,776.2	2,254.9	2,531.8	2,168.2
Other income	43.0	0.1	59.0	57.9	25.9	16.0	23.8
Operating profit	3,503.3	10.0	3,830.4	3,461.1	1,975.7	2,830.3	2,373.9
Finance costs	1,262.3	3.6	693.0	271.7	439.2	680.3	429.9
Profit before taxation	2,241.0	6.4	3,137.4	3,189.4	1,536.5	2,150.0	1,944.0
Taxation	996.6	2.9	1,252.3	880.0	367.2	427.6	407.7
Profit for the year	1,244.4	3.6	1,885.1	2,309.4	1,169.3	1,722.4	1,536.3

PERFORMANCE INDICATORS

		2023	2022	2021	2020	2019	2018
Profitability Ratios							
Net profit to net sales	%	4.15	7.49	11.62	7.77	9.93	10.75
Operating profit to net sales	%	11.67	15.23	17.42	13.14	16.31	16.61
EBITDA margin to net sales	%	12.66	16.36	18.78	14.99	17.79	18.37
Return on equity	%	28.71	49.98	39.49	25.96	33.66	31.97
Liquidity Ratios							
Current ratio	Times	1.17	1.25	1.74	1.70	1.56	1.52
Quick Ratio	Times	0.74	0.77	1.26	1.02	1.06	1.06
Cash to current liabilities	Times	0.02	0.01	0.23	0.06	0.10	0.09
Activity / Turnover Ratios							
Cash conversion cycle	Days	86	69	75	131	113	112
Days sales outstanding	Days	113	70	69	68	82	95
Days inventory outstanding	Days	109	81	71	104	93	101
Days payable outstanding	Days	137	83	65	41	62	84
Debtor turnover	Times	2.7	5.21	5.27	5.39	4.43	3.83
Total assets turnover	Times	2.03	2.03	1.7	1.53	1.51	1.30
Fixed assets turnover	Times	13.04	13.04	10.66	7.61	9.06	7.32
Investment / Market Ratios							
Earnings per share (EPS)	Rupees	36.47	55.25	67.69	34.27	50.48	45.03
Price earnings - on the basis of earning per share	Times	12.06	9.85	9.23	16.55	9.11	11.44
Price to book ratio	Times	3.46	4.9	3.65	4.30	3.07	3.66
Dividend yield	%	-	8.27	14.4	5.29	9.77	7.76
Dividend payout ratio	%	-	81.45	133.25	87.54	89.14	88.82
Dividend per share	Rupees	-	45	90	30	45	40
Market value per share							
Year end	Rupees	440	544	625	567	460	515
Highest during the year	Rupees	579	664	650	699	620	675
Lowest during the year	Rupees	410	510	518	456	440	445
Capital Structure Ratios							
Mark-up Cover Ratio	Times	5.71	23.95	35.56	8.43	10.40	15.73

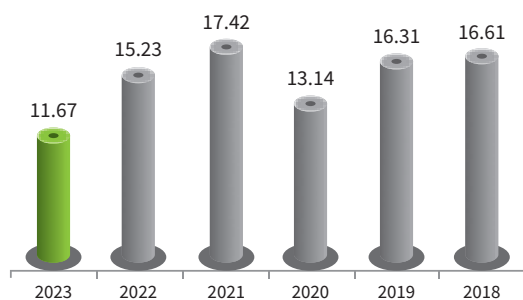
PERFORMANCE INDICATORS



Profitability Ratios

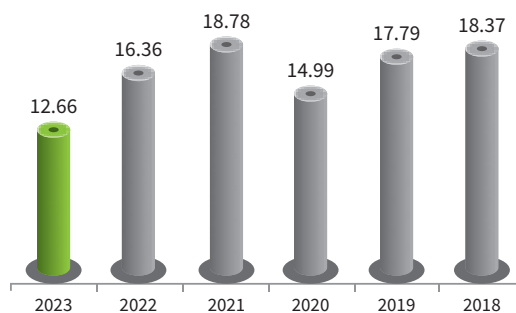
Operating Profit to Net Sales

Percentage



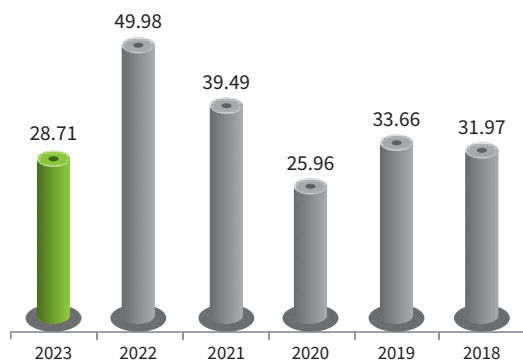
EBITDA margin to net sales

Percentage



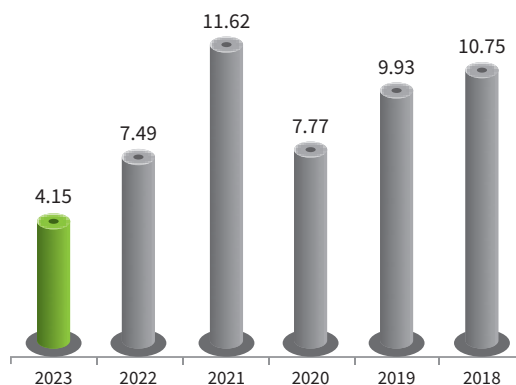
Return on equity

Percentage



Net profit to net sales

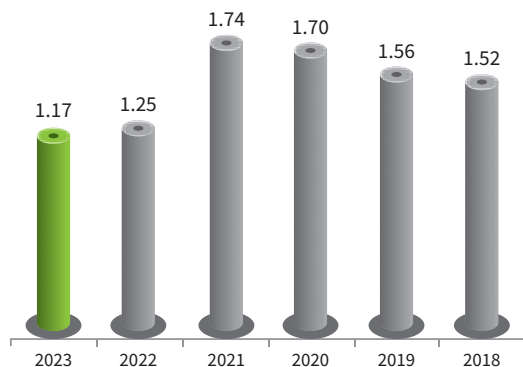
Percentage



Liquidity Ratios

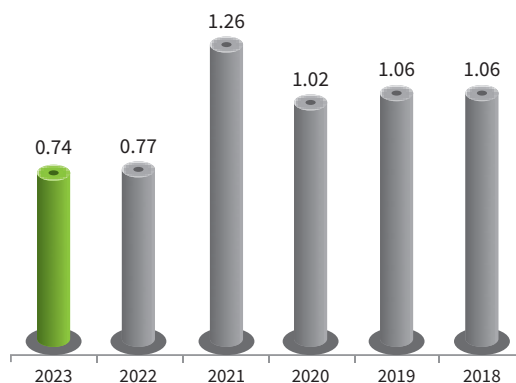
Current ratio

Times



Quick Ratio

Times

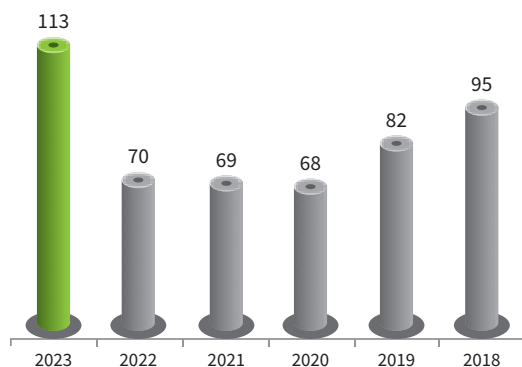


PERFORMANCE INDICATORS

Activity Ratios

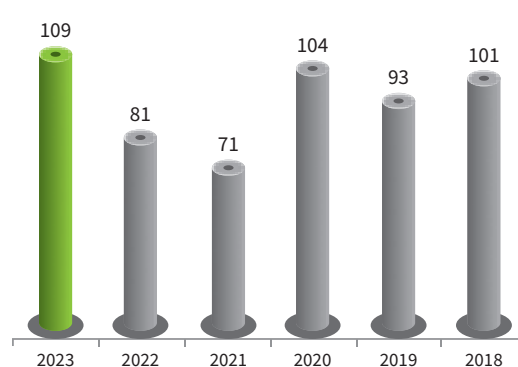
Days sales outstanding

Days



Days inventory outstanding

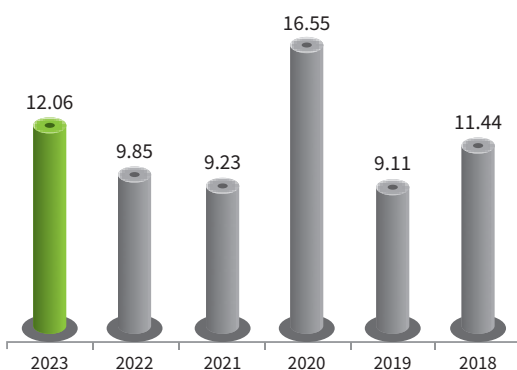
Days



Investment / Market Ratios

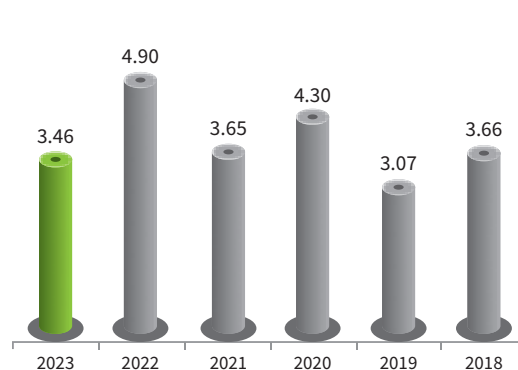
Price Earnings - on the basis of Earning per share

Times



Price to book ratio

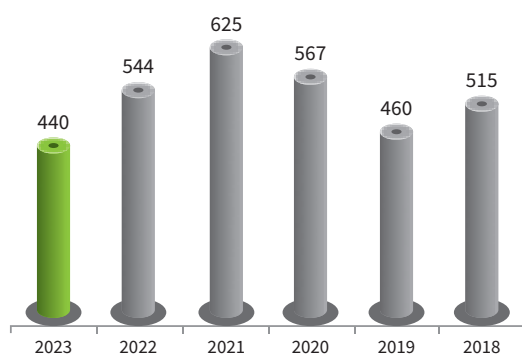
Times



Market value per share

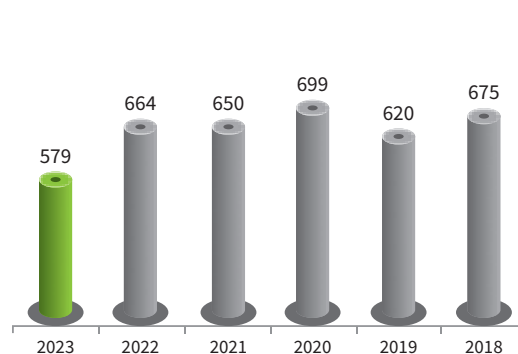
Year end

Rupees



Highest during the year

Rupees

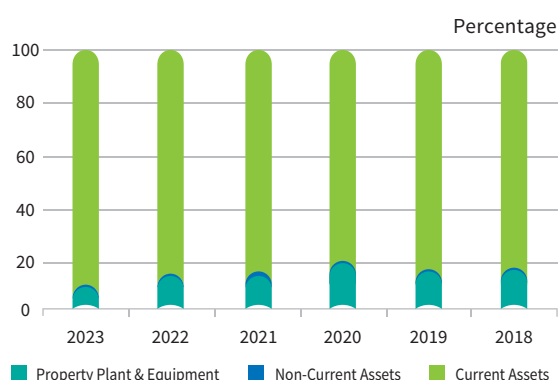


SIX YEARS AT A GLANCE

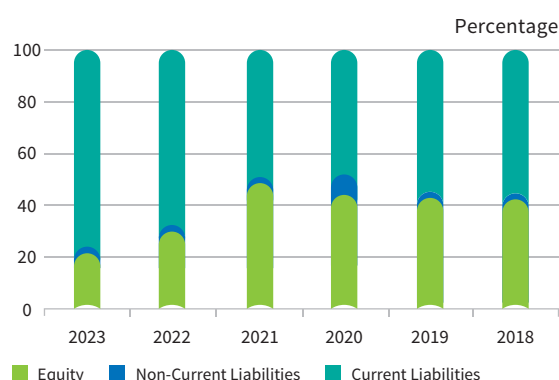


	2023	2022	2021	2020	2019	2018
(Rupees '000)						
Property Plant & equipment	1,901,906	1,929,532	1,865,030	1,976,820	1,914,464	1,952,688
Other assets	69,326	37,659	92,356	21,598	7,275	8,586
Current assets	18,475,145	10,428,314	9,752,958	7,853,837	9,541,052	8,999,754
Total assets employed	20,446,377	12,395,505	11,710,344	9,852,255	11,462,791	10,961,028
Share capital	341,179	341,179	341,179	341,179	341,179	341,179
Revenue reserves and unappropriated profit	3,992,951	3,430,630	5,506,412	4,162,681	4,776,258	4,464,033
Bank borrowings	4,370,646	2,020,124	1,697,510	2,501,054	2,920,070	2,489,701
Other liabilities	11,741,601	6,603,572	4,165,243	2,847,341	3,425,284	3,666,115
Total Funds Employed	20,446,377	12,395,505	11,710,344	9,852,255	11,462,791	10,961,028
Net Sales	30,012,733	25,154,026	19,872,237	15,038,941	17,353,050	14,290,089
Profit before tax	2,240,984	3,137,384	3,189,391	1,536,493	2,150,019	1,943,980
Profit after Tax	1,244,382	1,885,066	2,309,366	1,169,266	1,722,380	1,536,276
Cash Dividend %	-	450	900	300	450	400
Earning Per share - Rupees	36.47	55.25	67.69	34.27	50.48	45.03
Break-up value per share - Rupees	117.03	100.55	161.39	132.00	149.99	140.84

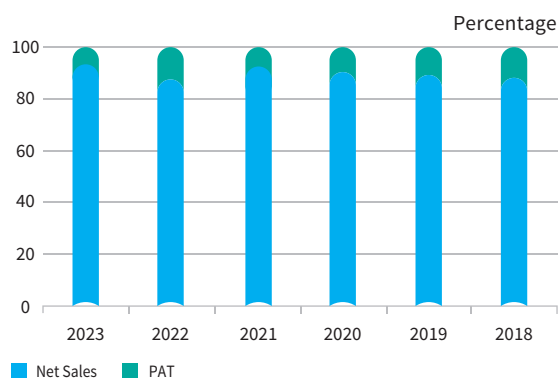
**Financial Position Analysis
Assets**



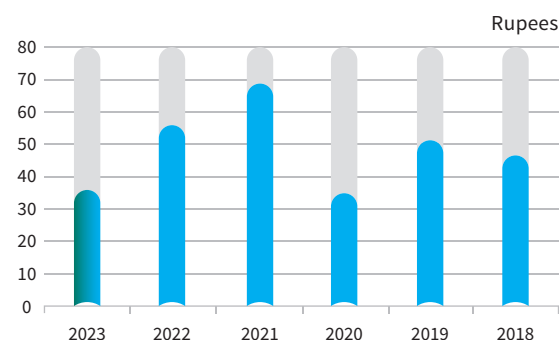
**Financial Position Analysis
Equity & Liabilities**



**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 AUDITOR'S REPORT

To the members of Archroma Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Archroma Pakistan Limited** (the Company), which comprise the statement of financial position as at **30 September 2023**, 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 2023 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

KPMG Taseer Hadi & Co. is a Chartered Accountant firm registered in Pakistan under the provisions of the Companies Act, 2017 and is a member of the International Federation of Accountants (IFAC) and the Institute of Chartered Accountants of Pakistan (ICAP). It is a member of the International Ethics Standards Board for Accountants (IESBA) and the International Standards on Auditing (ISAs) and is a member of the International Standards on Taxation (ISAT).

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 2023 was Rs. 30.01 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"> • obtained an understanding through walkthrough over the Company's revenue recognition process; • 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 assessed the 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.

KPMG

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 2023 was Rs. 6.76 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 through walkthrough over the Company's process of 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 developing an independent expectation using the 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.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the Other



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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for






KPMG Taseer Hadi & Co.

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 Auditor's report is **Amyr Malik**.

Date: 02 November 2023
Karachi
UDIN: AR202310096vaJPCTIAq


KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

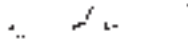
As at 30 September 2023

	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,901,906	1,929,532
Long term deposits and prepayments		13,205	12,655
Employee benefits	15	56,121	25,004
		1,971,232	1,967,191
Current assets			
Stores and spares	5	71,520	60,607
Stock-in-trade	6	6,756,099	3,985,984
Trade receivables	7	9,312,865	4,826,630
Advances	8	11,369	1,359
Trade deposits and short-term prepayments	9	146,594	100,961
Other receivables	10	25,003	28,783
Sales tax	11	1,836,319	1,327,959
Cash and bank balances	12	315,376	96,031
		18,475,145	10,428,314
TOTAL ASSETS		20,446,377	12,395,505
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Issued, subscribed and paid-up share capital	13	341,179	341,179
Reserves			
Revenue reserve		2,747,000	2,434,000
Unappropriated profit		1,245,951	996,630
		3,992,951	3,430,630
		4,334,130	3,771,809
LIABILITIES			
Non-current liabilities			
Deferred taxation - net	14	70,547	58,930
Employee benefits	15	10,414	11,164
Lease liabilities	16	118,864	104,710
Liabilities against diminishing musharika financing	17	140,356	115,263
		340,181	290,067
Current liabilities			
Trade and other payables	18	10,349,213	5,750,385
Unclaimed dividend		90,891	88,430
Unpaid dividend	19	511,771	-
Taxation - net		208,173	381,423
Mark-up accrued	20	167,410	24,171
Short-term borrowings - secured	21	4,370,646	1,977,491
Current portion of long term loan - secured		-	42,633
Current portion of lease liabilities	16	23,573	20,119
Current portion of liabilities against diminishing musharika financing	17	50,389	48,977
		15,772,066	8,333,629
		16,112,247	8,623,696
Contingencies and commitments	22		
TOTAL EQUITY AND LIABILITIES		20,446,377	12,395,505

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 2023

	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Sales	23	34,900,100	29,430,119
Trade discounts and commission		(1,043,705)	(924,260)
Sales tax		(3,843,662)	(3,351,833)
		(4,887,367)	(4,276,093)
Net sales	23	30,012,733	25,154,026
Cost of goods sold	24	(22,544,957)	(17,933,557)
Gross profit		7,467,776	7,220,469
Distribution and marketing expenses	25	(3,065,210)	(2,594,382)
Administrative expenses	26	(767,613)	(627,360)
Impairment reversal on trade receivables	7.1	5,942	16,716
Other expenses	28	(180,672)	(244,035)
		(4,007,553)	(3,449,061)
Other income	29	43,036	58,989
		3,503,259	3,830,397
Finance costs	30	(1,262,275)	(693,013)
Profit before taxation		2,240,984	3,137,384
Taxation	31	(996,602)	(1,252,318)
Profit for the year		1,244,382	1,885,066
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement gain / (loss) on defined benefit obligations	27.1.6	422	(50,129)
Impact of deferred tax		(125)	12,837
		297	(37,292)
Total comprehensive income for the year		1,244,679	1,847,774
		(Rupees)	(Rupees)
Earnings per share (basic and diluted)	32	36.47	55.25

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

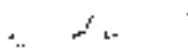
For the year ended 30 September 2023

	Issued, subscribed and paid-up capital	General Reserves Revenue reserves	Unappro- priated profit	Total
	(Rupees in '000)			
Balance as at 30 September 2021 (Audited)	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)
Balance as at 30 September 2022	341,179	2,434,000	996,630	3,771,809
Transaction with owners in the capacity as owners directly recorded in equity - distribution				
- Final dividend at 200% (i.e. Rs. 20 per share) for the year ended 30 September 2022	-	-	(682,358)	(682,358)
Transfer to revenue reserves appropriated subsequent to year end	-	313,000	(313,000)	-
Total comprehensive income for the year ended 30 September 2023				
Profit for the year	-	-	1,244,382	1,244,382
Other comprehensive income	-	-	297	297
Balance as at 30 September 2023	341,179	2,747,000	1,245,951	4,334,130

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

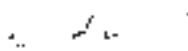
For the year ended 30 September 2023

	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	38	(49,419)	3,141,921
Staff gratuity paid		(57,282)	(28,933)
Other long term employee benefits paid		(3,110)	(7,233)
Mark-up paid		(414,039)	(102,118)
Income taxes paid		(1,158,360)	(884,972)
Movement in long term deposits and prepayments		(550)	3,949
Net cash (used in) / generated from operating activities		(1,682,760)	2,122,614
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(197,916)	(240,779)
Proceeds from disposal of property, plant and equipment		14,318	9,526
Net cash used in investing activities		(183,598)	(231,253)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against lease liabilities		(32,121)	(11,967)
Payments against diminishing musharika financing - net		(64,572)	(73,268)
Long term loans - payment		(42,633)	(173,627)
Short-term borrowings - proceeds		923,381	773,007
Short-term borrowings - repayments		(164,221)	(325,478)
Dividend paid		(168,126)	(3,907,223)
Net cash generated from / (used in) financing activities		451,708	(3,718,556)
Net decrease in cash and cash equivalents		(1,414,650)	(1,827,195)
Cash and cash equivalents at beginning of the year		(205,709)	1,621,486
Cash and cash equivalents at end of the year	39	(1,620,359)	(205,709)

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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

- 1.1** After the closing of the global acquisition of Huntsman Textile Effects business and local acquisition of Huntsman Textile Effects Pakistan (Private) Limited during the financial year, by the Company's Holding Company i.e. Archroma Textiles GmbH, the Company has initiated the process to eventually merge Archroma Chemicals Pakistan (Private) Limited formerly Huntsman Textile Effects Pakistan (Private) Limited with and into the Company. The Board of Directors of the Company in their meeting held on 27 April 2023 have approved the draft Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017. The members of the Company have approved the Scheme of Arrangement in the Extra Ordinary General Meeting held on 23 June 2023. On amalgamation effective from 1 October 2023 or such other date as may be stated by the Court, the Company shall allot and issue an aggregate of 445,460 Company shares to the shareholders of Huntsman on the basis of a swap ratio of approximately 0.0455 Company shares for every one share of Huntsman. Currently, the Scheme of Arrangement is pending for issuance of sanction order by the High Court of Sindh.

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
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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.

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 16);
- 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 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified 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's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) 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 an entity 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, with earlier application permitted, 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) 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.
- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and- leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re- examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend 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.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.
- International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) introduce following new disclosure requirements:
 - Once tax law is enacted but before top-up tax is effective:
disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.

After top-up tax is effective: disclose current tax expense related to top-up tax.

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 2023

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 disposals of property, plant and equipment is recognised in the statement of profit or loss. Capital work-in-progress

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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

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

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

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 net 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 2023

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 2023

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 2023

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 2023

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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.

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 or invoiced (for bill and hold arrangements). 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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.

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 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 2023

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.

3.16 Fair value measurement

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs.

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

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Operating property, plant and equipment	4.1	1,852,118	1,836,601
Capital work-in-progress	4.5	49,788	92,931
		1,901,906	1,929,532

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

4.1 Operating property, plant and equipment

	30 September 2023										
	Land		Buildings			Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total
	Freehold	ROUA	On leasehold land	On freehold land	ROUA		Owned	ROUA	Owned	ROUA	
	(Rupees in '000)										
At 1 October 2022											
Cost	47	392,232	233,565	572,036	127,083	2,716,265	918,165	61,157	48,449	228,761	5,297,760
Accumulated depreciation	-	(30,305)	(106,503)	(412,867)	(25,523)	(2,104,399)	(613,524)	(49,868)	(12,127)	(106,043)	(3,461,159)
Net book value	47	361,927	127,062	159,169	101,560	611,866	304,641	11,289	36,322	122,718	1,836,601
Year ended 30 September 2023											
Opening net book value	47	361,927	127,062	159,169	101,560	611,866	304,641	11,289	36,322	122,718	1,836,601
Additions / transfers	-	-	-	2,105	31,920	110,906	96,128	19,328	-	64,900	325,287
Disposals / write-offs:											
Cost	-	-	-	780	-	35,043	21,529	-	214	45,243	102,809
Accumulated depreciation	-	-	-	(780)	-	(35,043)	(21,497)	-	(91)	(31,247)	(88,658)
	-	-	-	-	-	-	32	-	123	13,996	14,151
Depreciation charge for the year	-	(3,962)	(9,813)	(24,156)	(10,169)	(125,012)	(73,175)	(6,133)	(239)	(42,960)	(295,619)
Closing net book value	47	357,965	117,249	137,118	123,311	597,760	327,562	24,484	35,960	130,662	1,852,118
At 30 September 2023											
Cost	47	392,232	233,565	573,361	159,003	2,792,128	992,764	80,485	48,235	248,418	5,520,238
Accumulated depreciation	-	(34,267)	(116,316)	(436,243)	(35,692)	(2,194,368)	(665,202)	(56,001)	(12,275)	(117,756)	(3,668,120)
Net book value	47	357,965	117,249	137,118	123,311	597,760	327,562	24,484	35,960	130,662	1,852,118
%											
Depreciation rate	-	1.00%	3.33%	2.5 - 10%	2 - 80%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%	

	30 September 2022										
	Land		Buildings			Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total
	Freehold	ROUA	On leasehold land	On freehold land	ROUA		Owned	ROUA	Owned	ROUA	
	(Rupees in '000)										
At 1 October 2021											
Cost	47	392,232	208,043	572,036	132,561	2,680,246	775,484	55,686	50,941	145,364	5,012,640
Accumulated depreciation	-	(26,314)	(98,784)	(387,574)	(21,316)	(1,961,255)	(583,598)	(45,266)	(14,545)	(93,065)	(3,231,717)
Net book value	47	365,918	109,259	184,462	111,245	718,991	191,886	10,420	36,396	52,299	1,780,923
Year ended 30 September 2022											
Opening net book value	47	365,918	109,259	184,462	111,245	718,991	191,886	10,420	36,396	52,299	1,780,923
Additions / transfers	-	-	25,522	-	-	36,019	170,263	5,471	151	113,284	350,710
Disposals / write offs:											
Cost	-	-	-	-	5,478	-	27,582	-	2,643	29,887	65,590
Accumulated depreciation	-	-	-	-	(5,478)	-	(25,542)	-	(2,643)	(22,616)	(56,279)
	-	-	-	-	-	-	2,040	-	-	7,271	9,311
Depreciation charge for the year	-	(3,991)	(7,719)	(25,293)	(9,685)	(143,144)	(55,468)	(4,602)	(225)	(35,594)	(285,721)
Closing net book value	47	361,927	127,062	159,169	101,560	611,866	304,641	11,289	36,322	122,718	1,836,601
At 30 September 2022											
Cost	47	392,232	233,565	572,036	127,083	2,716,265	918,165	61,157	48,449	228,761	5,297,760
Accumulated depreciation	-	(30,305)	(106,503)	(412,867)	(25,523)	(2,104,399)	(613,524)	(49,868)	(12,127)	(106,043)	(3,461,159)
Net book value	47	361,927	127,062	159,169	101,560	611,866	304,641	11,289	36,322	122,718	1,836,601
%											
Depreciation rate	-	1.00%	3.33%	2.5 - 10%	2 - 80%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%	

4.1.1 The cost of fully depreciated assets of the Company are Rs. 2,246.84 million as at 30 September 2023 (2022: Rs. 2,143.77 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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

Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Cost of goods sold	24	233,513
Distribution and marketing expenses	25	35,263
Administrative expenses	26	26,843
	295,619	285,721

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) -----							
Vehicles - leased							
Vehicle	Company policy	2,429	607	607	-	Anwaar Haider	Employee
Vehicle	Company policy	2,855	714	714	-	Dr. Arshad Mehmood	Employee
Vehicle	Company policy	1,762	1,213	1,213	-	M. Zeeshan	Ex- Employee
Vehicle	Company policy	2,467	1,947	1,947	-	Moeed Siddiqui	Ex- Employee
Vehicle	Company policy	2,762	2,481	2,481	-	Nadeem Ahmed	Ex- Employee
		12,275	6,962	6,962	-		

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	ROU	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, Archroma Center of Excellence, Lahore Office and Faisalabad Office.

4.5 **Capital work-in-progress**

Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Plant and machinery	35,633	77,731
Equipment	14,155	15,200
	49,788	92,931

4.5.1 **Capital work-in-progress - movement**

Opening balance	92,931	84,107
Capital expenditure	172,721	264,120
Transferred to operating property, plant and equipment	(215,864)	(255,296)
Closing balance	49,788	92,931

5. **STORES AND SPARES**

Stores and spares	63,547	60,556
In transit	7,973	51
	71,520	60,607

5.1 Provision against slow moving and obsolete stores and spares amounts to Rs. 9.99 million (2022: Rs.6.39 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

6.	STOCK-IN-TRADE	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
	Raw and packing materials including goods in transit of Rs. 2,052.52 million (2022: Rs. 545.04 million) - net	6.1 & 6.2	5,494,420	3,035,880
	Work-in-process - net	6.2 & 24	188,807	330,871
	Finished goods including goods in transit of Rs. 32.55 million (2022: Rs.14.32 million) - net	6.2 & 6.3	1,072,872	619,233
			6,756,099	3,985,984
6.1	Stock-in-trade written off during the year amounts to Rs. 5.06 million which includes raw and packing material of Rs. 0.3 million and Finished goods of Rs. 4.76 million (2022: 14.93 million).			
6.2	Provision against slow moving and obsolete stock amounts to Rs. 176.59 million which includes Raw material of Rs.137.39 million, Finished goods of Rs. 28.72 million and Work-in-process of Rs. 10.48 million (2022: Rs. 272.82 million).			
6.3	This includes imported finished goods amounting to Rs. 67.64 million (2022: Rs. 20.73 million).			
7.	TRADE RECEIVABLES	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
	Related parties - secured			
	- Archroma Turkey Chemical Industry and Trade		944,666	80,540
	- Archroma (Thailand) Company Limited		167,166	85,456
	- Archroma Chemicals China Limited		34,809	52,189
	- Archroma Japan KK		24,717	45,246
	- Archroma Peru S.A.		9,668	7,637
	- Archroma Textile Mexico		4,813	4,257
	- PT Archroma Indonesia		3,073	-
	- PT Archroma Specialties		1,778	-
	- Archroma Singapore Pte Limited		-	10,876
		7.2	1,190,690	286,201
	Others			
	- Unsecured		8,079,397	4,727,783
	- Secured		529,953	305,763
		7.3	9,800,040	5,319,747
	Less: Impairment loss on trade receivables	7.1	(487,175)	(493,117)
			9,312,865	4,826,630
7.1	Movement of impairment loss on trade receivables:			
	Opening provision		493,117	521,094
	(Reversal) / Charge for the year		(5,942)	(16,716)
	Written off during the year		-	(11,261)
	Closing provision		487,175	493,117
7.2	The aging of the trade receivables from related parties as at the reporting date is as under:			
	Not past due		1,190,690	286,201

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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

2023					
	Credit impaired	Weighted average loss rate	Gross	Impairment	Net
		%	-----Rupees in '000-----		
Not past due	No	-	8,406,843	-	8,406,843
Past due 1 - 30 days	No	-	699,540	-	699,540
Past due 31 - 60 days	No	-	113,667	-	113,667
Past due 61 - 90 days	No	-	75,973	-	75,973
Past due 91 - 180 days	No	-	16,842	-	16,842
Past due 181 - 360 days	Yes	100%	1,287	1,287	-
Over 360 days	Yes	100%	485,888	485,888	-
			9,800,040	487,175	9,312,865

2022					
	Credit impaired	Weighted average loss rate	Gross	Impairment	Net
		%	----- (Rupees in '000) -----		
Not past due	No	-	4,459,613	-	4,459,613
Past due 1 - 30 days	No	-	320,479	-	320,479
Past due 31 - 60 days	No	-	31,244	-	31,244
Past due 61 - 90 days	No	-	12,316	-	12,316
Past due 91 - 180 days	No	-	2,978	-	2,978
Past due 181 - 360 days	Yes	100%	4,633	4,633	-
Over 360 days	Yes	100%	488,484	488,484	-
			5,319,747	493,117	4,826,630

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		2023				
		Export Sales during the year	Gross receivables		Impairment loss on trade receivables	Net receivables
			Confirmed LC / Contract / Purchase order	Total		
----- Rupees in '000 -----						
Domestic	-	-	8,048,077	487,175	7,560,902	
Asia	3,572,198	761,496	781,046	-	781,046	
Europe	3,665,599	944,666	960,776	-	960,776	
Others	40,724	14,481	10,141	-	10,141	
	7,278,521	1,720,643	9,800,040	487,175	9,312,865	
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	
	5,823,395	591,964	5,319,747	493,117	4,826,630	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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 2023 (Rs '000)	30 September 2022 (Rs '000)
- Archroma Turkey Chemical Industry and Trade Limited Liability Company		960,776	680,568
- PT Archroma Indonesia		8,275	7,709
- Archroma (Thailand) Company Limited		168,118	169,721
- Spice Industria Quimica Ltd.		-	1,635
- Archroma Textile Mexico		4,917	5,004
- Archroma Peru S.A.		19,736	8,907
- Archroma Singapore Pte Limited		11,152	124,411
- Archroma Chemical China Ltd.		58,312	52,189
- Archroma KK Japan		43,312	87,890
- PT Archroma Specialties		6,870	13,049
		1,281,468	1,151,083
8. ADVANCES			
Unsecured			
Advances for supplies and services		11,369	1,359
9. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
<i>Trade deposits</i>			
Deposits		20,199	5,275
Margin on import letters of credit		26,006	59,247
		46,205	64,522
<i>Short-term prepayments</i>			
Prepaid Insurance		59,805	23,534
Prepaid IT services and Others		40,584	12,905
		100,389	36,439
		146,594	100,961
10. OTHER RECEIVABLES			
Indenting commission due from related parties	10.1	16,317	16,426
Receivable from provident fund - related party		754	605
Others		7,932	11,752
		25,003	28,783
10.1 Indenting commission due from related parties:			
Archroma Management GmbH		14,558	15,016
Archroma (Thailand) Company Limited		955	585
Archroma Singapore Pte Limited		804	825
	10.1.1	16,317	16,426
10.1.1 The aging of the indenting commission due from related parties as at the reporting date is as under:			
Not past due		16,317	16,426
10.1.2 The maximum aggregate amount due from the related parties 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 2023

11. SALES TAX	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Tax refunds due from Government - Sales Tax	11.1	1,324,300	1,327,959
Sales tax receivable	11.2	512,019	-
		1,836,319	1,327,959
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. During the current year, the Company received refunds amounting to Rs. 3.66 million and refund payment orders amounting to Rs. 64.73 milion.			
11.2 In the current financial year, the Company's sales to export oriented sectors licensed under Export Facilitation Scheme increased which were taxed at reduced rate resulting in a sales tax receivable (carry forward) at year end. However, this sales tax receivable is adjustable against subsequent sales at standard rate of sales tax.			
12. CASH AND BANK BALANCES	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Cash at banks	12.1	224,209	7,291
- In current accounts		90,892	88,430
- In saving accounts	12.2	315,101	95,721
Cash in hand		275	310
		315,376	96,031
12.1 Cash at banks are placed with banks under Islamic banking arrangements.			
12.2 The saving accounts carry profit rates ranging from 11% to 15.5% per annum (2022: 11% to 15.5% per annum).			
13. SHARE CAPITAL	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
13.1 Authorised capital			
30 September 2023	30 September 2022		
(Number of shares)	(Number of shares)		
50,000,000	50,000,000	Ordinary shares of Rs. 10 each	500,000
13.2 Issued, subscribed and paid-up share capital			
30 September 2023	30 September 2022		
(Number of shares)	(Number of shares)		
7,441,639	7,441,639	Ordinary shares of Rs. 10 each issued for consideration other than cash	74,416
26,676,242	26,676,242	Ordinary shares of Rs. 10 each allotted as bonus shares	266,763
34,117,881	34,117,881		341,179
13.3 Archroma Textiles GmbH, held 25,588,533 (2022: 25,588,533) ordinary shares of Rs. 10 each at 30 September 2023.			
13.4 All the ordinary shares carry one vote per share and right to dividend.			
14. DEFERRED TAXATION - NET			
<i>Deferred tax liabilities arising on taxable temporary differences:</i>			
Accelerated tax depreciation allowance		300,546	255,688
Employees retirement benefits - net		16,663	6,403
<i>Deferred tax assets arising on deductible temporary differences:</i>			
Impairment loss against trade receivables		(144,646)	(126,277)
Other long term employee benefits		(3,092)	(2,859)
Obligation under finance lease		(98,924)	(74,025)
		(246,662)	(203,161)
Deferred tax liability - net	14.1	70,547	58,930

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

14.1 Analysis of change in deferred tax

Taxable / (deductible) temporary differences

Property, plant and equipment
Employee retirement benefits - net
Allowance for impairment loss against trade receivables
Other long term employee benefits
Obligation under finance lease

2023			
Net balance at at 1 October 2022	Recognized in profit or loss	Recognized in OCI	Net balance at 30 September 2023
-----Rupees in '000-----			
255,688	44,858	-	300,546
6,403	10,135	125	16,663
(126,277)	(18,369)	-	(144,646)
(2,859)	(233)	-	(3,092)
(74,025)	(24,899)	-	(98,924)
58,930	11,492	125	70,547

Taxable / (deductible) temporary differences

Property, plant and equipment
Employee retirement benefits - net
Allowance for impairment loss against trade receivables
Other long term employee benefits
Obligation under finance lease

2022			
Net balance at at 1 October 2021	Recognized in profit or loss	Recognized in OCI	Net balance at 30 September 2022
-----Rupees in '000-----			
211,663	44,025	-	255,688
17,851	(24,285)	12,837	6,403
(122,798)	(3,479)	-	(126,277)
(2,952)	93	-	(2,859)
(51,547)	(22,478)	-	(74,025)
52,217	(6,124)	12,837	58,930

15. EMPLOYEE BENEFITS

Net defined benefit - asset

Employee retirement benefits - Gratuity

Net defined benefit - liability

Other long term employee benefits - Long service award

Note

30 September
2023
(Rs '000)

30 September
2022
(Rs '000)

27.1.3

56,121

25,004

15.1 & 27.3.4

10,414

11,164

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. LEASE LIABILITIES

Current
Non-current

Note

30 September
2023
(Rs '000)

30 September
2022
(Rs '000)

16.2

23,573

20,119

118,864

104,710

142,437

124,829

16.1 Movement of lease liabilities during the year:

Balance as at 1 October
Remeasurement of obligation
Finance cost
Payments
Balance as at 30 September

124,829

120,914

31,920

-

17,809

15,882

(32,121)

(11,967)

142,437

124,829

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

16.2 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.

16.3 Maturity Analysis

	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Payable within one year	23,573	20,119
Payable after one year but not later than 5 years	82,284	79,547
Payable after 5 years	36,580	25,163
	142,437	124,829

17. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCING

	Due within one year		Due after one year but within 5 years		Total 30 September	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Liabilities against diminishing musharika financing	50,389	48,977	140,356	115,263	190,745	164,240

During the year, the Company has obtained various vehicles and laptops under diminishing musharika financing arrangement entered into with a Modaraba having various maturity dates up to 10 Jan 2028 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 + 0.9% per annum.

18. TRADE AND OTHER PAYABLES

	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Bills payable:			
- Related parties		895,853	338,957
- Others		6,277,029	2,829,506
Creditors		1,265,822	890,799
Accrued liabilities	18.1	1,037,514	586,985
Advance from customers	18.2	5,325	9,951
Export commission:			
- Related parties		-	59,033
- Others		71,256	54,325
Workers' Profit Participation Fund	18.3	33,098	189,351
Workers' Welfare Fund		149,832	159,844
Royalty payable to Archroma Management GmbH		386,938	252,487
Sales tax payable		-	54,138
Others		226,546	325,009
		10,349,213	5,750,385

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

18.1 This includes provision for infrastructure cess amounting to Rs. 449.7 million (2022: Rs. 235.26 million), stamp duty amounting to Rs. 79.24 million (2022: Rs. 71.74 million), gratuity of contractual employees amounting to Rs. 128.35 million (2022: Rs. 113.67 million) and employees compensated absences amounting to Rs. 95.93 million (2022: Rs. 113.67 million).

18.2 The amount of Rs. 9.95 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 2023, while new advances amounting to Rs. 5.33 million were further received during the year which will be recognized as revenue in the next year.

18.3 Workers' Profit Participation Fund

Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
	189,351	32,813
Opening balance		
Allocation for the year	120,640	168,664
	309,991	201,477
Interest on funds utilised in the Company's business	2,274	502
	312,265	201,979
Less: Amounts paid to and on behalf of the Fund	(279,167)	(12,628)
Closing balance	33,098	189,351
19. UNPAID DIVIDEND	511,771	-

19.1 This represents unpaid dividend payable to the Parent Company namely, Archroma Textile GmbH, which was remitted on 2 October 2023.

20. MARK-UP ACCRUED

Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Mark-up accrued on:		
Short term finance facilities	87,847	18,123
Short term borrowing under Islamic Export Refinance Scheme	79,563	6,048
	167,410	24,171

21. SHORT-TERM BORROWINGS - SECURED

Short-term running facilities under Islamic mode	21.1	1,935,735	301,740
Short-term borrowing under Islamic Export Refinance Scheme	21.1 & 21.2	2,434,911	1,675,751
		4,370,646	1,977,491

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) (2022: Rs. 8,050 million). These facilities have various maturity dates up to 31 July 2024. These arrangements are secured against a pari passu charge of hypothecation on 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 + 0.2% to 3 month KIBOR + 0.35%. The aggregate amount of these facilities which has not been utilized as at reporting date was Rs. 3,679 million (2022:Rs. 6,072 million)

21.2 The Company has availed Islamic Export Refinance Facility under Part II amounting to Rs. 2,434 million (2022: Rs 1,676 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 stock- in-trade and trade receivables. The profit rates on these facilities range from 19.2% to 20.0% per annum (2022: 10.5% to 11.0% per annum).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 Octroi levies amounting to Rs. 31.32 million (2022: 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 In the year 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 In the year 2009, the Company received notices from the sales tax authorities demanding payment of Rs. 233.42 million (in addition to the disallowance of refund of Rs. 316.53 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 suit before single judge of the High Court of Sindh against which the Court had issued decree dated 4 August 2017 in favor of the Company. In the decree, the Court had declared that the product will be given the benefit of SRO 163 (1)/2011; hence, the impugned letters including demand of defendants are illegal which have been set aside and the defendants are directed to consider the refund claims of plaintiff within the parameters of the law. Subsequently, tax authorities filed an appeal against the Company before a Division Bench of the High Court of Sindh against the decree from single judge. The Division Bench of the High Court of Sindh vide its Order dated 30 December 2022 set aside the decree from single judge dated 4 August 2017 and directed the Company to respond to the notices issued by the department.

Consequently, the Company filed an appeal in the Supreme Court of Pakistan against the above Order of the Division Bench of the High Court of Sindh, which is currently pending. Management in consultation with its legal advisor is confident that the appeal will be decided in favour of the Company. Accordingly, no provision has been recognised in these financial statements for such overdue sales tax refunds of the Company.

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 has 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 Income 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 2023 aggregated Rs. 209.16 million (2022: Rs. 49.58 million).

22.2.2 Commitments under letters of credit for stock-in-trade and stores and spares as at 30 September 2023 amounted to Rs. 3,295 million (2022: Rs. 1,980 million).

22.2.3 Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 30 September 2023 amounted to Rs. 667 million (2022: Rs. 344.37 million).

22.2.4 The Company has provided post dated cheques amounting to Rs. 8,566 million (2022: Rs. 2,253.81 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 2023

23. SALES - net

Note		Textile Effects		Paper, Packaging & Coatings		Total	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
		(Rupees in '000)					
Sales							
Local	23.1	23,526,009	20,669,879	4,095,570	2,936,845	27,621,579	23,606,724
Export		7,266,053	5,823,395	12,468	-	7,278,521	5,823,395
Total sales		30,792,062	26,493,274	4,108,038	2,936,845	34,900,100	29,430,119
Trade Discounts and commission		(1,027,994)	(906,015)	(15,711)	(18,245)	(1,043,705)	(924,260)
Sales tax		(3,220,578)	(2,911,484)	(623,084)	(440,349)	(3,843,662)	(3,351,833)
		(4,248,572)	(3,817,499)	(638,795)	(458,594)	(4,887,367)	(4,276,093)
Sales - net		26,543,490	22,675,775	3,469,243	2,478,251	30,012,733	25,154,026

23.1 This includes local supplies made to export oriented customers at zero rate of sales tax.

24. COST OF GOODS SOLD

	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Raw and packing materials consumed		20,404,974	15,979,705
Stores, spares and supplies consumed		145,020	147,355
Salaries, wages and benefits	24.1	507,780	466,793
Outside service charges		339,041	304,834
Fuel and power		384,314	331,319
Legal and professional charges		2,129	4,488
Traveling and entertainment		3,959	2,915
Communication		2,404	2,192
Rent, rates and taxes		6,750	2,108
Insurance		36,605	20,994
Repairs and maintenance		51,669	54,687
Depreciation	4.2	233,513	233,508
Printing and stationery		5,110	5,511
Opening stock of work-in-process	6	330,871	257,237
Closing stock of work-in-process	6	(188,807)	(330,871)
Cost of goods manufactured		22,265,332	17,482,775
Opening stock of finished goods		619,233	568,609
Finished goods purchased		736,233	505,992
Included under distribution and marketing expenses:			
Cost of samples issued	25	(2,176)	(2,660)
Cost of shortages and breakages	25	(793)	(1,762)
Rebate on exports		-	(164)
Closing stock of finished goods	6	(1,072,872)	(619,233)
		22,544,957	17,933,557

24.1 Salaries, wages and benefits include Rs. 13.31 million and Rs. 15.45 million (2022: Rs. 17.75 million and Rs. 15.14 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 2023

25. DISTRIBUTION AND MARKETING EXPENSES	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Salaries and benefits	25.1	324,427	280,469
Outside service charges		85,182	83,682
Royalty		1,460,180	1,231,006
Outward freight and handling		996,520	779,426
Traveling and entertainment		19,158	33,663
Repairs and maintenance		13,127	19,377
Business event participation		10,487	5,182
Rent, rates and taxes		21,795	14,324
Communication		5,285	4,462
Supplies, printing and stationery		32,417	58,229
Insurance		27,463	19,466
Legal and professional charges		60	200
Fuel and power		28,952	28,384
Depreciation	4.2	35,263	26,834
Shortages and breakages	24	793	1,762
Samples issued	24	2,176	2,660
Fees and subscription		1,886	5,197
Books and periodicals		39	59
		3,065,210	2,594,382

25.1 Salaries and benefits include Rs. 8.5 million and Rs. 9.87 million (2022: Rs. 7.44 million and Rs. 11.46 million) in respect of defined benefit scheme and defined contribution plan respectively.

26. ADMINISTRATIVE EXPENSES	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Salaries and benefits	26.1	257,761	258,850
Outside service charges		363,950	274,122
Legal and professional charges		41,633	17,672
Traveling and entertainment		8,003	4,877
Repairs and maintenance		30,466	19,345
Rent, rates and taxes		2,366	1,541
Communication		4,175	3,086
Printing and stationery		11,256	11,072
Insurance		2,479	1,652
Fuel and power		5,319	3,571
Depreciation	4.2	26,843	25,379
Fees and subscription		9,240	5,877
Books and periodicals		4,122	316
		767,613	627,360

26.1 Salaries and benefits include Rs. 6.76 million and Rs. 7.8 million (2022: Rs. 9.19 million and Rs. 11.66 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 2023

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 2023 and 30 June 2022 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 2023 and 30 June 2022. The following significant assumptions have been used for valuation of this scheme:

Financial assumptions

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

Demographic assumptions

- Mortality rate
- Rates of employee turnover

	2023	2022
a)	9.0%	8.0%
b)	17.3%	13.5%
c)	17.3%	13.5%
d)	8.0%	7.5%
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Low	Low

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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27.1.3 Amounts recognised in the statement of financial position:	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Present value of defined benefit obligation	27.1.4	1,016,060	981,615
Less: Fair value of plan assets	27.1.5	(1,072,181)	(1,006,619)
		(56,121)	(25,004)
27.1.4 Movement in present value of defined benefit obligation:			
Obligation at beginning of the year		981,615	1,008,149
Current service cost		32,150	37,667
Interest cost		131,219	88,691
Benefits paid		(104,600)	(31,200)
Remeasurement (gain) / loss		(24,324)	(121,692)
Obligation at end of the year		1,016,060	981,615
27.1.5 Movement in fair value of plan assets:			
Fair value at beginning of the year		1,006,619	1,083,901
Return on plan assets		136,782	96,806
Company contributions		57,282	28,933
Benefits paid		(104,600)	(31,200)
Remeasurement gain / (loss)		(23,902)	(171,821)
Fair value at end of the year		1,072,181	1,006,619
27.1.6 Movement in the net defined benefit asset / (liability)			
Opening balance		25,004	75,752
Net periodic cost for the year		(26,587)	(29,552)
Contribution paid during the year		57,282	28,933
Re-measurements recognised in other comprehensive income during the year		422	(50,129)
Closing balance		56,121	25,004
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		32,150	37,667
- Net interest		(5,563)	(8,115)
		26,587	29,552
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>			
(Gain) / Loss due to change in experience adjustments		(24,324)	(121,692)
Actuarial loss / (gain) on fair value of plan assets during the year		23,902	171,821
Net re-measurement recognised in other comprehensive income		(422)	50,129
Total defined benefit (cost) / reversal recognised in statement of profit or loss and other comprehensive income		(26,165)	(79,681)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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27.1.8 Actual return on plan assets during the year was Rs. 112.88 million (2022: Rs. 43.915 million).

27.1.9 Sensitivity analysis

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

2023			
Change in assumption	Percentage change	Impact of Increase / (decrease)	
	(%)	(Rupees in '000)	
Increase by 50 basis points	Discount rate	+ 0.5%	(20,698)
Decrease by 50 basis points	Discount rate	- 0.5%	21,563

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:

2022			
Change in assumption	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

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 2023 (Rs '000) (unaudited)	30 September 2023 Percentage composition	30 September 2022 (Rs '000) (unaudited)	30 September 2022 Percentage composition
Term finance certificates	464,574	43.33%	198,118	19.68%
Investments in units of mutual funds	597,066	55.69%	807,147	80.19%
Cash	10,541	0.98%	1,354	0.13%
	1,072,181	100.00%	1,006,619	100.00%

27.1.12 As per the actuarial recommendations, the expected return on plan assets was taken as 17.5% (2022: 13.5%), which is representative of yields on long-term government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

27.1.13 Based on actuarial advice, the Company intends to charge an amount of Rs. 21.5 million in the financial statements for the year ending 30 September 2024.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

27.2 Defined contribution plan - Employees Provident Fund

27.2.1 During the year, an amount of Rs. 33.17 million (2022: Rs. 38.25 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 the 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 the 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 of 30 September 2023 and 30 June 2022 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 of 30 September 2023 and 30 June 2022. The following significant assumptions have been used for valuation of this scheme:

Financial assumptions

- a) Discount rate
- b) Price inflation

Demographic assumptions

- Mortality rate
- Rates of employee turnover

	2023	2022
a) Discount rate	17.30%	13.50%
b) Price inflation	8.00%	7.50%
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

Present value of defined benefit obligation

	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Present value of defined benefit obligation	10,414	11,164
Obligation at beginning of the year	11,164	12,526
Current service cost	685	2,926
Interest cost	1,293	1,072
Benefits paid	(3,110)	(7,233)
Remeasurement loss / (gain)	382	1,873
Obligation at end of the year	10,414	11,164

27.3.4 Movement in present value of defined benefit obligation

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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 2023 (Rs '000)	30 September 2022 (Rs '000)
<i>Component of defined benefit costs recognised in statement of profit or loss and other comprehensive Income</i>		
- Current service cost	685	2,926
- Net interest	1,293	1,072
Net charge recognised in profit or loss	1,978	3,998
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>		
Actuarial loss / (gain) on defined benefit obligation for the year	382	1,873
Net re-measurement recognised in profit or loss	382	1,873
Total defined benefit (cost) / reversal recognised in profit or loss and other comprehensive income	2,360	5,871

27.3.6 Based on actuarial advice, the Company intends to charge an amount of Rs. 2.37 million in the financial statements for the year ending 30 September 2024.

	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
28. OTHER EXPENSES			
Workers' Profit Participation Fund	18.3	120,640	168,664
Workers' Welfare Fund		48,895	67,228
Auditors' remuneration	28.1	5,765	4,657
Donations	28.2	3,798	3,100
Others		1,574	386
		180,672	244,035
28.1 Auditors' remuneration			
Annual audit fee		4,405	3,522
Fee for half yearly review		650	585
Special certifications and sundry services		350	350
Out of pocket expenses and others		360	200
		5,765	4,657

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.

	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
29. OTHER INCOME			
Indenting commission - net of payment of Rs. 13.363 million (2022: Rs. 11.435 million)		23,859	30,098
Sale of scrap		19,010	23,032
Gain on disposal of operating property, plant and equipment		167	215
Grant income		-	5,644
		43,036	58,989

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	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
30. FINANCE COSTS			
Exchange loss		619,544	503,785
Interest on Workers' Profit Participation Fund	18.3	2,274	502
Mark-up on:			
- Lease obligations		56,578	36,810
- Short-term running finances	30.1	205,607	68,996
- Export refinance facility	30.2	349,397	53,657
Bank charges		28,875	29,263
		1,262,275	693,013

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.

	Note	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
31. TAXATION			
Current		985,110	1,258,442
Deferred		11,492	(6,124)
	31.1	996,602	1,252,318

31.1 Relationship between income tax expense and accounting profit	30 September 2023 (Effective tax rate %)	30 September 2022 (Effective tax rate %)	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Profit before taxation			2,240,984	3,137,384
Tax on Accounting Profit	29.00	29.00	649,885	909,841
Tax effect of Super tax	16.00	14.00	358,557	439,234
Tax effect on exports under Final Tax Regime	(2.47)	(6.02)	(55,262)	(188,871)
Tax effect of items that are not deductible in determining taxable profit - permanent differences	0.82	4.02	18,402	126,123
Others	1.12	(1.08)	25,020	(34,009)
	44.47	39.92	996,602	1,252,318

31.2 For tax year 2022, the Company filed a constitutional petition in the High Court of Sindh challenging the vires of Section 4C of the Income Tax Ordinance, 2001. The High Court of Sindh vide its Order dated 13 January 2023 has declared Super tax at the rate of 10% to be discriminatory and ultra vires to the Constitution. The Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan against the above Order of the High Court of Sindh. The Supreme Court of Pakistan vide its interim order dated 16 February 2023 has required payment of super tax @ 4% till the matter is finally decided by the Supreme Court of Pakistan. The management based on the discussions with its tax consultants and legal counsel is confident that the case will be decided in favor of the Company.

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For the tax year 2023, the Company filed a constitutional petition in the High Court of Islamabad challenging the vires of Section 4C of the Income Tax Ordinance, 2001. Subsequent to the year end, the High Court of Islamabad passed an interim Order dated 4 October 2023 preventing the department to recover super tax in excess of 4% prescribed before the amendment made vide Finance Act 2023. The management based on the discussions with its tax consultants and legal counsel is confident that the case will be decided in favor of the Company.

- 31.3** Income tax assessments of the Company have been submitted up to and including tax year 2022 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.

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 years 2012 and 2013 created a demand of Rs. 20 million which has been paid by the Company. However, the Company filed an appeal against the Order of assessing officer before Commissioner Inland Revenue (Appeals) who has allowed partial relief. The Company then filed an appeal before Appellate Tribunal Inland Revenue (ATIR). For the tax years 2012 & 2013, 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) passed an Order that amended the assessment under Section 122(4) of the Ordinance by raising a tax demand of Rs. 48 million. 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 and allowed a relief of Rs 46.64 million. 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 Deputy Commissioner Inland Revenue (DCIR) and the Company	21 June 2017
Appellate Tribunal Inland Revenue (ATIR)	The Company was selected for audit for tax year 2014 under Section 177 and consequently Order u/s 122(1) was passed creating a tax demand of Rs. 155 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 amounting to Rs. 113.21 million. The Company has preferred an appeal before the ATIR on the issues decided by the CIR(A) against the Company, whereas ACIR has also filed appeal before ATIR against disallowance of certain demand.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	19 October 2020

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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)	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 by raising a tax demand of Rs. 37 million, 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 amounting to Rs. 5.79 million. The Company has filed an appeal before ATIR on issues decided by CIR(A) against the Company.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	29 March 2021
Commissioner Inland Revenue Appeals (CIRA)	For the tax year 2018, Additional Commissioner (Audit-I) Inland Revenue (ACIR) passed an Order dated 24 November 2021 that amended the assessment under Section 122 (5A) of the Ordinance by raising a tax demand of Rs. 102 million. The Company filed an appeal dated 24 December 2021 before the CIR(A) against the Order passed by ACIR. The appeal has been heard and decision is awaited.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	24 November 2021
Appellate Tribunal Inland Revenue (ATIR)	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 tax demand amounting to Rs. 125 million. The CIR(A) passed order by allowing partial relief amounting to Rs. 107.7 million on certain disallowances. The Company has filed an appeal dated 22 July 2022 before the ATIR on issues decided by CIR(A) against the Company.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	31 January 2022
Appellate Tribunal Inland Revenue (ATIR)	For the tax year 2020, Additional Commissioner (Audit-I) Inland Revenue (ACIR) had passed an order dated 29 December 2022 that amended the assessment under section 122(5A) of the Ordinance creating a tax demand amounting to Rs. 218 million. The CIR(A) passed order by allowing partial relief amounting to Rs. 200 million on certain disallowances. The Company has filed an appeal dated 16 May 2023 before the ATIR on issues decided by CIR(A) against the Company.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	29 December 2022

The management based on consultation with its tax advisor is confident that there will be no unfavorable outcome for the aforementioned tax years and accordingly no provision has been made in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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 2023 (Rs '000)	30 September 2022 (Rs '000)
1,244,382	1,885,066
(Number of shares)	(Number of shares)
34,117,881	34,117,881
(Rupees)	(Rupees)
36.47	55.25

32.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 September 2023 and 30 September 2022.

33. SEGMENT INFORMATION

	Textile Effects		Paper, Packaging and Coatings		Total	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	(Rupees in '000)					
Net sales	26,543,490	22,675,775	3,469,243	2,478,251	30,012,733	25,154,026
Segment results based on 'management approach'	2,932,603	3,588,429	747,111	472,393	3,679,714	4,060,822
Other operating expenses - WPPF and WWF					(169,535)	(235,892)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					(6,920)	5,467
Operating profit					3,503,259	3,830,397
Finance costs					(1,262,275)	(693,013)
Profit before taxation					2,240,984	3,137,384
33.1 Segment assets	14,389,495	9,386,511	2,198,283	858,499	16,587,778	10,245,010
Unallocated					3,858,599	2,150,495
					20,446,377	12,395,505
33.2 Segment liabilities	8,096,084	3,941,020	987,126	444,752	9,083,210	4,385,772
Unallocated					7,029,037	4,237,924
					16,112,247	8,623,696
33.3 Fixed capital expenditures	196,360	239,516	339	317	196,699	239,833
Unallocated					1,217	946
					197,916	240,779
33.4 Depreciation	273,722	268,391	142	115	273,864	268,506
Unallocated					21,755	17,215
					295,619	285,721

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

33.5 Geographical information

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

Domestic sales
Export sales

30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
27,621,579	23,606,724
7,278,521	5,823,395
34,900,100	29,430,119

The Company exports its products to numerous countries.

33.6 As at 30 September 2023 and 30 September 2022, 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 26.25% and 14.25% (collectively 40.50%) of the Company's gross sales for the year ended 30 September 2023 {(2022: 17.81% and 11.46% (collectively 29.27%)} were made to two distributors. The segment wise sales to these two distributors is as follows:

	Textile Effects		Paper, Packaging and Coatings		Total	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Distributor 1	26.25	17.81	-	-	26.25	17.81
Distributor 2	14.25	11.46	-	-	14.25	11.46
Total %	40.50	29.27	-	-	40.50	29.27

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. 2023	30 Sept. 2022	30 Sept. 2023	30 Sept. 2022	30 Sept. 2023	30 Sept. 2022	30 Sept. 2023	30 Sept. 2022
Short-term employee benefits	(Rupees in '000)							
Managerial remuneration (including and leave pay)	46,537	39,839	41,508	35,428	378,751	366,799	466,796	442,066
Fees (Note 34.3)	-	-	1,800	650	-	-	1,800	650
Bonus	-	3,022	932	1,417	8,120	16,621	9,052	21,060
Housing and utilities	17,784	16,184	18,925	16,538	162,958	161,417	199,667	194,139
Medical	461	927	147	82	7,360	6,158	7,968	7,167
Post employment benefits								
Retirement benefits	12,059	9,681	8,625	6,191	76,360	65,146	97,044	81,018
	76,841	69,653	71,937	60,306	633,549	616,141	782,327	746,100
Number of person(s)	1	1	7	7	129	123	137	131

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 three (2022: three) non-executive directors.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

35. TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties are entered into at agreed terms. Details of transactions with related parties, unless specifically disclosed elsewhere in these financial statements are as follows:

Name of related party	Nature of Relationship	Nature of transactions	Aggregate % of Shareholding	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Archroma Textile GmbH, Switzerland	Parent / Holding Company	Dividend	75%	511,711	2,942,678
Archroma Management GmbH, Switzerland	Associated Company	Purchases and services Royalty expenses Indenting commission	N/A	598,723 1,460,180 24,905	358,996 1,231,006 26,532
Archroma Turkey Chemical Industry & Trade	Associated Company	Purchases Sales	N/A	- 3,495,711	559 1,992,189
Archroma Singapore, Pte Limited	Associated Company	Purchases Sales Export commission Indenting commission	N/A	463,316 79,757 - 10,436	41,428 37,937 83,934 13,668
Archroma Textile Mexico	Associated Company	Purchases Sales	N/A	116,793 11,785	52,770 9,167
Archroma (Thailand) Company Limited	Associated Company	Purchases Sales Indenting commission	N/A	1,186 493,045 1,730	- 465,410 1,092
PT Archroma Indonesia	Associated Company	Purchases Sales Indenting commission	N/A	20,210 17,094 -	43,781 10,914 241
Archroma Germany GmbH	Associated Company	Sales	N/A	1,251	-
Archroma Tianjin Ltd	Associated Company	Purchases	N/A	15,387	121,443
Spice Industria Quimica	Associated Company	Purchases Sales	N/A	- 1,854	20,140 7,370
PT Archroma Specialties Indonesia	Associated Company	Sales	N/A	8,686	17,028
Archroma Chemical China Limited	Associated Company	Purchases Sales	N/A	- 148,864	208 103,459
Archroma Korea	Associated Company	Sales	N/A	-	274
Archroma Peru S.A.	Associated Company	Sales	N/A	27,085	13,524
Archroma Iberica, S.L.	Associated Company	Sales	N/A	168,637	213,066
Archroma Japan KK	Associated Company	Sales	N/A	64,932	150,754

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Name of related party	Nature of Relationship	Nature of transactions	Aggregate % of Shareholding	30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Archroma U.S	Associated Company	Purchases	N/A	10,294	6,543
Swiss Business Council	Common directorship	Subscription	N/A	110	100
Audit Oversight Board	Common directorship	Subscription	N/A	50	50
Jubilee Life Insurance Company Ltd.	Common directorship	Insurance	N/A	49,714	43,016
Key management personnel	Related parties	Proceeds from disposal of property, plant and equipment	N/A	-	1,787
Archroma Management GmbH, Switzerland	Associated Company	Receivable Payable	N/A	14,558 913,790	15,016 509,675
Archroma Turkey Chemical Industry & Trade	Associated Company	Receivable Payable	N/A	944,666 -	80,540 -
Archroma Singapore, Pte Limited	Associated Company	Receivable Payable	N/A	804 320,431	11,701 75,430
Archroma Textile Mexico	Associated Company	Receivable Payable	N/A	4,813 46,724	4,257 7,820
Archroma (Thailand) Company Limited	Associated Company	Receivable	N/A	168,121	86,041
PT Archroma Indonesia	Associated Company	Receivable Payable	N/A	3,073 4,796	- 5,798
PT Archroma Specialties Indonesia	Associated Company	Receivable	N/A	1,778	-
Archroma Chemical China Limited	Associated Company	Receivable Payable	N/A	34,809 -	52,189 37,568
Archroma Peru S.A	Associated Company	Receivable	N/A	9,668	7,637
Archroma Brazil	Associated Company	Payable	N/A	-	18,463
Archroma U.S	Associated Company	Payable	N/A	4,853	-
Archroma Japan KK	Associated Company	Receivable	N/A	24,717	45,246

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

36. CAPACITY AND PRODUCTION

	30 September 2023 (Tonnes)	30 September 2022 (Tonnes)
Actual production	58,536	52,675

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

	2023 No. of employees	2022 No. of employees
Number of employees of the Company at the year end	253	258
Average number of employees of the Company during the year	256	258

38. CASH GENERATED FROM OPERATIONS

Note

		30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
Profit before taxation		2,240,984	3,137,384
Adjustments for non-cash charges and other items:			
Depreciation	4.2	295,619	285,721
Impairment reversal on trade receivables	7.1	(5,942)	(16,716)
(Gain) / loss on disposal of operating property, plant and equipment	29	(167)	(215)
Provision for staff gratuity	27.1.6	26,587	29,552
Other long term benefit	27.3.5	2,360	5,871
Interest / mark-up expense		613,856	159,463
Grant income		-	(5,644)
Working capital changes	38.1	(3,222,716)	(453,495)
		(49,419)	3,141,921

38.1 Working capital changes

Decrease / (increase) in current assets

Stores and spares	(10,913)	1,971
Stock-in-trade	(2,770,115)	(1,333,330)
Trade receivables	(4,480,293)	(1,040,208)
Loans and advances	(10,010)	1,571
Trade deposits and short-term prepayments	(45,633)	(61,772)
Other receivables	3,780	289
Tax refunds from government - sales tax	(508,360)	-
	(7,821,544)	(2,431,479)

Increase in current liabilities

Trade and other payables	4,598,828	1,977,984
	(3,222,716)	(453,495)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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 2023 (Rs '000)	30 September 2022 (Rs '000)
Cash and bank balances	12	315,376	96,031
Short-term running finance facilities	21.1	(1,935,735)	(301,740)
		<u>(1,620,359)</u>	<u>(205,709)</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 17 & 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. Habib Bank Limited
4. First Habib Modaraba
5. Bank Islami Pakistan Limited
6. Dubai Islami Bank
7. Habib Metropolitan Bank Limited

- iii) Bank balances
Placed under Shariah permissible arrangement

30 September 2023 (Rs '000)	30 September 2022 (Rs '000)
<u>315,101</u>	<u>95,721</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.

		2023				
		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	46,205	-	-	-	-	-
Trade receivables	9,312,865	-	-	-	-	-
Other receivables	25,003	-	-	-	-	-
Cash and bank balances	315,376	-	-	-	-	-
	<u>9,699,449</u>	-				
Other financial liabilities at amortised cost						
Lease liabilities	-	142,437	-	-	-	-
Liabilities against diminishing musharika financing	-	190,745	-	-	-	-
Short-term borrowings	-	4,370,646	-	-	-	-
Mark-up accrued	-	167,410	-	-	-	-
Long term loan	-	-	-	-	-	-
Unclaimed dividend	-	90,891	-	-	-	-
Unpaid dividend	-	511,771	-	-	-	-
Trade and other payables	-	10,160,958	-	-	-	-
	<u>-</u>	<u>15,634,858</u>				

	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>-</u>	<u>7,758,895</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 2023

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 counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from bank balances, short term investments, deposits and credit exposures to customers, including trade receivables and other receivables.

The total bank balance of Rs. 315.1 million (2022: Rs. 95.7 million) has been placed with banks having short-term credit ratings of A1 and A1+. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

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

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 (2022: 5) customers which constitute 55.58% (2022: 50.9%) 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 2023 (Rs '000)	30 September 2022 (Rs '000)
Due from customers other than related parties		
Direct customers	6,246,310	2,670,506
Distributors	2,363,040	2,363,040
	8,609,350	5,033,546
Less: Impairment loss on trade receivables	(487,175)	(493,117)
	8,122,175	4,540,429

Out of the total trade receivables of Rs. 9,800.04 million (2022: Rs. 5,319.747 million), the Company has made an allowance for impairment loss amounting to Rs. 487.175 million (2022: Rs. 493.117 million)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

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 2023				
	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	-	-	-	-	-
Trade and other payables	10,160,958	10,160,957	-	10,160,957	-
Unclaimed dividend	90,891	90,892	90,892	-	-
Unpaid dividend	511,771	511,771	511,771	-	-
Mark-up accrued	167,410	167,410	167,410	-	-
Short term borrowings	4,370,646	4,370,646	591,694	3,778,952	-
Lease liabilities	142,437	651,967	-	23,573	628,394
Liabilities against diminishing musharika financing	190,745	276,128	-	89,674	186,454
	15,634,858	16,229,771	1,361,767	14,053,156	814,848

	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)	(414,341)	(7,209,962)	(1,914,978)

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 2023

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 2023					
	(USD '000)	(EUR '000)	(GBP '000)	(CHF '000)	(RMB '000)	(JPY '000)
Trade and other receivables	6,073	-	-	-	-	-
Trade payables	(13,440)	(74)	-	(3)	(94,251)	-
Other payables	-	-	-	-	-	-
Net foreign currency exposure	(7,367)	(74)	-	(3)	(94,251)	-
Spot rate as at 30 September 2023	286.00	302.40	-	312.62	39.13	-
Equivalent USD - US Dollar	(7,367)	(78)	-	(3)	(12,895)	-
Total exposure in US Dollar	(20,342)					

	30 September 2022					
	(USD '000)	(EUR '000)	(GBP '000)	(CHF '000)	(RMB '000)	(JPY '000)
Trade and other receivables	2,667	-	-	-	-	-
Trade payables	(7,878)	(84)	(7)	(35)	(34,754)	(2,850)
Other payables	(497)	-	-	-	-	-
Net foreign currency exposure	(5,708)	(84)	(7)	(35)	(34,754)	(2,850)
Spot rate as at 30 September 2022	228.45	224.53	254.81	233.76	32.19	1.58
Equivalent USD - US Dollar	(5,708)	(83)	(8)	(36)	(4,897)	(20)
Total exposure in US Dollar	(10,751)					

At 30 September 2023, if the Pakistani Rupee had weakened / strengthened by Rs 10 against the US Dollar with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 203.42 million (2022: Rs. 107.51 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 2022.

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 2023 (Rs '000)	Carrying amount 30 September 2022 (Rs '000)
Variable rate instruments		
Financial assets	90,892	88,430
Financial liabilities	(4,561,391)	(2,141,731)
	<u>(4,470,499)</u>	<u>(2,053,301)</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.

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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 (2022: Rs. 14.48 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 2022 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 of the reporting date, the Company is not exposed to other price risks.

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

	2023					
	Long term loan	Other short term borrowings	Unclaimed Dividend	Diminishing Musharaka Liabilities	Lease Liabilities	Total
	(Rupees in '000)					
Balance as at 1 October 2022	42,633	1,675,751	88,430	164,240	124,829	2,095,883
<i>Changes from financing cash flows</i>						
Repayment of loan and borrowing	(42,633)	(164,221)	-	-	-	(206,854)
Proceeds from loan and borrowing	-	923,381	-	-	-	923,381
Dividend paid	-	-	(168,126)	-	-	(168,126)
Payments against lease liabilities	-	-	-	-	(32,121)	(32,121)
Financing against diminishing musharika finance - net	-	-	-	(64,572)	-	(64,572)
Total changes from financing activities	(42,633)	759,160	(168,126)	(64,572)	(32,121)	451,708
<i>Liability related other changes</i>						
Mark-up expense - net (note 41.3.1)	-	-	-	38,769	17,809	56,578
Grant Income	-	-	-	-	-	-
Additions	-	-	-	52,308	31,920	84,228
Dividend declared	-	-	682,358	-	-	682,358
Total liability related other changes	-	-	682,358	91,077	49,729	823,164
Balance as at 30 September 2023	-	2,434,911	602,662	190,745	142,437	3,370,755

	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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2023

41.3.1 Mark-up expense on long term loan and short-term borrowings aggregating to Rs. 550 million (2022: Rs.122.65 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 2023 (Rs '000)	30 September 2022 (Rs '000)
Debt to equity ratio		
Total interest bearing debt	4,703,828	2,309,193
Less: Cash and bank balances	(315,376)	(96,031)
Net interest bearing debt	<u>4,388,452</u>	<u>2,213,162</u>
Equity and interest bearing debt	<u>9,037,958</u>	<u>6,081,002</u>
Debt to equity (in times)	<u>0.49</u>	<u>0.36</u>
Current ratio		
Current assets	<u>18,475,145</u>	<u>10,428,314</u>
Current liabilities	<u>15,772,066</u>	<u>8,333,629</u>
Current ratio	<u>1.17:1</u>	<u>1.25:1</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 30 October 2023 has proposed a cash dividend in respect of the year ended 30 September 2023 of Rs. Nil per share (2022: cash dividend of Rs. 20 per share). Further, the Board has also announced appropriation of Rs. Nil million from unappropriated profit to revenue reserves (2022: Rs. 313 million from unappropriated profit to revenue reserves). These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 30 September 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 30 October 2023 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 2023

No. of Shareholders	No. of Shareholding		Shares held
	From	To	
687	1	100	26,340
454	101	500	128,252
215	501	1,000	167,805
359	1,001	5,000	842,644
102	5,001	10,000	742,795
29	10,001	15,000	344,254
21	15,001	20,000	376,422
10	20,001	25,000	229,068
8	25,001	30,000	217,773
1	35,001	40,000	40,000
3	40,001	45,000	125,938
3	45,001	50,000	144,945
2	55,001	60,000	117,500
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	175,087
1	95,001	100,000	100,000
1	130,001	135,000	134,266
2	145,001	150,000	300,000
1	170,001	175,000	174,600
1	175,001	180,000	177,406
1	230,001	235,000	232,000
1	385,001	390,000	389,850
1	810,001	815,000	812,000
1	820,001	825,000	823,857
1	1,430,001	1,435,000	1,430,246
1	25,585,001	25,590,000	25,588,533
1,912			34,117,881

Shareholders Category	No. of Shareholder	No. of Shares	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	3	1,301	0.00
Associated Companies, Undertakings and related Parties	1	25,588,533	75.00
NIT and ICP	1	700	0.00
Banks, Development Financial Institutions, Non Banking Financial Institutions	3	176,387	0.52
Insurance Companies	3	867,270	2.54
Modarabas and Mutual Funds	8	1,592,283	4.67
Share holders holding 10%	1	25,588,533	75.00
General Public :			
a. Local	1,789	5,043,368	14.78
b .Foreign	-	-	-
Others	104	848,039	2.49
Total (excluding : share holders holding 10%)	1,912	34,117,881	100.00

PATTERN OF SHAREHOLDING

Category Details of Shareholding as at 30 September 2023

Shareholder's category		Number of share held
Directors, Chief Executive Officer, and their spouse and minor children		
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		
1	ARCHROMA TEXTILES GMBH	25,588,533
Total :		25,588,533
Banks, Development Financial Institutions, Non Banking Financial Institutions		
1	INDUSTRIAL DEVELOPMENT BANK LIMITED	698
2	NATIONAL BANK OF PAKISTAN	1,089
3	NATIONAL BANK OF PAKISTAN	174,600
Total :		176,387
Insurance Companies		
1	STATE LIFE INSURANCE CORP. OF PAKISTAN	823,857
2	GHAFF LIMITED	23,550
3	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	19,863
Total :		867,270
Modarabas and Mutual Funds		
1	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	85,087
2	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	3,800
3	CDC - TRUSTEE AKD INDEX TRACKER FUND	2,150
4	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	25,000
5	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	13,700
6	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	22,800
7	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,430,246
8	CDC - TRUSTEE MCB PAKISTAN DIVIDEND YIELD PLAN	9,500
Total :		1,592,283
Others		
1	M/S KAZI & KAZI LIMITED	202
2	M/S ZAM ZAM LIMITED	115
3	M/S MODARABA AL-MAL CORP. LTD.	106
4	M/S SITARA ENTERPRISES (PVT) LTD.	7
5	M/S N.H. HOLDING (PVT) LTD.	131
6	DEUTSCHE BANK SUISSE S.A	2,700
7	WYETH PAKISTAN DC PENSION FUND	800
8	PFIZER PAKISTAN DC PENSION FUND	7,600
9	PFIZER PAKISTAN PROVIDENT FUND	5,200
10	TRUSTEE - IBM SEMEA EMPLOYEES PROVIDENT FUND	7,950
11	UNILEVER PAKISTAN LIMITED NON-MANAGEMENT STAFF GRATUITY FUND	2,450
12	THE UNION PAKISTAN PROVIDENT FUND	21,300
13	UNILEVER PAKISTAN DC PENSION FUND (SUB FUND A)	12,800
14	UNILEVER PAKISTAN DC PENSION FUND (SUB FUND B)	6,500
15	UNILEVER PENSION PLAN	780

PATTERN OF SHAREHOLDING

Category Details of Shareholding as at 30 September 2023

Shareholder's category		Number of share held
16	TRUSTEE-RAFHAN BEST FOODS EMPLOYEES PROVIDENT FUND	2,210
17	TRUSTEE-RAFHAN BEST FOODS LIMITED EMPLOYEES GRATUITY FUND	789
18	TRUSTEE PAK TOBACCO CO LTD EMPLOYEES GRATUITY FUND(1383-4)	7,600
19	TRUSTEE PAK TOBACCO CO LTD STAFF DEF CONTRI PEN FD (1384-1)	13,500
20	TRUSTEE PAK TOBACCO CO LTD STAFF PENSION FUND [1390-2]	57,500
21	TRUSTEE-SHELL PAKISTAN MANAGEMENT STAFF PROVIDENT FUND	12,000
22	TRUSTEE-SHELL PAKISTAN MANAGEMENT STAFF GRATUITY FUND	3,400
23	TRUSTEE-SHELL PAKISTAN LABOUR PROVIDENT FUND	1,100
24	TRUSTEE-SHELL PAKISTAN DC PENSION FUND	19,600
25	TRUSTEE-SHELL PAKISTAN STAFF PENSION FUND	513
26	TRUSTEE-SHELL PAKISTAN MANAGEMENT STAFF PENSION FUND	18,550
27	Y. S. SECURITIES & SERVICES (PVT) LTD.	125
28	ZAFAR SECURITIES (PVT) LTD.	1,300
29	KIRAN FOUNDATION	950
30	KHOJA (PIRHAI) SHIA ISNA ASHARI JAMAT	268
31	TRUSTEES OF SHEKHA & MUFTI CHARTERED ACCOUNTANTS E.P.F.	1,600
32	TRUSTEES LOTTE CHEMICAL PAKISTAN MNGT STAFF GRATUITY FUND	6,300
33	TRUSTEES LOTTE CHEMICAL PAKISTAN NON MGN STAFF G. FUND	85
34	TRUSTEES LOTTE CHEMICAL PAKISTAN MNG STAFF PROVIDENT FUND	6,500
35	TRUSTEES LOTTE CHEMICAL PAKISTAN MGT. STAFF DEF. CONT. S.FUND	8,000
36	TECHNOLOGY LINKS (PVT.) LIMITED	9,500
37	FREEDOM ENTERPRISES (PVT) LTD	1,257
38	TRUSTEES OF MAGNUS INVESTMENT ADVISORS LTD. EMPL. PROV. FUND	350
39	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	177,406
40	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	6,225
41	GLOBE MANagements (PRIVATE) LIMITED	7,650
42	AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	250
43	TRUSTEES OF FRIENDS EDUCATIONAL AND MEDICAL TRUST	7,300
44	AL-ABBAS EDUCATIONAL AND WELFARE SOCIETY	4,800
45	MERIN (PRIVATE) LIMITED	1,000
46	TRUSTEES D.G. KHAN CEMENT CO. LTD. EMP. P.F	16,700
47	NH HOLDINGS (PVT) LTD	153
48	NH SECURITIES (PVT) LIMITED.	263
49	MAPLE LEAF CAPITAL LIMITED	1
50	IRFAN MAZHAR SECURITIES (PVT) LTD.	2,500
51	ORIENTAL SECURITIES (PVT) LTD.	5,300
52	KHAYYAM SECURITIES (PVT.) LIMITED	250
53	SHERMAN SECURITIES (PRIVATE) LIMITED	1
54	NESTLE PAKISTAN LTD EMPLOYEES PROVIDENT FUND	10
55	GHULAMAN-E-ABBAS EDUCATIONAL AND MEDICAL TRUST	1,073
56	TOPLINE ASSOCIATE (PRIVATE.) LIMITED	10,000
57	BRR FINANCIAL SERVICES (PVT.) LIMITED	2,000
58	MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	1,250
59	MIANSONS TEXTILES (PRIVATE) LIMITED	500
60	MERIN (PRIVATE) LIMITED	5,900
61	PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND-DC SHARIAH	5,000
62	ISPI Corporation (Private) Limited	3,200
63	KHAADI (SMC-PVT.) LIMITED EMPLOYEES PROVIDENT FUND	2,350

PATTERN OF SHAREHOLDING

Category Details of Shareholding as at 30 September 2023

Shareholder's category		Number of share held
64	PAKISTAN CENTRE FOR PHILANTHROPY	3,340
65	SANOFI-AVENTIS PAKISTAN EMPLOYEES GRATUITY FUND	6,000
66	SANOFI-AVENTIS PAKISTAN EMPLOYEES PROVIDENT FUND	7,900
67	HABIB UNIVERSITY FOUNDATION	26,000
68	ATCO LABORATORIES LIMITED EMP. PROVIDENT FUND TRUST	7,100
69	GLAXO LABORATORIES PAKISTAN LIMITED PROVIDENT FUND	1,440
70	GLAXOSMITHKLINE PAK. LTD. EMPLOYEES GRATUITY FUND	24,750
71	GLAXO LABORATORIES PAK. LTD. LOCAL STAFF PROV. FUND	5,100
72	SMITHKLINE & FRENCH OF PAKISTAN LTD. PROVIDENT FUND	7,600
73	PAKISTAN REFINERY LIMITED MANAGEMENT STAFF GRATUITY FUND	3,200
74	PAKISTAN REFINERY LTD MANAGEMENT STAFF PENSION FUND	13,600
75	PAKISTAN REFINERY LIMITED PROVIDENT FUND	6,100
76	ENGRO CORPORATION LIMITED PROVIDENT FUND	16,000
77	WYETH EMPLOYEES PROVIDENT FUND	800
78	GLAXOSMITHKLINE CONSUMER HEALTHCARE PAK. LTD. EMPLOYEES G.F	1,788
79	GLAXOSMITHKLINE CONSUMER HEALTHCARE PAK LTD EMP. PROV. FUND	2,350
80	HPSL GRATUITY FUND	3,350
81	HPSL PENSION FUND	5,900
82	HPSL PROVIDENT FUND	670
83	PAKISTAN REFINERY LIMITED WORKMEN PENSION FUND	1,350
84	UNILEVER EMPLOYEES EDUCATION FOUNDATION	2,850
85	THE HUB POWER COMPANY LIMITED STAFF GRATUITY FUND	2,600
86	FAUJI FERTILIZER BIN QASIM LIMITED EMPLOYEES GRATUITY FUND	9,850
87	FAUJI FERTILIZER BIN QASIM LIMITED PROVIDENT FUND	16,600
88	NOVARTIS PHARMA PAKISTAN LIMITED EMPLOYEES GRATUITY FUND	4,250
89	SYSTEMS LIMITED EMPLOYEES PROVIDENT FUND	29,250
90	TAPAL HOLDINGS (PRIVATE) LIMITED	48,900
91	INTERNATIONAL INDUST. LTD EMPLOYEES PROVIDENT FUND	3,700
92	INTERNATIONAL INDUST. LTD EMPLOYEES GRATUITY FUND	5,150
93	INTERNATIONAL STEELS LTD EMPLOYEES GRATUITY FUND	2,750
94	INTERNATIONAL STEELS LTD EMPLOYEES PROVIDENT FUND	2,050
95	INDUS MOTOR COMPANY LTD EMPLOYEES PROVIDENT FUND	12,050
96	INDUS MOTOR COMPANY LIMITED EMPLOYEES PENSION FUND	5,800
97	ENGRO CORPORATION LIMITED GRATUITY FUND	730
98	ENGRO CORP LTD MPT EMPLOYEES DEF CONT GRATUITY FUND	17,400
99	FIKREES (PRIVATE) LIMITED	100
100	KTRADE SECURITIES LIMITED	1
101	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	15,100
102	MRA SECURITIES LIMITED - MF	50
103	ORIENT IMPEX (PRIVATE) LIMITED	1,800
104	MAGNUS PARTNERS LLP	20,000
Total :		848,039

ARCHROMA PAKISTAN LIMITED

Notice of Meeting

NOTICE is hereby given that the Twenty-Eighth Annual General Meeting of Archroma Pakistan Limited will be held at the Company's Registered Office at 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi on Thursday, 28 December 2023 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 2023 alongwith the Chairman's Review, Directors' and Auditor's report thereon.
2. To approve appointment of external auditors for the year 2024 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

3. To consider and, if thought fit, pass, with or without modification(s), the following resolution to enable and authorize the Company to circulate the Annual Report (including the audited financial statements, Auditors' report, Directors' report, Chairman's review report) to the members of the Company through QR enabled code and weblink, in accordance with Section 223(6) of the Act read with S.R.O. 389(I)/2023 dated March 21, 2023, instead of old technology which has become obsolete for transmission through CD/DVD/USB.

"RESOLVED" THAT the Company be and is hereby authorized to circulate its annual report, including annual audited financial statements, Auditors' report, Directors' report, Chairman's review report and other reports contained therein, to the members of the Company through QR enabled code and weblink, in accordance with S.R.O. 389(I)/2023 issued by the Securities and Exchange Commission of Pakistan, and that the practice of circulation of the annual report

through CD / USB be discontinued.

4. To consider, and deemed fit, to pass with or without modification(s), addition(s) or deletion(s), the following Special Resolution(s), to amend the Articles of Association of the Company under Section 38 of the Companies Act, 2017, as recommended by the Board of Directors of the Company:

"RESOLVED" THAT Articles 94 of the Articles of Association of the Company be and is hereby amended to read as follows:

94. A resolution consented to in writing or by telex or facsimile signed by majority of the Directors or their alternatives, shall be as valid and effectual as if it has been passed at a meeting of the Directors duly called and constituted. The consent may be in the form of counterparts.

"FURTHER RESOLVED THAT the Chief Executive Officer and/or Company Secretary of the Company be and is hereby authorized to, singly, do all acts, deeds, and thing, take any and all necessary steps, to fulfil the legal, corporate and procedural formalities and file all necessary documents/return as deemed necessary on this behalf and the matters ancillary thereto fully achieve the objects of the aforesaid resolution."

ANY OTHER BUSINESS

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

(Attached to this Notice is the Statement of Material Facts covering the above-mentioned Special Businesses, as required under Section 134(3) of the Companies Act, 2017.)

By order of the Board



M. Irfan Lakhani
Company Secretary

Karachi: 30 October 2023

ARCHROMA PAKISTAN LIMITED

Notice of Meeting

NOTES:

1. Closure of Share Transfer Books

- (i) The share transfer books of the Company will remain closed from 21 December 2023 to 28 December 2023 (both days inclusive) and transfers received and found in order by the Company's Registrars, M/s. FAMCO (Pvt) Limited, 8-F, Next to Hotel Faran, Nursery Block 6, P.E.C.H.S Shahrah-e-Faisal, Karachi at the close of business on 20 December 2023 will be treated in time for the purpose of determining the entitlement for attending the Annual General Meeting.

2. Requirements for appointing Proxies

- a. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. A proxy need not to be a member of the Company.
- b. Form of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company located at 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi not later than 48 hours before the time of the meeting excluding holidays.
- c. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- d. Copies of CNIC or the valid passport of the beneficial owners and the proxy shall be furnished along with the proxy form.
- e. The proxy shall produce his original CNIC or original valid passport at the time of the Meeting.
- f. In the case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. Participation in the Annual General Meeting via physical presence or through video conferencing

A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

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 electronically 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 26 December 2023.

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.

ARCHROMA PAKISTAN LIMITED

Notice of Meeting

4. 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.

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

5. 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.H.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 (<https://archroma.com.pk/>) 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.

6. FOR VOTING FOR SPECIAL AGENDA ITEMS

It is hereby notified that pursuant to the Companies (Postal Ballot) Regulations, 2018 and its amendments notified vide SRO 2192(1)/2022 dated December 5, 2022, members will be allowed to exercise their right to vote for the special business in the Annual General Meeting, in accordance with the condition mentioned in the aforesaid regulations.

The Company shall provide its members with the following options for voting:

(i) E-Voting Procedure

- a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company within due course.

ARCHROMA PAKISTAN LIMITED

Notice of Meeting

- b) The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of FAMCO Associates Private Limited, Share Registrar (being the e-voting service provider).
- c) Identity of the members intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.
- d) E-Voting lines will start from December 24, 2023, 09:00 a.m. and shall close on December 27, 2023 at 5:00 p.m. Members can cast their votes any time in this period.

(ii) Postal Ballot

For Voting through Postal Ballot Members may exercise their right to vote as per provisions of the Companies (Postal Ballot) Regulations, 2018, subject to the requirements of Section 143 and 144 of the Companies Act, 2017. Further details in this regard will be communicated to the shareholders within legal time frame as stipulated under these said Regulations, if required.

The members shall ensure that duly filled and signed ballot paper along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post on the Company's Registered Office at 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi, or email at mohsin.ali@archrome.com one day before the Annual General Meeting i.e. on December 27, 2023, during working hours. The signature on the ballot paper shall match with the signature on CNIC.

7. Registration in CDR 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.

8. 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%.

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.

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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.H.S, Shahrah-e-Faisal Karachi as soon as possible (before the date of book closure). 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.

9. 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.

10. Unclaimed Dividend

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.

Shareholders, whose dividends still remain unclaimed, are hereby once again requested to approach the Company to claim their outstanding dividend amounts.

11. 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.

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12. 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 2023 have been made available on the Company's website www.archroma.com.pk.

13. Updation of shareholder addresses/other particulars:

The Members are requested to notify the Company if there is any change in their addresses or other particulars immediately; in case of physical shares, to the Company/Share Registrar and for CDC shares, to respective Central Depository System (CDS) Participants.

Further, to comply with requirements of Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all CDC and shareholders are requested to provide their email address and cell phone numbers incorporated / updated in their physical folio or CDC Account.

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

i. Item No. 3

In view of technological advancements, and taking into account that old technology is becoming obsolete, the Securities and Exchange Commission of Pakistan ("SECP") has, vide S.R.O. 389(I)/2023 dated March 21, 2023, allowed listed companies to circulate the Annual Report (including the audited financial statements, Auditors' report, Directors' report, Chairman's review report) to the members of the Company through QR enabled code and weblink. The SECP has also permitted that the circulation of annual financial statements through CD/DVD/USB may be discontinued.

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In accordance with the aforesaid SRO, the same is subject to the approval of the members of the Company.

Considering the optimum use of advancements in technology and in order to fulfil the Company's corporate social responsibility to the environment and sustainability, the Company seeks to discontinue the circulation of the Annual Report through CDs in the future. Consequently, the Board of Directors of the Company has recommended that the special resolution, as set out in the notice, be passed by the members for the circulation of the Annual Report (including annual audited financial statements and other reports contained therein) to the members of the Company through QR enabled code and weblink.

This arrangement will help all members wherever they are located to access the financial statements of the Company. Additionally, it will also reduce unnecessary expenditure for making CDs.

It is pertinent to mention that if any member seeks to obtain a hard copy of the Annual Report, such member(s) will be provided a printed version of the same free of cost in accordance with the aforementioned SRO. No change to that right / privileged is being proposed.

ii. Item No. 4

The Board of Directors has recommended that the Article 94 of the Company's Articles of Association be amended. These amendments will bring the Company's Articles of Association in line with the changes made in the Companies Act, 2017. The amendments are summarized below:

COMPARATIVE TABLE

Article Clause No.	Previous Clause	Amended Clause
94	A resolution consented to in writing or by telex or facsimile signed by all the Directors or their alternatives, shall be as valid and effective as if it has been passed at the meeting of the Board of Directors duly called and constituted. The consent may be in the form of counterparts. Provided that the resolution does not relate to matters specified in Section 183 (2) of the Act.	A resolution consented to in writing or by telex or facsimile signed by majority of the Directors or their alternatives, shall be as valid and effective as if it has been passed at a meeting of the Board of the Directors duly called and constituted. The consent may be in the form of counterparts.

It is hereby confirmed that the proposed alterations to the Articles of Association of the Company are in line with the applicable provisions of the law and regulatory framework.

The resolution required for the above purpose is set forth in the notice convening the AGM and that resolution will be proposed and passed as a Special Resolution.

15. INTEREST OF DIRECTORS AND THEIR RELATIVES

None of the Directors of the Company have any personal interest in the aforesaid special business, except in their capacity as members and Directors of the Company.

16. INSPECTION OF DOCUMENT

Copies of Memorandum and Articles of Association, Statement under section 134(3) of the Companies Act 2017, financial statements and other related information/ which may be inspected / procured during business hours on any working day of the Registered Office of the company from the date of publication of this notice till conclusion of the Annual General Meeting.

ARCHROMA PAKISTAN LIMITED

BCR Criteria

S. No.	Framework for Annual Reporting	Page No.
1	ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT	
1.01	Mission, vision, code of conduct, ethics and values.	4 & 9
1.02	Principal business activities and markets (local and international) including key brands, products and services.	8
1.03	Geographical location and address of all business units including sales units and plants.	3 & 6
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	29
	Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	29
1.06	Organization chart indicating functional and administrative reporting, presented with legends.	7
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	48
1.08	a) Explanation of significant factors effecting 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 the organization's response.	45 - 46
1.09	The legislative and regulatory environment in which the organization operates.	104
1.11	SWOT Analysis of the company.	60
1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	47
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	45 - 46
1.15	Details of significant events occurred during the year and after the reporting period.	34
2	STRATEGY AND RESOURCE ALLOCATION	
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve these objectives.	41
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a) Financial Capital; b) Human Capital; c) Manufactured Capital; d) Intellectual Capital; e) Social and Relationship Capital; and f) Natural Capital.	42
2.03	The capabilities and resources of the company to provide sustainable competitive advantage and as result value created by the business.	42
2.04	The effects of the given factors on company strategy and resource allocation: technological changes, ESG reporting and challenges, initiatives taken by the company in promoting and enabling innovation and resource shortages (if any).	43
2.06	The company's sustainability strategy with measurable objectives/ targets.	43
2.08	a) Information about defaults in payment of any debts with reasons and	44
	b) Board strategy to overcome liquidity problem and its plan to manage repayment of debts and meet operational losses.	44 & 58
3	RISKS AND OPPORTUNITIES	
3.01	Key risks and opportunities (internal and external) effecting availability, quality and affordability of Capitals.	52 - 57
3.02	A Statement from Board for determining the following: a) company's level of risk tolerance by establishing risk management policies. b) the company has 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.	58
3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	51
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	52 - 57

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S. No.	Framework for Annual Reporting	Page No.
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (is any).	59
4	SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY	
4.01	Board's statement for adoption of best practices for CSR.	76
4.02	Board's statement about the company's strategic objectives on ESG (environmental, social and governance) / sustainability reporting.	76
4.03	A chairman's overview on how the company's sustainable practices can affect their financial performance.	77
4.04	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including: a) environment related obligations applicable on the company; b) company progress towards ESG initiatives during the year; and c) company's responsibility towards the staff, health & safety.	77 77 77
4.06	Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social groups.	75
5	GOVERNANCE	
5.01	Board composition: a) Leadership structure of those charged with governance. b) Name of independent directors indicating justification for their independence. c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience. d) Profile of each director including education, experience and involvement / engagement of in other entities as CEO, Director, CFO or Trustee etc. e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	7 & 98 97 97 10 - 11 97
5.02	A brief description about role of the Chairman and the CEO.	106
5.04	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.	13
5.05	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	99
5.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	99
5.07	Details of formal orientation courses for directors.	100
5.08	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.	100
5.09	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.	100 - 101
5.10	Disclosure about related party transactions: a) Approved policy for related party transactions. b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding. c) Disclosure of director's interest in related party transactions. d) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	101 102 & 179 - 180 102 102
5.11	Disclosure of Board's Policy on the following significant matters: a) Governance of risk and internal controls. b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. c) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings. d) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. e) Security clearance of foreign directors.	102 103 103 104 104

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S. No.	Framework for Annual Reporting	Page No.
	f) Board meetings held outside Pakistan.	104
	g) Human resource management including preparation of succession plan.	104
	h) Social and environmental responsibility.	104
	i) Communication with stakeholders.	104
	j) Investors' relationship and grievances.	104
	k) Employee health, safety and protection.	105
	l) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report.	105
	m) Safety of records of the company.	105
5.12	Board review statement of the organization's business continuity plan or disaster recovery plan.	106
5.13	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	115 - 117
5.14	a) Shares held by Sponsors / Directors / Executives; b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors / Executives or close family member of Directors/Executives etc.) or foreign shareholding (if any).	190 189
5.15	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	28 & 107 - 108
5.17	Audit Committee report should describe the work of the committee in discharging its responsibilities.	112 - 113
5.18	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.	109
5.20	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, a disclosure if it has any other connection with the company.	109
5.21	Chairman's significant commitments and any changes thereto. Disclosure about the Government of Pakistan policies related to company's business/sector in	109
5.22	Directors' Report and their impact on the company business and performance.	110
6	ANALYSIS OF THE FINANCIAL INFORMATION	
6.02	a) Analysis of financial ratios	125
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	121 - 124
6.04	Graphical presentation of 6.02 and 6.03 above.	126 & 128
6.09	Brief description and reasons for not declaring dividend despite earning profits and future prospects of dividend.	21
6.10	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	89
7	BUSINESS MODEL	
7.01	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.	35
8	DISCLOSURES ON IT GOVERNANCE AND CYBERSECURITY	
8.01	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.	110
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	110
8.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	111
8.07	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.	111
8.08	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.	111
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	110

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BCR Criteria

S. No.	Framework for Annual Reporting	Page No.
9	FUTURE OUTLOOK	
9.01	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.	93
9.02	Explanation as to how the performance of the company meets the forward-looking disclosures made in the previous year.	93
9.03	Status of the projects in progress and were disclosed in the forward- looking statement in the previous year.	93
9.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.	94
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	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	89
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees; and g) Analysts.	87 - 88
11	STRIVING FOR EXCELLENCE IN CORPORATE REPORTING	
11.03	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	200 - 203

بورڈ آف ڈائریکٹرز کی رپورٹ برائے اختتام سال 30 ستمبر 2023ء

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والے سال کیلئے آڈٹ شدہ مالیاتی گوشواروں کیساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کاروباری جائزہ

آرکروما کی بڑی کھپت کی مارکیٹس یعنی ٹیکسٹائل اور کنسٹرکشن انڈسٹری کی طلب اور کنزیومر سیلز زیر جائزہ سال کے دوران لوکل اور ایکسپورٹس دونوں کیلئے بنیادی طور پر میکرو اکنامک اور مالیاتی چیلنجوں کی وجہ سے سست رہی، جس کی بنیادی وجہ بلند ترین مہنگائی، توانائی اور اجناس کی قیمتیں، روس۔ یوکرین تنازعہ اور ملک کے ایک تہائی حصے کو متاثر کرنے والا تباہ کن سیلاب ہے۔

مشکل ماحول اور ٹیکسٹائل کی صنعت کیلئے 50% سے کم پیداوار اور صلاحیت کے استعمال کے باوجود آپ کی کمپنی نے اپنے صارفین اور کھپت کی مارکیٹوں کے ساتھ زیادہ سے زیادہ مشغولیت کو بڑھایا اور کاروباری چیلنجوں پر قابو پانے کے لیے اپنے شراکت داروں، ٹیم اور مقامی پروڈکشن پلانٹس کے ذریعے انہیں بھرپور تعاون فراہم کیا اور اس عمل میں تمام طبقات میں اپنی مارکیٹ شیئر کی پوزیشن کو مزید بڑھانے میں کامیاب رہی، گزشتہ سال 25,154 ملین روپے کے مقابلے 30 ستمبر 2023 کو ختم ہونے والے مالی سال کے لیے 30,013 ملین روپے کی اب تک کی سب سے زیادہ فروخت حاصل کرنے کے لیے تمام حصوں میں اپنے مارکیٹ شیئر کی پوزیشن کو مزید بڑھانے میں کامیاب رہی۔ 19% کی فروخت میں اضافہ بنیادی طور پر ٹیکسٹائل اینفیکٹس کی وجہ سے ہوا، جن کی فروخت میں 17% اضافہ ہوا اور کاغذ، پتھر اور کونکر کے کاروبار، جن کے کاروبار میں گزشتہ سال کے مقابلے میں 40% اضافہ ہوا۔

کمپنی کے تمام کاروباری طبقات کے لیے مجموعی مارجن بنیادی طور پر امریکی ڈالر اور دیگر غیر ملکی کرنسیوں کے مقابلے پاکستانی روپے کی شدید قدر میں کمی اور خام مال کی درآمدی لاگت میں نتیجے میں اضافے کی وجہ سے دباؤ میں رہے۔ تاہم، زیادہ فروخت کی وجہ سے، 30 ستمبر 2023 کو ختم ہونے والے مالی سال کے دوران مطلق کاروباری مارجن گزشتہ سال 7,220 ملین روپے کے مقابلے میں 7,468 ملین روپے ہو گیا، جبکہ فیصد کے لحاظ سے مجموعی کاروباری مارجن گزشتہ سال 28.7% کے مقابلے میں 24.9% تک کم ہو گیا۔

اس مدت کے دوران زیادہ قرض لینے کے اخراجات، غیر ملکی کرنسی تبادلہ کے نقصانات اور رجسٹرڈ اور کارپوریٹ کاروباروں کے لئے ٹیکس کی شرح میں مزید اضافے نے کمپنی کے نچلے درجے کے منافع کو 1,244 ملین روپے تک مزید کم کر دیا جو گزشتہ سال کی اسی مدت کے مقابلے میں 1,885 ملین روپے حاصل کیا تھا۔

مالیاتی کارکردگی

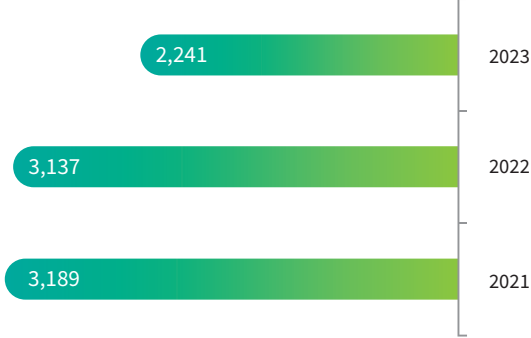
آپ کی کمپنی نے 34,900 ملین روپے کی مجموعی آمدنی حاصل کی جو گزشتہ سال 29,430 ملین روپے کی آمدنی کے مقابلے میں 19 فیصد زیادہ ہے۔

پاکستانی روپے ملین میں

تبدیلی فیصد	30 ستمبر 2022ء	30 ستمبر 2023ء	تفصیلات
19	29,430,119	34,900,100	مجموعی آمدنی
19	25,154,026	30,012,733	خالص آمدنی
3	7,220,469	7,467,776	کل منافع
(9)	3,830,397	3,503,259	آپریٹنگ منافع
(29)	3,137,384	2,240,984	منافع قبل از ٹیکس
(34)	1,885,066	1,244,382	منافع بعد از ٹیکس
(34)	55.25	36.47	فی شیئر آمدنی (روپے)

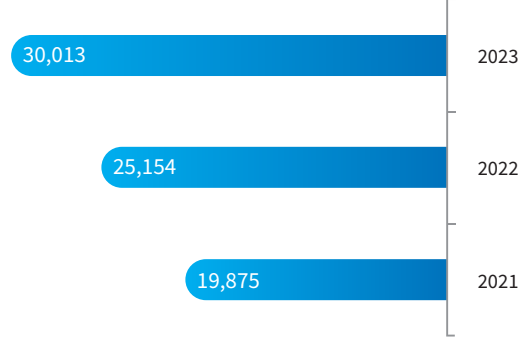
منافع قبل از ٹیکس

پاکستانی روپے ملین میں



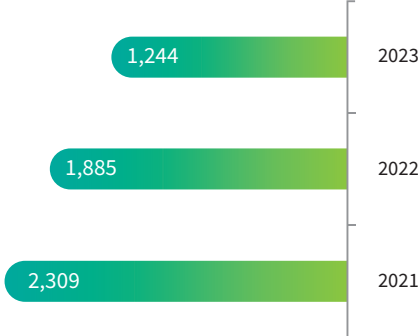
خالص آمدنی

پاکستانی روپے ملین میں



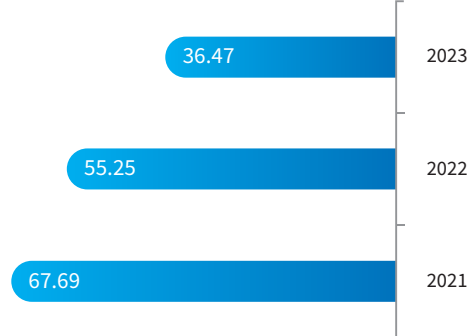
منافع بعد از ٹیکس

پاکستانی روپے ملین میں



فی شیئر آمدنی

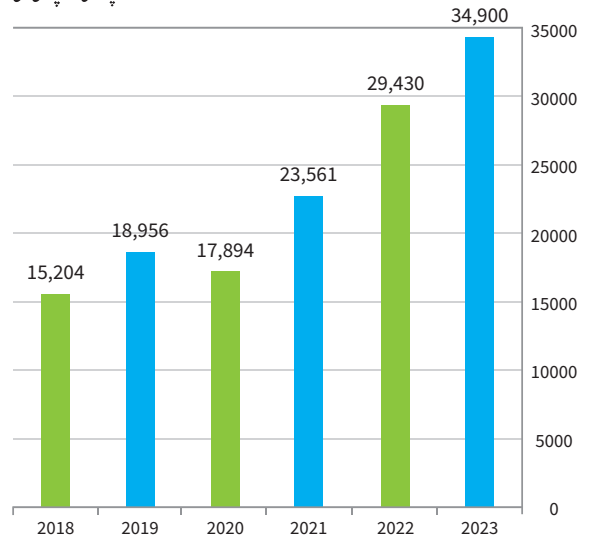
پاکستانی روپے میں



چھ سال کی مالی کارکردگی پر ایک نظر

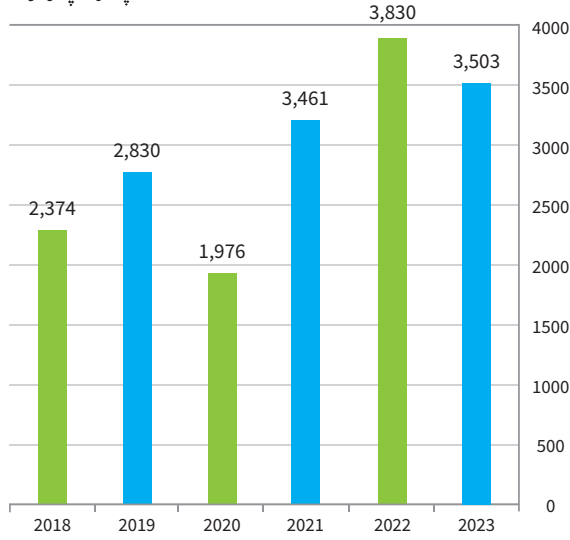
مجموعی آمدنی

پاکستانی روپے بلین میں



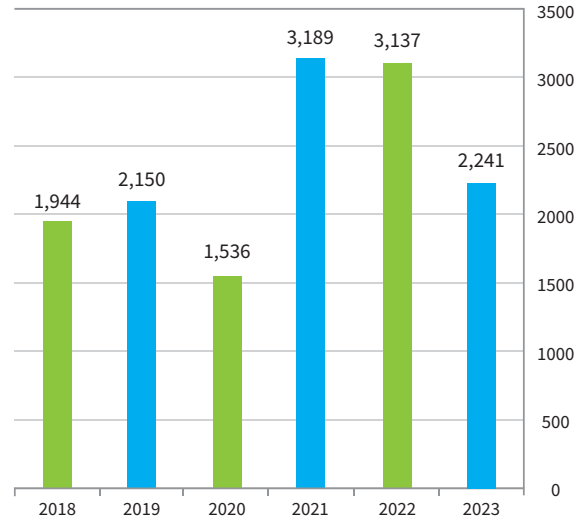
آپریٹنگ منافع

پاکستانی روپے بلین میں



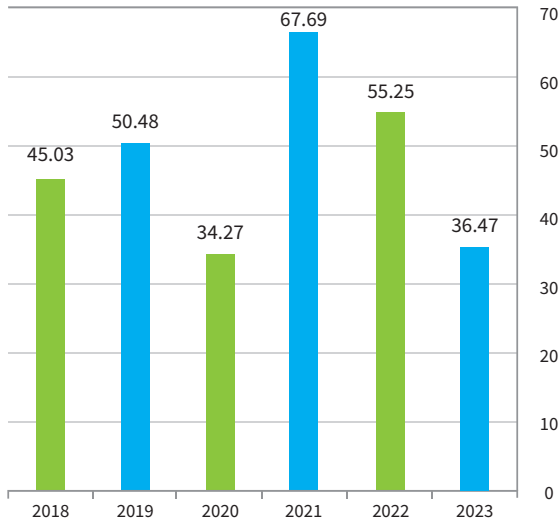
منافع بعد از ٹیکس

پاکستانی روپے بلین میں



فی شیئر آمدنی

پاکستانی روپے میں



مستقبل پر نظر

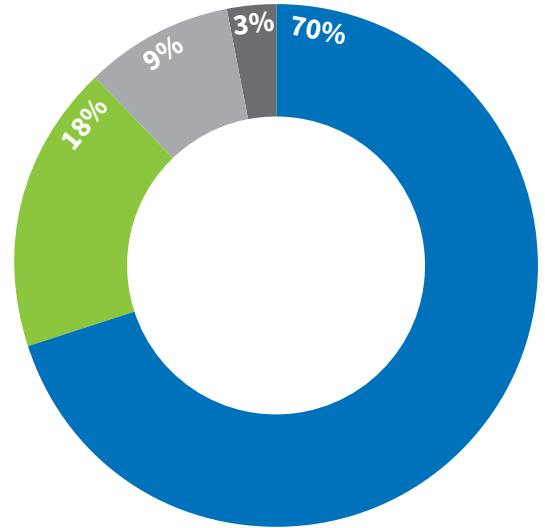
عالمی توانائی، اجناس کی قیمتوں، خام مال کی دستیابی، مشرق وسطیٰ میں مسلح تصادم اور روس اور یوکرین کی جاری جنگ کی وجہ سے مزید پیچیدہ ہو گئی ہے۔ نگران حکومت کی طرف سے کچھ اقدامات کے باوجود، توازن تجارت اور پاکستان کے غیر ملکی زرمبادلہ کے ذخائر کی صورتحال مسلسل دباؤ میں ہے اور ملک کی ٹیکسٹائل کی برآمدات کے نقطہ نظر کو کسی حد تک غیر یقینی بناتی ہے۔ تاہم، جون 2023 کے مہینے میں آئی ایم ایف کے ساتھ 3 بلین امریکی ڈالر کے اضافی فنڈنگ معاہدے اور متوقع اصلاحی مالیاتی اقدامات سے پاکستان کی مجموعی میکرو اکنامک صورتحال میں بہتری اور مقامی ٹیکسٹائل اور کنسٹرکشن کے لیے کاروباری ترقی میں بہتری کی توقع ہے۔

بنیادی کاروباری سرگرمیاں

کمپنی مخصوص کیمیکلز کی تیاری، فروخت اور انڈسٹریلنگ بشمول ڈائی اشیاء اور کوننگ، ایڈہیسیو 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 5,497 ملین روپے رہی۔



پاکستانی روپے میں

3,844	سیلز ٹیکس
997	انکم ٹیکس (بشمول سپر ٹیکس)
486	کسٹم ڈیوٹی
170	ڈبلیو ڈبلیو ایف/ڈبلیو پی پی ایف
5,497	

فی شیئر آمدنی

سال کیلئے منافع 1,244 ملین رہا (گزشتہ سال 1,885 ملین روپے)۔ اس بنیاد پر سال کی فی حصص آمدنی پچھلے سال کی فی حصص آمدنی 55.25 فی حصص کے مقابلے میں کم ہو کر 36.47 روپے رہ گئی ہے۔

منافع کا اختصار

کمپنی کے منافع کی مجوزہ تخصیص حسب ذیل ہے:-

روپے بلین میں

1,245

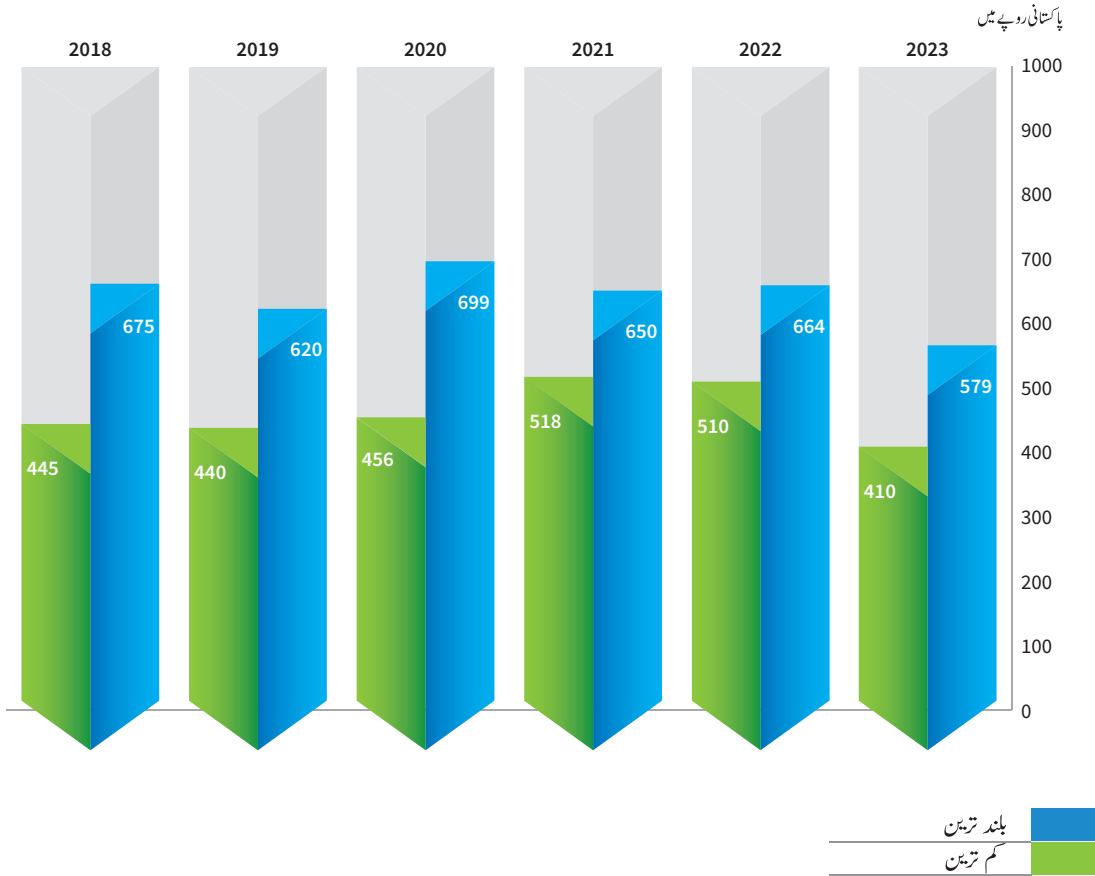
1,245

مدت کیلئے کل جامع آمدنی

مختص کرنے کیلئے دستیاب منافع

حصص کی قیمت

زیر جائزہ سال کے دوران، کمپنی کے حصص کی قیمت پاکستانی 579 روپے کی بلندی کو چھو گئی جبکہ پاکستان اسٹاک ایکسچینج کے ریڈی بورڈ کوٹیشنز پر سب سے کم ریکارڈ شدہ قیمت 410 تھی۔



ڈیویڈنڈ

30 ستمبر 2023 تک جاری انضمام کی سرگرمیوں کو مد نظر رکھتے ہوئے، بشمول اس وقت اسکیم آف رتنجنٹ کی منظوری کا انتظار میں، بورڈ آف ڈائریکٹرز نے سال کے لیے ڈیویڈنڈ کی سفارش نہیں کی ہے۔

کارپوریٹ سماجی ذمہ داری

آرکروما، پائیدار، اقتصادی اور ماحولیاتی، نیز منصفانہ، کاروباری طریقوں کے لیے اخلاقی ذمہ داری کا حامل ہے۔ لہذا کارپوریٹ سماجی ذمہ داری ہماری کمپنی کے فلسفے کا ایک لازمی جزو ہے۔ ہم فعال طور پر ٹیلنٹ کو فروغ دیتے ہیں، تنوع کو فروغ دیتے ہیں اور اپنے ملازمین کی مہارتوں میں سرمایہ کاری کرتے ہیں تاکہ موجودہ اور مستقبل دونوں کی ذمہ داریوں کے لیے اعلیٰ سطح کی کارکردگی کے قابل بنایا جاسکے۔ زیر جائزہ مدت کے دوران ہماری کمپنی نے 30 ملین روپے کی CSR لاگت کی رقم خرچ کی۔

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 3.8 ملین پاکستانی روپے کی شراکت کی۔

آرکروما انٹرن شپ پروگرام

انٹرن شپ پروگرام کے 25 سال مکمل کر کے، ہم اب مضبوط ہوتے ہوئے اپنے 27 ویں سال میں داخل ہو رہے ہیں! انجینئرنگ یونیورسٹیوں، ٹیکسٹائل انسٹی ٹیوٹس اور ٹیکنیکل سینٹرز سے ٹیکسٹائلز میں تعلیم کیلئے آرکروما سینٹر آف ایکسی لینس میں طلبہ کے لیے ایک مضبوط ہینڈ آؤٹ ٹریننگ پروگرام ان کا منتظر ہے۔ آرکروما سینٹر آف ایکسی لینس نے طلباء کو فنی تعلیم فراہم کرنے میں اہم کردار ادا کیا ہے۔ انٹرن شپ ایک لازمی خصوصیت بن گئی ہے اور ہمارے چھ ہفتوں کے تھیوری اور پریکٹس کو اداروں اور طلباء کے درمیان تربیت کے بعد بہت زیادہ اہمیت دی جاتی ہے۔ ہمارے کورس کی تکمیل کا شوقیہٹ جاب مارکیٹ میں بہت زیادہ وزن رکھتا ہے جس سے طلباء کو ٹیکسٹائل انڈسٹری میں ترجیحی تقرری حاصل کرنے میں مدد ملتی ہے۔

انٹرن شپ پروگرام ابتدائی طور پر 1996 میں شروع کیا گیا تھا اور سال بھر کامیابی سے چلا۔ طلباء کے پاس اکیڈمکس پر کلاس روم سیشن ہوتے ہیں اور بعد میں انہیں ٹیوٹوریلز کے ساتھ ٹیکسٹائل ویٹ پروسیسنگ میں عملی ڈیمو فراہم کیے جاتے ہیں۔ چھ ہفتے کے سیشن کے اختتام پر، ان کی کارکردگی کو قابلیت ٹیسٹ کے ذریعے جانچا جاتا ہے۔ آج تک 8500 سے زائد طلباء نے ہمارے انٹرن شپ پروگرام میں حصہ لیا ہے اور ٹیکسٹائل انڈسٹری میں ذمہ دار عہدوں پر کام کر رہے ہیں۔ ہمارے انٹرنز میں سے 25% سے زیادہ خواتین طالبات ہیں۔ ہمارے انٹرنز ٹیکسٹائل کے چیمپئن اور سفیر ہیں اور صنعت کی کارکردگی کو بہتر بنا رہے ہیں۔



شجرکاری مہم

آکر و ماکا بطور پائیدار پڑوس رسپانسبل کیئر کے ساتھ منسلک ہونا اس بات کو یقینی بناتا ہے کہ ہمارے آس پاس کے علاقے صاف اور سبز ہوں۔ شجرکاری کی باقاعدہ مہمات بنیادی طور پر بہار اور مون سون کے موسموں میں منعقد کی جاتی ہیں۔ ہم سرکاری محکموں، ماحولیاتی تحفظ کی ایجنسیوں کے ساتھ ساتھ شہری اداروں کے ساتھ قریبی تعاون کرتے ہیں۔



گروپ سی ای او مارک گیریت اور
پاکستان میں سوئس سفیر جارج شینر
نے دورہ کر کے پھلوں کے درخت لگائے



پائیدار ایفلوئٹ ٹریٹمنٹ (SET) پلانٹ

جامشورو میں سسٹین ایبل ایفلوئٹ ٹریٹمنٹ (SET) پلانٹ، زیرو ڈسچارج کی سہولت ٹیکسٹائل رنگوں اور کیمیکلز کی تیاری کی دنیا میں منفرد ہے۔

آکر و مانے زیرو ڈسچارج تصور کے ساتھ SET پلانٹ شروع کیا تاکہ سائٹ پر ہمارے 80% پانی کی کھپت کوری سائیکل اور دوبارہ استعمال کیا جاسکے۔ ماہانہ 3.3 ملین گیلن پانی کی بچت ہوتی ہے۔ اس طرح بچا ہوا پانی خطے میں آبی اور اجتماعی زندگی کو بہتر بنانے میں مدد دے رہا ہے۔

دسمبر 2013 میں افتتاح کئے گئے SET پلانٹ کو 2014 میں پیرس، فرانس میں گلوبل واٹر اسٹیورڈ شپ سمٹ میں عالمی سطح پر پذیرائی ملی جس کو دنیا بھر میں 600 انٹریز میں سے منتخب کیا گیا۔

ایک کیمیکل کمپنی کی حیثیت سے جو پائیداری کے لیے پر عزم ہے، ہم نے اپنے صارفین کی مدد کرنے کے لیے اختراعی حل تیار کرنے میں بہت زیادہ وقت اور مصروفیت صرف کی ہے تاکہ وہ اپنے صارفین کو ایسے نظام کے طریقہ کار کے بارے میں تعلیم دیں جس میں پانی کی کم ضرورت ہو۔

ہمارے لانڈھی سائٹ پر 2002 سے ایک حیاتیاتی فضلے کا ٹریٹمنٹ کرنے والا پلانٹ بھی کام کر رہا ہے۔ پلانٹ کی تنصیب رسپانسبل کیئر اقدام کا مظہر ہے۔ اس نے ماحولیاتی حالات کو بہتر بنانے اور قومی ماحولیاتی معیار کے معیارات (NEQS) کو پورا کرنے میں ہماری مدد کی ہے۔ اس کے نتیجے میں میٹھے پانی کا استعمال کم ہو جاتا ہے اس طرح لانڈھی کے علاقے کے قیمتی وسائل کی بچت ہوتی ہے۔

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

جامشورو، پانی کی کمی کے باعث، تقریباً 13,000 گیلن صاف پانی روزانہ پڑوس کمیونٹی کو بالکل مفت فراہم کیا جاتا ہے۔



کارپوریٹ گورننس کے ضابطہ کی تعمیل

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

ڈائریکٹر 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 رد و بدل کی شفاف عکاسی کرتے ہیں۔
- کمپنی کے کھاتے مناسب طریقہ سے تیار کئے جاتے ہیں۔
- مناسب محاسبی پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ محاسبی کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- پاکستان میں قابل اطلاق مالیاتی رپورٹنگ معیارات کی مالی حسابات کی تیاری میں بیرونی کی گئی ہے اور کسی قسم کی کوئی غفلت نہیں برتی گئی۔
- اندرونی کنٹرول کے نظام منظم ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- گزشتہ چھ سالوں کیلئے کمپنی کے اہم امور اور مالیاتی تفصیلات صفحہ 128 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 سالمیت کو فروغ دینے کے لیے پیشہ ورانہ معیارات اور کارپوریٹ اقدار کو قائم کرنے کے لیے، بورڈ نے ایک ضابطہ اخلاق جاری رکھا ہے، جس میں قابل قبول اور ناقابل قبول طرز عمل کی وضاحت کی گئی ہے۔ اسی کو کمپنی کی ویب سائٹ پر بھی آویزاں کیا گیا ہے۔

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 سرٹیفکیٹ پیش کیا جاتا ہے۔

بورڈ میں تبدیلیاں

اپریل 2023 میں بورڈ سے مسٹر شکیل زوڑمٹین کے استعفی کے نتیجے میں، مسٹر پیٹرک وریس کو 27 اپریل 2023 سے ان کی جگہ مقرر کیا گیا ہے۔

ستمبر میں بورڈ سے مسٹر مارکوس فیورر کے استعفی کے نتیجے میں، مسٹر عرفان چاہ والا کو 20 ستمبر 2023 سے ان کی جگہ پر مقرر کیا گیا ہے۔

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

بورڈ کی تشکیل

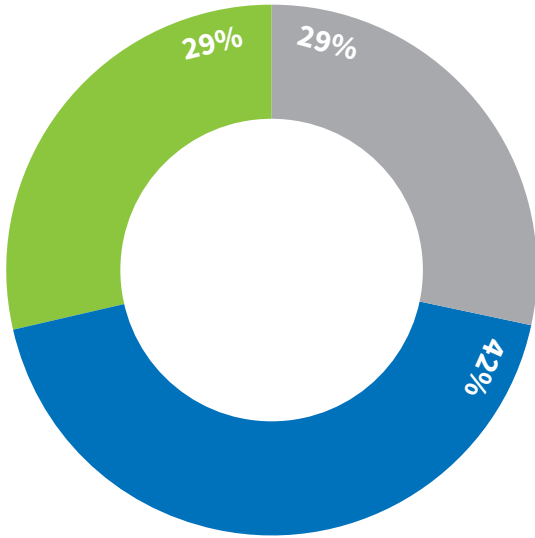
کمپنی کے پاس ایک انتہائی موثر بورڈ ہے، جس میں صنف، بنیادی اہلیت، مہارت، علم اور تجربہ کا متنوع امتزاج ہے۔ بورڈ کی تشکیل لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019 کے تقاضوں کے مطابق ہے جو درج ذیل اداروں پر لاگو ہوتا ہے:

ڈائریکٹرز کی کل تعداد:

06	الف) مرد ڈائریکٹرز
01	ب) خاتون ڈائریکٹر
<u>07</u>	

تشکیل:

02	(i) ایگزیکٹو ڈائریکٹرز
03	(ii) نان ایگزیکٹو ڈائریکٹرز
02	(iii) انڈیپنڈنٹ ڈائریکٹرز
<u>07</u>	



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

بورڈ آف ڈائریکٹرز کی کمیٹیاں

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

آڈٹ کمیٹی

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

ڈائریکٹر کا نام	عہدہ
جناب شاہد غفار	چیئر مین (آزاد ڈائریکٹر)
جناب تھامس بوچر	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 ڈائریکٹر، چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر کے ذریعہ کی جاتی ہے۔

ہیومن ریسورسز اور معاوضہ (HR&R) 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 تھامس بوچر	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۔

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 4-1 اجلاس	آڈٹ کمیٹی 4-1 اجلاس	HR - R 1-1 اجلاس
مجتبیٰ رحیم	ایگزیکٹو	4	-	1
ایم وقار عارف	نان ایگزیکٹو	4	4	-
تھامس بوچر	نان ایگزیکٹو	2	2	1
(متبادل: نوید کامل)				
مثیل زو مشین	نان ایگزیکٹو	2	2	-
(متبادل: نوید کامل)				
مارکوس فیورر	نان ایگزیکٹو	4	4*	-
(متبادل: عرفان چاہ والا)				
بیتھک ویریس	نان ایگزیکٹو	1	-	-
تھامس بوچر	نان ایگزیکٹو	-	-	-
شاہد غفار	خود مختار	4	4	-
یاسین 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۔
* بذریعہ دعوت

بورڈ کی تشخیص

جیسا کہ لکھنپینز (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 2023 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۔

گرہجو بیٹی اور پراویڈنٹ فنڈز

30 ستمبر 2023 کے تازہ ترین غیر آڈٹ شدہ اور 30 ستمبر 2022 کے آڈٹ شدہ مالیاتی اسٹیٹمنٹ کی بنیاد پر گرہجو بیٹی اور پراویڈنٹ فنڈز کی سرمایہ کاری کی ویلیو درج ذیل ہے:

2022	2023
(روپے بلین میں)	
1,024	1,072
679	772

گرہجو بیٹی فنڈ
ایمپلائز پراویڈنٹ فنڈ
سرمایہ کاری کی ویلیو میں جمع شدہ مارک اپ شامل ہے۔

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، 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۔

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 رگوں اور خصوصی کیمیکلز کا ایک عالمی، متنوع فراہم کنندہ ہے جو براؤنڈ اور پرفارمنس ٹیکسٹائل، پیکیجنگ اور کاغذ، اور کونٹیکٹ، چکنے والی اشیاء اور سیلنٹ مارکیٹوں کو پیش کرتا ہے۔ پرائٹن، سوئٹزرلینڈ 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 رگوں کے متعلق حل فراہم کرتی ہے۔ آرکرو ما کے 41 سے زائد ممالک میں 4500 ملازمین اور 34 پروڈکشن سائٹس مصروف عمل ہیں۔

حصول اور انضمام

زیر جائزہ سہ ماہی کے دوران آرکرو مائیکلز پاکستان (پرائیویٹ) لمیٹڈ سابقہ ہنٹس مین ٹیکسٹائل انڈیا کے کاروبار کے عالمی اور مقامی حصول کے بعد، آپ کی کمپنی کی ہولڈنگ کمپنی یعنی آرکرو مائیکسٹائل GmbH، آرکرو مائیکلز پاکستان (پرائیویٹ) لمیٹڈ کو آرکرو مائیکسٹائل پاکستان لمیٹڈ میں ضم کرنے کیلئے سرگرم عمل ہے،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے 27 اپریل 2023 کو ہونے والی اپنی میٹنگ میں کمپنیز ایکٹ 2017 کے سیکشن 279 تا 283 اور 285 کے تحت اسکیم آف ارتجمنٹ کے مسودے کی منظوری دی۔ کمپنی کے ممبران نے بھی انضمام پر 23 جون 2023 کو منعقد ہونے والے اجلاس عام میں یکم اکتوبر 2023 یا اس طرح کی دوسری تاریخ جو کہ عدالت کے ذریعہ بیان کی جاسکتی ہے، اسکیم آف ارتجمنٹ کی منظوری دی۔

کمپنی، آرکرو مائیکلز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ ہنٹس مین ٹیکسٹائل انڈیا) کے شیئر ہولڈرز کو کمپنی کے مجموعی 445,460 شیئر الاٹ اور جاری کرے گی جس کی بنیاد پر کمپنی کے تقریباً 0.0455 شیئرز ہنٹس مین کے ہر ایک شیئر کے عوض ہیں۔ فی الحال، اسکیم آف ارتجمنٹ سندھ ہائی کورٹ کی جانب سے منظوری کے حکم کے اجراء کے لیے زیر التوا ہے۔



ڈائریکٹرز رپورٹ

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عام لوگ آرکروما 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، سکندوش 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 2024 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 28 ویں سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط ہے۔

کلیدی آپریٹنگ اور مالیاتی ڈیٹا

گزشتہ چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا صفحہ 128 پر دکھایا گیا ہے۔

شیئر ہولڈنگ کا نمونہ

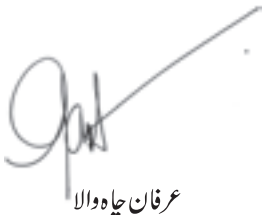
کمپنیز ایکٹ مجریہ 2017ء کے سیکشن (f) (2) 227 کے تحت 30 ستمبر 2023 کو شیئر ہولڈنگ کے پیٹرن کو ظاہر کرنے والا بیان رپورٹ ہذا کے ساتھ منسلک ہے۔

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 شیئر 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: ۳۰ اکتوبر ۲۰۲۳ء

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 28th Annual General Meeting of the Company to be held on Thursday, 28 December 2023 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.

میں مسّی/مسماة _____ ساکن _____

ضلع _____ بحیثیت ممبر _____ لمیٹڈ، مسّی/مسماة _____

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

کمپنی کے اٹھائیسواں سالانہ اجلاس جو صبح 10.00 بجے، بتاریخ 28 دسمبر 2023ء بروز جمعرات منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

(ریونیواسٹیمپ)

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۔ سکیورٹیز 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۔

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

ARCHROMA PAKISTAN LTD.

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Karachi 74900
Pakistan
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