

A large, high-resolution image of the Earth as seen from space, showing the curvature of the planet and the glowing lights of cities at night. The background is a dark, starry space.

PLANET CONSCIOUS⁺

ANNUAL REPORT 2024

PLANET CONSCIOUS⁺



INNOVATION⁺

Designing solutions that have a positive environment & economic impact. Innovating cleaner chemistry and durable effects for improved circularity and resource efficiency in manufacturing.



COLOR MANAGEMENT⁺

From inspiration to execution. A comprehensive off the shelf and custom color system that guides the designer to select color with sustainability attributes that can be achieved in manufacturing.



SUPER SYSTEMS⁺

Processing Solutions and Intelligent Effects. Combining processing solutions and intelligent effects that bring measurable environmental impact and increased process efficiency.



ONE WAY⁺

Environmental and Economic sustainability. Combining the ONE WAY impact calculator with the Sustainability Improvement Program for measurable resource savings and productivity improvement.



SAFE EDGE⁺

Compliance for today, beyond compliance for tomorrow. Providing 24/7 online access to product certificates and expert notes. Future-proofing our portfolio by leading the shift to cleaner chemistries through the removal of hazardous or restricted substances.



COMMUNICATION⁺

We strive to provide authentic, fact-based information and improve transparency across the solutions that have a positive environmental impact. Avoiding greenwashing and improving transparency, across the value chain.



WHO WE ARE

Archroma is a global, diversified provider of specialty chemicals serving the textiles, packaging, paper, coatings, adhesives, and sealants markets. Headquartered in Pratteln, Switzerland, we are a diverse team of more than 4000 employees located in 41 countries and over 30 production sites. We operate in over 90 countries, touching and coloring people's lives every day, everywhere.

Archroma is passionate about delivering innovative, market-leading solutions, respecting the planet, and enhancing people's lives.

We are committed to the principles of The Archroma Way – an approach reflected in our innovations and customer focus, our world-class quality standards and high service levels, and the cost-efficient, resource-saving solutions we offer to help lead our industry toward a more sustainable future.

OUR HISTORY

Archroma's heritage dates back to 1886, when textile dye-maker Kern & Sandoz was founded in Basel. More than a century later, in 1995, the company spun off Clariant, which acquired the specialty chemicals business of Hoechst in 1997. Clariant then sold its textile chemicals, paper specialties, and emulsion businesses to SK Capital in September 2013.



 **SANDOZ**

1886

Kern & Sandoz founded

CLARIANT 

1995

Clariant spun off from Sandoz

1997

Clariant acquired **Hoechst** specialty chemicals


ARCHROMA
LIFE ENHANCED

2013

Archroma created after SK Capital acquired key **Clariant** businesses

2015

Archroma acquires **BASF** Textile chemicals

HUNTSMAN

2023

Archroma acquired **Huntsman Textile Effects** business

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Organizational Overview

01





COMPANY INFORMATION

CHAIRPERSON

- Dr. Lalarukh Ejaz

BOARD OF DIRECTORS

- Mujtaba Rahim Chief Executive Officer
- Irfan Chawala
- Patrick Verraes (Alternate: Naveed Kamil)
- Shahid Ghaffar
- Victor Garcia
- Yasmin Peermohammad

AUDIT COMMITTEE

- Shahid Ghaffar Chairman
- Dr. Lalarukh Ejaz
- Patrick Verraes (Alternate: Naveed Kamil)
- Irfan Lakhani Secretary

HUMAN RESOURCES AND REMUNERATION COMMITTEE

- Yasmin Peermohammad Chairperson
- Mujtaba Rahim
- Patrick Verraes (Alternate: Naveed Kamil)
- Irfan Lakhani Secretary

MANAGEMENT COMMITTEE

- Mujtaba Rahim
- Irfan Chawala
- Muhammad Altaf
- Naveed Kamil
- Qazi Naeemuddin

CHIEF FINANCIAL OFFICER

- Irfan Chawala

COMPANY SECRETARY

- Irfan Lakhani

BANKERS

- Bank Al Falah Limited
 - Faysal Bank 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

- KPMG Taseer Hadi & Co. Chartered Accountants
-

LEGAL ADVISOR

- Fazleghani Advocates
-

SHARE REGISTRAR

- FAMCO Share Registration Services (Pvt) Limited 8-F, Near to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi
-

REGISTERED OFFICE

- 1-A/1, Sector 20 Korangi Industrial Area, Korangi, Karachi
-

FACTORIES

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

SALES & MARKETING OFFICES

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

WEBSITE

- www.archroma.com.pk
-

E-MAIL

- 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

93 MARKETS SERVED, OVER 90 LOCATIONS, INCLUDING 31 PRODUCTION SITES



- Headquarters
- Offices
- Laboratories
- Production sites
- Sales countries

Markets served

We currently serve 93 markets worldwide, organized into six regions: North Asia, South Asia, Pakistan, North America and Mexico, South and Central America, and Europe, and Middle East and Africa.

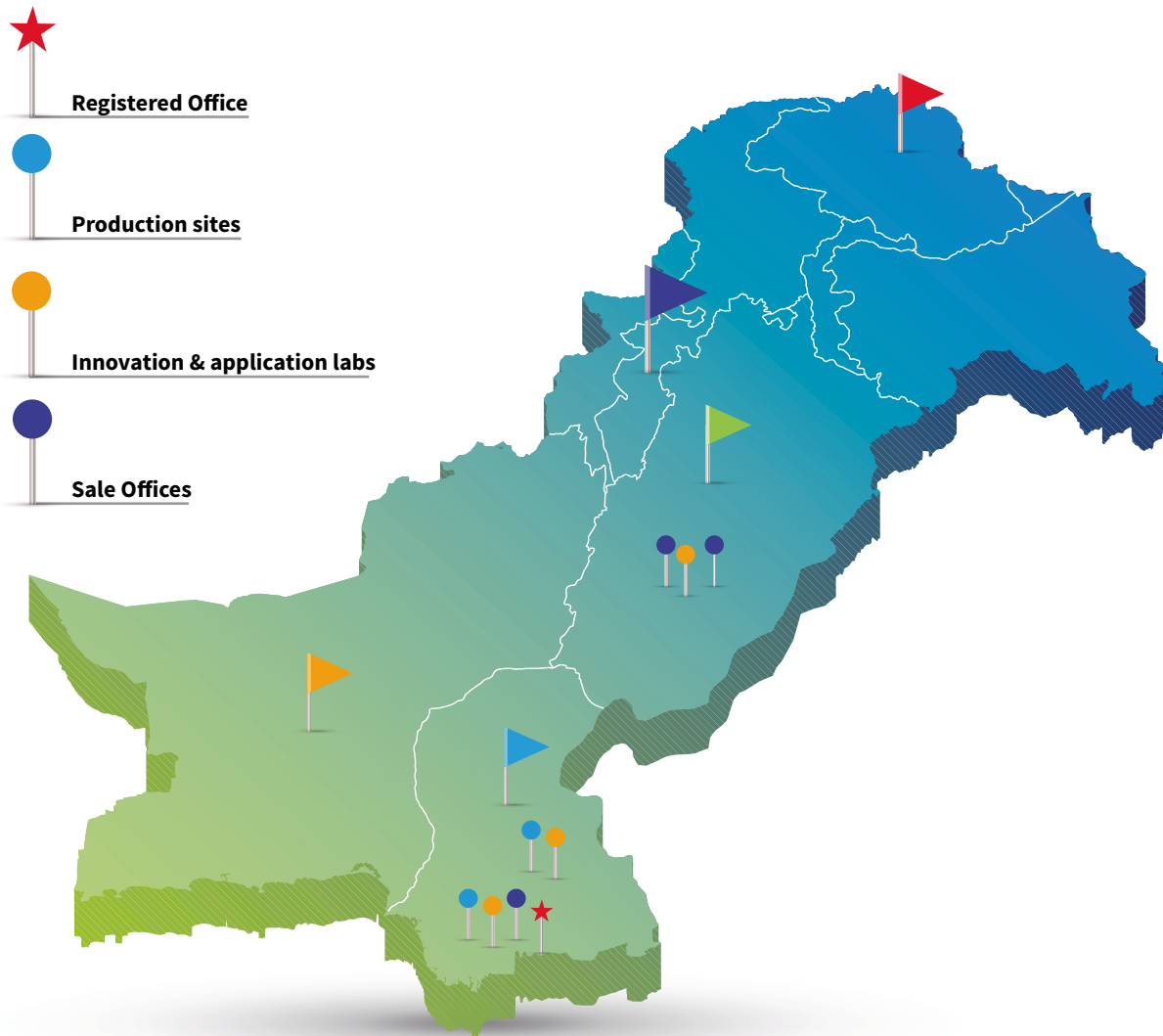
Scale of operations

Archroma currently has over 90 locations in 41 countries worldwide, 31 production sites, 23 locations with laboratory facilities, 50 warehouses, and 67 offices. We have significant operations in Brazil, China, Germany, India, Mexico, Pakistan, Spain and in the USA.

List of all our sites

- | | | | |
|--------------------------|--------------------|--------------|-----------------|
| 01. Ameriya (Alexandria) | 09. Fraijanes | 17. Lurin | 25. Salvatierra |
| 02. Ankleshwar | 10. Jamshoro | 18. Mahachai | 26. Santa Clara |
| 03. Atoto | 11. Gendorf | 19. Maipu | 27. Suzano |
| 04. Bangpoo | 12. Gersthofen | 20. Martin | 28. Tangerang |
| 05. Baroda | 13. Korschenbroich | 21. Prat | 29. Tianjin |
| 06. Bogota | 14. Lamotte | 22. Panyu | 30. Wiesbaden |
| 07. Castellbisbal | 15. Landhi | 23. Resende | 31. Zaratea |
| 08. Cilegon | 16. Langweid | 24. Roha | |

PRESENCE IN PAKISTAN



 **SINDH**

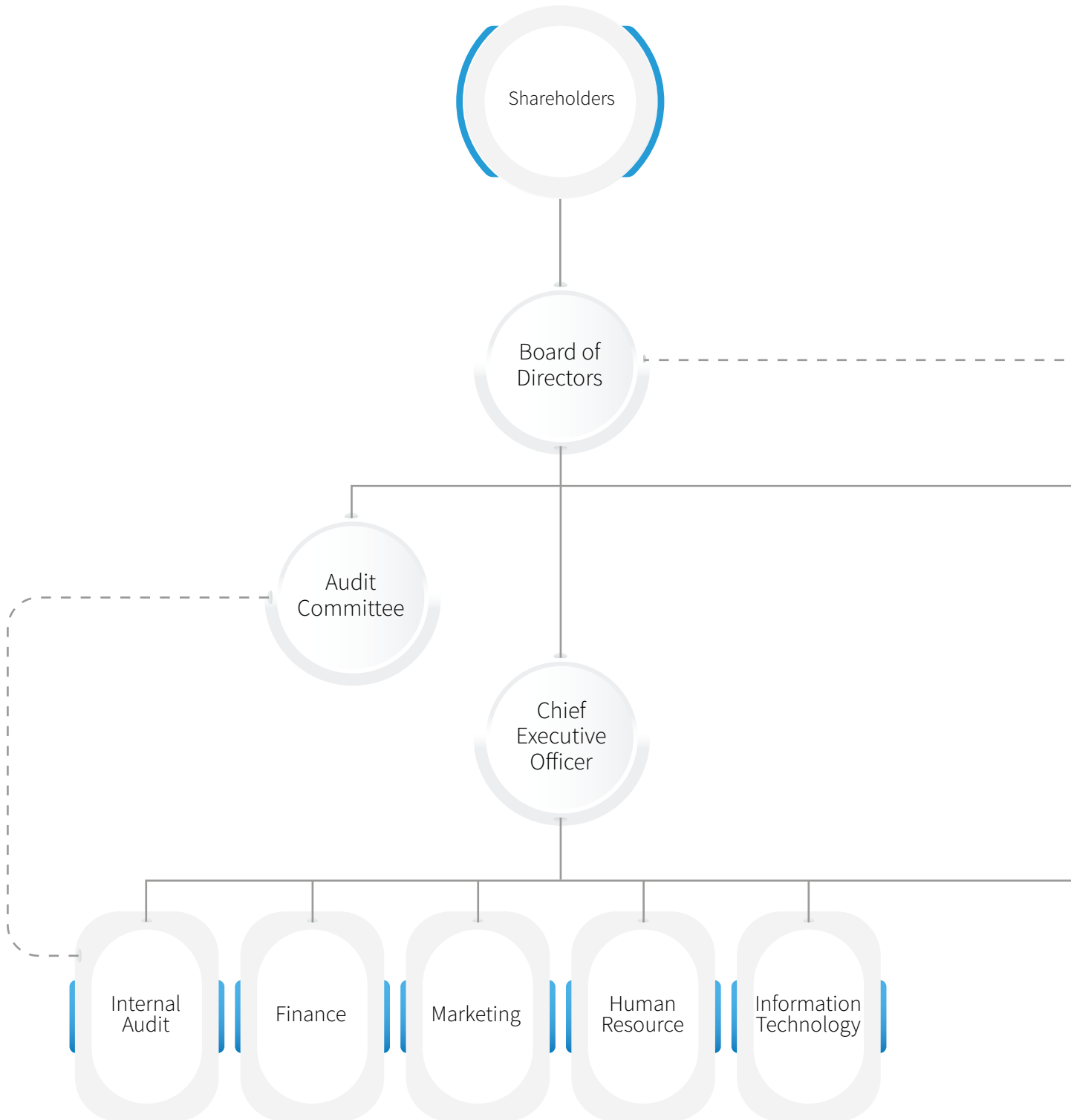
 **GILGIT BALTISTAN**

 **BALUCHISTAN**

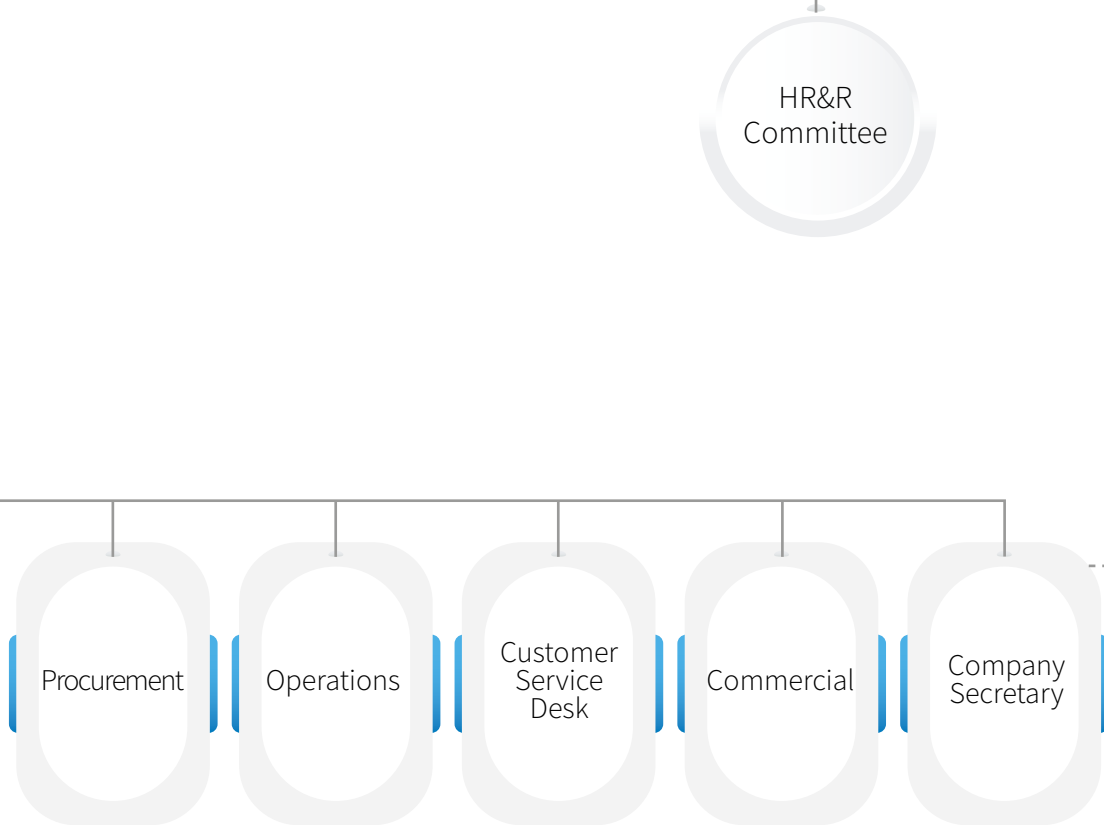
 **PUNJAB**

 **KHYBER PAKHTUNKHWA**

ORGANOGRAM



————— Administrative Relationship
- - - - - Functional Relationship



BUSINESS ACTIVITIES

Textile Effects

At Archroma, we've been pushing the boundaries of sustainable innovation for decades, continually redefining what's possible in the textile and apparel industry. Our Textile Effects division – an industry powerhouse of leading solutions for specialty textile chemicals, dyes and digital inks – creates innovative technologies that add value and performance to apparel, home textiles and technical textiles etc.

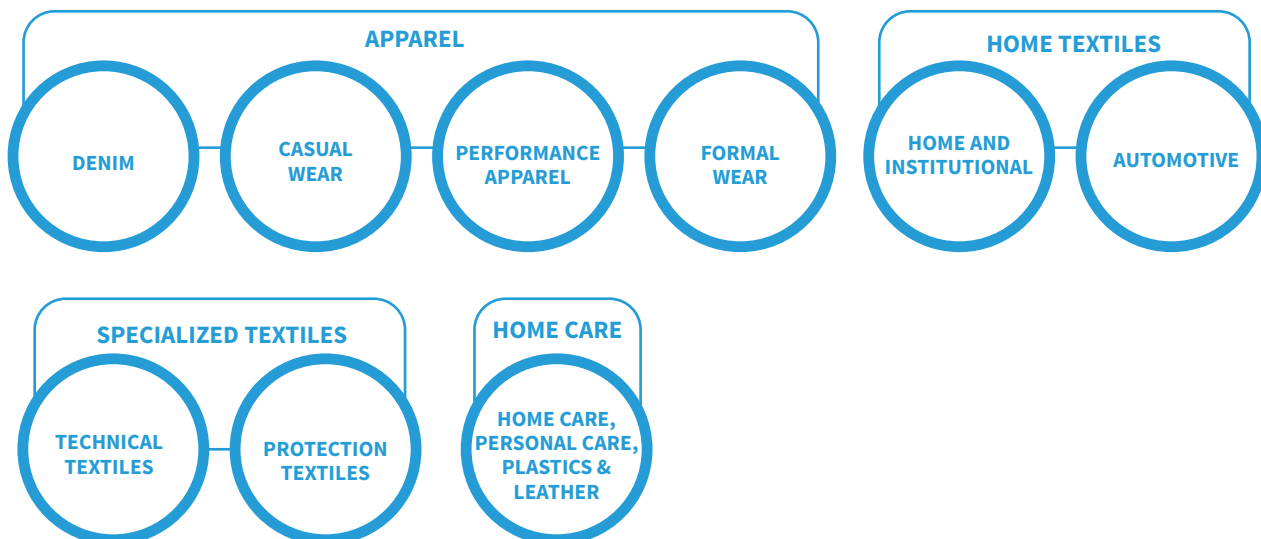
Our purpose is to lead our customers and markets towards a more sustainable future. How we do this matters. Through constant innovation and close collaboration, we deliver cutting-edge products, more resource efficient processing, cleaner processes and expert support. Our goal is to empower our customers to create distinctive textiles with sustainability at their core.

Our Markets

Archroma serves a wide range of markets, with textile and apparel as a primary market where we provide innovative solutions to brands and mills. Whether it is casual wear, denim, sportswear, swimwear or formal wear, we offer products that enhance color, performance, and sustainability. We also serve the home and hospitality markets with innovative solutions for home textiles, upholstery, carpets, bedding, and other applications. Our products help enhance color vibrancy, durability and resistance to external factors.

As demand for technical textiles grows in sectors like healthcare, construction, and protective clothing, we provide solutions that enhance the performance, durability, and safety of these materials. The automotive industry is another important sector that demands high quality and sustainable solutions for interior and exterior materials. Our products and solutions have diverse applications in industries beyond key markets to help our customers extend their capabilities and market share.

Our innovative solutions are also highly valued in the home and personal care sector. For home care, we offer high performance, rapidly biodegradable surfactants and optical brighteners for laundry, hand dishwashing liquids and a broad range of cleaning products. Other home care solutions include soil and stain release agents, anti-redeposition polymers and coloration. Our well known LOCRO[®] range of antiperspirant agents have been used in the cosmetic industry for over 50 years.



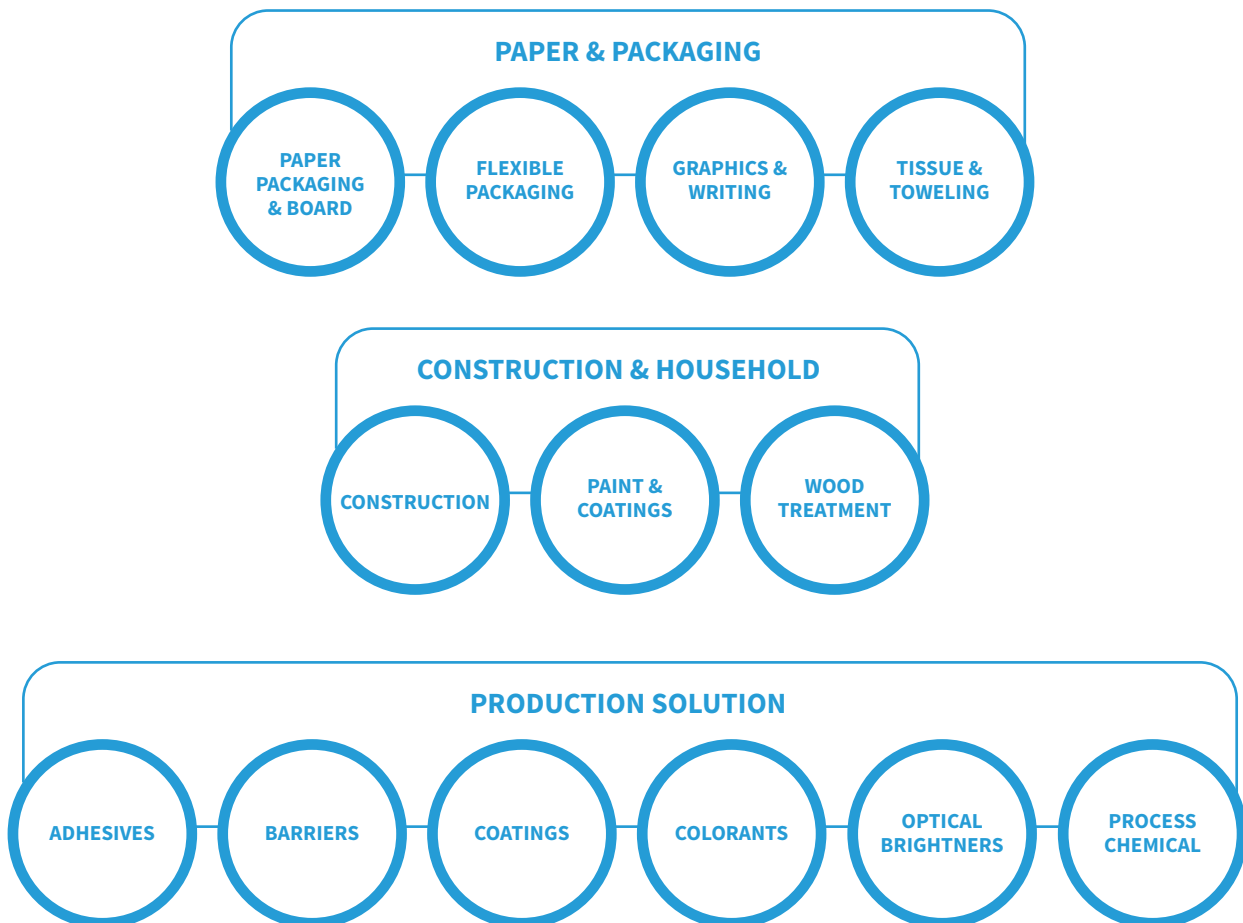
Packaging Technologies

At Archroma Packaging Technologies, we are fueled by our 100 years legacy of water-based chemistries and our current focus on more sustainable formulations. We are proud to leverage our expertise around fiber-based materials and our position as global leaders to deliver innovative solutions that enhance the appearance and performance of products in the paper and packaging sectors.

With a strong history in specialty chemicals and cutting-edge research, we are the trusted partners for pulp and paper mills and packaging converters around the world, offering more sustainable solutions that elevate both consumer experience and environmental standards.

Our Markets

Our innovations touch every aspect of modern life, bringing more sustainable chemistry to diverse markets like food and beverage packaging, printing and writing paper, e-commerce boxes and luxury packaging, and even construction. Our broad portfolio of more sustainable chemistries leverages the latest technology to consistently meet the evolving needs of the markets we serve. Though operating across a diverse group of end markets, we consistently utilize our core water-based chemistry as the backbone from which more sustainable solutions are created.



CODE OF CONDUCT

At Archroma, our passion for who we are and for deciding and doing the right thing gives us a competitive advantage. Each of us must live up to the Archroma Values of integrity/honesty, respect, and responsibility which are the foundation of our culture, our Code of Conduct and our AACC Cultural Pillars so that we make the right decisions and do the right things every day everywhere. This unites us globally and guides us to foster trust and sustainable relationships with all our stakeholders including our employees, our business partners, our shareholders and our communities.

Ensuring Non-Retaliation: At Archroma, we do not tolerate retaliation. Retaliation is any negative consequence you experience as a result of making a report, participating in an investigation, asking a question or refusing to follow an instruction to act in a way that is inconsistent with the law, our Code or internal policies.

When a Breach Occurs: When a breach of the Code or applicable laws is found to have taken place by an employee, Archroma will act quickly and fairly including taking all necessary disciplinary action such as dismissal and informing the authorities.

Embracing Diversity and Inclusion: At Archroma, being a global company, our workforce is incredibly diverse. We embrace diversity not only because it is the right thing to do, but also because it is good business.

Fostering a Respectful Workplace and Preventing Harassment: We must always treat everyone fairly and with respect, fostering a productive and inclusive work environment. We never engage in harassment (sexual or otherwise) or any other unprofessional behavior.

Protection of Company Assets: By working for Archroma, we have the responsibility and legal duty to protect all physical assets, intellectual property and financial assets of Archroma. We must safeguard them from theft, loss, misuse and waste and limit personal use of company assets.

Misappropriation: is dishonest, unfair or improper taking of something that belongs to another for one's own use. We never misappropriate Archroma's physical property or allow anyone else to do so. Do not use Archroma's resources, including property, information, or time, to do work which is not for Archroma or for personal gain.

Protecting Confidential Information and Intellectual Property: Like the Company's physical assets, our confidential and proprietary information and our intellectual property (IP) including trade secrets help us create value for our partners and customers.

Understanding Confidential Information: All Archroma information not in the public domain must be treated confidentially. The same applies to third party confidential information. Confidential information can come in many forms.

Third-Party Intellectual Property: We always respect the intellectual property (IP) rights of others when carrying out Archroma business.

Safeguarding Information Technology: Digital technologies are now standard tools in business. We are all aware that electronic data is vulnerable to security risks. As such, the way we manage our information technology (IT) systems and records is increasingly important.

Anti-corruption, anti-bribery and Kickbacks: We earn business on our merits and with integrity. We never seek to influence business decisions through inappropriate payments or favors. Anti-corruption laws carry potential criminal penalties.

Gifts and Hospitality: Archroma acknowledges that the exchange of gifts and entertainment can promote good business relationships and goodwill. However, we do not offer or accept gifts and entertainment or other business courtesies that could create the appearance of improper influence.

Fair Competition: We compete vigorously and fairly in the marketplace, in compliance with all applicable laws. We never compromise our ethical standards to gain a competitive advantage or to meet a business objective.

Conflicts of Interest: Our reputation as a company depends heavily on the independence of our decision-making processes and the integrity of our employees. We make impartial decisions and act in Archroma's best interests when doing our work. A conflict of interest occurs when your personal interests or relationships interfere or may reasonably be perceived to interfere with or influence your ability to make objective business decisions. Such conflicts can also impair your ability to work effectively on Archroma's behalf

Safety, Health and Environment (she) Commitments: Archroma's purpose is to lead our industry towards a more sustainable future for our customers and markets. We apply science to create, manufacture and sell innovative market-leading solutions that enrich lives and help create a sustainable future.

Anti- Money Laundering Regulations: Archroma complies with all relevant national and international laws and regulations covering anti-money laundering and anti-terrorism laws. Archroma is committed to the international fight against money laundering and the financing of terrorism. Money laundering involves processing illicit funds, so they look legitimate.

Complying with International Trade Compliance Laws: As a global company, we respect all applicable international and national laws. Our ability to maintain and grow our business depends on it. International trade compliance laws are complex and vary from location to location.

Political and lobbying activities: Each of us is free to have our own political beliefs as citizens. We may be personally involved in politics during our personal time and make political contributions within legal limits.

Respecting Human Rights: We respect the human rights of individuals and communities around the world. We work to ensure those rights wherever we do business, and we expect the same from our business partners.

Our AACC Cultural Pillars:



DIRECTORS' PROFILE



LALARUKH EJAZ

Dr. Lalarukh Ejaz, a distinguished academic, joined the Board of Directors at Archroma Pakistan Limited as an Independent Director in March 2024.

She is a prominent faculty member at the Institute of Business Administration (IBA), Karachi, where she also serves as the Director of the Center for Entrepreneurial Development (CED). Dr. Ejaz is affiliated with leading global research initiatives, including her roles as a Research Associate at the Center for Inclusive and Sustainable Entrepreneurship and Innovation, University of Southampton, UK, and a Research Fellow at the Population Research Center, IBA-Karachi.

Her extensive academic qualifications include a Ph.D. in Innovation and Entrepreneurship from the University of Southampton Business School, UK, and dual master's degrees in economics from York University, Canada, and the University of Karachi. She is a certified teaching fellow from Babson College in the U.S. and a certified SECP Director, further underscoring her leadership and governance expertise.

Dr. Ejaz has authored and published numerous research papers and case studies in prestigious international journals, alongside presenting her work at globally recognized conferences. Her professional contributions extend to developing and conducting training programs focusing on entrepreneurship, gender, diversity, and inclusion. With a rich global perspective, Dr. Ejaz has engaged with learners and professionals in Canada, the U.S., and the UK. Her work continues to bridge academia, entrepreneurship, and leadership, making her an invaluable asset to Archroma Pakistan Limited and the broader business community.



MUJTABA RAHIM

Mr. Mujtaba Rahim was re-elected to the Board of Directors in March 2024 and holding this position since 2004.

Mujtaba Rahim holds a master's degree in Applied Chemistry from the University of Karachi and has studied Strategic Management at INSEAD Business School in Fontainebleau, France. He has also completed several high-profile national and international leadership and strategic management programs, gaining extensive expertise in organizational development.

Mujtaba began his career with Sandoz Pakistan Limited in 1982 in the Dyes & Chemicals department. He quickly transitioned to the Sales team and rose to become Product Manager for Textiles. In 2004, he was promoted to Divisional Head of Textile, Leather, and Paper—one of the largest business units at Clariant Pakistan. In 2006, he was appointed Chief Executive Officer of Clariant Pakistan Limited, a role he continued following its transition to Archroma Pakistan Limited in January 2014.

Under his leadership, Archroma successfully integrated BASF's global textile chemicals business in 2014, establishing itself as a market leader in specialty chemicals in Pakistan. In 2022, Mujtaba played a pivotal role in Archroma's acquisition of Huntsman's Textile Effects business, ensuring a smooth unification of both teams and strengthening the company's organizational foundation.

With over 40 years of experience in the dyes and chemicals industry, Mujtaba is known for his commitment to nurturing talent and empowering teams. His leadership has earned Archroma Pakistan widespread recognition.



IRFAN CHAWALA

Mr. Irfan Chawala was elected as Executive Director on the Board of Archroma Pakistan Limited in March 2024.

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 Packaging Technologies (PT) 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 Limited 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.



PATRICK VERRAES

Mr. Patrick Verraes was elected to the Board of Directors in March 2024.

He has been holding Directorship position in Archroma since 2023. Patrick joins Archroma from the Huntsman Corporation, 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. Patrick is based in Basel.



VICTOR GARCIA

Mr. Victor Garcia was appointed to the Board of Directors in July 2024.

He joined Archroma in February 2022, holding the Group's Vice President Internal Audit & Risk Management role. His professional background includes several years as a senior consultant at Deloitte and several positions at Applus+, the last of them as Corporate Risk & Internal Control Director.

Industrial Engineer and BBA by training, he brings specialized knowledge with several master degrees in the audit and finance fields, from some of the top business schools: Master in Audit by Barcelona School of Management (UPF), Executive Master in Finance by ESADE and Senior Management Program by IE Business School.

He is also a Certified Internal Auditor and certified in COSO Internal Control by the Institute of Internal Auditors, as well as Certified Fraud Examiner by ACFE.



SHAHID GHAFFAR

Mr. Shahid Ghaffar was re-elected to the Board of Directors as Independent Director in March 2024 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, Member Audit Oversight Board, Managing Director Pakistan Stock Exchange, CEO HBL Asset Management Ltd. and Chairman & Managing Director National Investment Trust Ltd. He is presently serving as Independent Director on various companies.



YASMIN PEERMOHAMMAD

Ms. Yasmin Peermohammad was re-elected to the Board of Directors in March 2024 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 Habib Peermohammad specializes in Marketing, Communications, and Customer Management.



NAVEED KAMIL

Mr. Naveed Kamil was re-appointed to the Board of Directors in April 2024 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.



Dr. Lalarukh Ejaz
Chairperson

CHAIRPERSON'S REVIEW

Dear Shareholders,

On behalf of the Board of Directors, I am honored to present our Audited Financial Statements, along with the Auditor's Report and the Directors' Report to the members for the financial year ending September 2024. Despite the challenges of an increasingly complex global landscape, your organization has demonstrated resilience and adaptability, guided by its mission to deliver high-quality, sustainable, and reliable chemical solutions for its clients and stakeholders.

The year 2024 posed significant challenges to industries worldwide, and Archroma Pakistan Ltd. was not exempt. Geopolitical uncertainties, supply chain disruptions, and global inflationary pressures contributed to a challenging business environment. Despite these headwinds, our strategic focus on innovation, efficiency, and sustainability allowed the Company to remain competitive and responsive to market demands. With sustainability at the forefront, we continued to prioritize eco-friendly practices and technologies to meet the evolving regulatory standards and consumer expectations that are reshaping the chemical industry.

In the face of economic challenges, Archroma Pakistan Ltd delivered an expected financial performance in 2024. The Company recorded sales revenue of Rs 28,533 million and incurred a loss after tax of Rs 546 million as compared to Rs 34,900 million of sales revenue and profit of Rs 1,244 million during the previous year. Prudent financial management has enabled your Company to navigate fluctuations in raw material costs and currency exchange rates ensure stability for stakeholders in the future. Detailed financial analysis is available in the Financial Performance section of this report, where key figures and trends from the fiscal year are highlighted.

The Company's commitment to operational efficiency and sustainable practices remained a core focus this year. The Company remained dedicated to transparency and accountability by aligning its operations with the best practices outlined in global sustainability framework; proof of which lies in numerous accolades received during the period.

The Board is highly diverse and competent, firmly committed to the Company's vision, mission, and core values, with the overarching goal of serving the interests of all stakeholders. The Board closely monitors business performance, focusing on improving productivity and efficiency, while optimizing costs and processes to ensure sustainable growth. The Board's guidance and timely input have been invaluable in steering the Company toward its strategic objectives.

All members of the Board actively participate in the decision-making process, contributing significantly to the direction of the Company. The Board held four meetings during the year, in addition to those of its sub-committees i.e., the Audit Committee and the Human Resource and Remuneration Committee, ensuring consistent monitoring of performance. Furthermore, both the sub-committees are chaired by independent directors, underscoring your Company's commitment to the highest standards of governance and transparency.

The Board's self-assessment is an important tool for measuring progress against objectives and identifying areas for continuous improvement. An annual self-evaluation of the Board's performance for 2024 yielded positive results, meeting the criteria set for the year.

The Board has consistently fulfilled its responsibilities, playing an integral role in guiding the Company's strategic direction. Current areas of focus include risk management, business growth opportunities, and ongoing oversight of management performance. The Board sets clear targets for the CEO and management team, covering both short-term and long-term strategic goals.

The Board:

- actively participated in Board meetings and deliberations.
- reviewed all related party transactions to ensure compliance and transparency.
- ensured the Company adheres to all regulatory requirements and best practices.
- took steps to safeguard the Company's assets and resources.
- oversaw the adequacy of the Company's internal control systems.

The Board has diligently met its obligations under the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations 2019.

Looking ahead, I anticipate continued challenges but also significant opportunities in 2025. As regulatory and environmental pressures on our industry increase, Archroma Pakistan Limited is well-positioned to capitalize on the growing demand for sustainable and innovative solutions. The Company remain committed to leveraging R&D capabilities to drive growth and create value while maintaining our focus on cost efficiency and operational resilience. I am pleased to report that the Company's infrastructure and talent are well-positioned to drive resilience and growth, equipping us to reach new milestones in the years ahead.

On behalf of the Board of Directors, I would like to express our sincere appreciation to the regulatory authorities for their continued guidance and support.

Lastly, I extend my heartfelt recognition to the management team, under the leadership of the CEO, for their unwavering dedication and tireless efforts in steering the Company forward.



Dr. Lalarukh Ejaz
Chairperson



Mujtaba Rahim
President &
Chief Executive Officer

CEO'S REVIEW

Dear Shareholders,

I am privileged to pen my thoughts in the Annual Report 2024.

This report gives insight on our performance along with glimpses of global happening.

We again had an eventful year, and I am confident that the details of our activities will give you an affirmative impression of the same. At the global front as well, innovative solutions have been introduced. These are the progressive outcomes resulting from extensive research. It is highly encouraging to see that local customers are implementing global solutions with complete ease.

Post acquisition of Huntsman Textile Effects coupled with completion of a decade of existence at Archroma, we march forward with renewed commitment to serve our partners, associates and customers, and sizeable yield for shareholders.

Archroma introduced Planet Conscious+, a sustainable eco system and a roadmap designed to support brands and mills to chart their sustainability journey. It comprises of a series of sustainable actions that enable our customers to reach their goals in a productive way, because we feel that what we leave behind today matters for future.

In July 2024, Archroma was awarded Ecovadis Gold rating which renews our global commitment on best performance in sustainability practices. Archroma consolidated its positioning among the top 5% of more than 130,000 companies from 180 countries and 220 industries. Evaluation was based on criteria in 4 themes: Environment, Labor and Human Rights, Ethics and Sustainable Sourcing.

Our Industrial liaison with Academia is gaining momentum. It is our aim to prepare younger generation for a better tomorrow. We have embarked upon a high-profile initiative by creating " Archroma Ambassadors " amongst students of Chemistry and Textile sciences in academic institutions. The much-awaited Memorandum of Association has been signed with University of Karachi. Projects are already in offing with the University. We envisage to interact with the faculty and students on regular basis.

Another milestone was achieved in when one of our key customers approached us to provide training on Safety, Compliance and Resource Saving. Archroma's extensive portfolio, technology and solutions from fiber to finish qualifying us to answer multiple queries of our customers making them stronger.

I am delighted to share that Archroma Pakistan is broadening Its portfolio base In Leather, Construction Chemicals and Home & Personal Care. Alongside the same, the existing product lines of Textile Effects, Paper and Packaging is undergoing revamp with diversification by our teams. I wish them continued success in vitalizing their new ideas. The additions will definitely go a long way in further strengthening the confidence of our customers in the market.

Archroma Center of Excellence is performing full to its capacity. Training Lab wherein, we see bustling activity of students performing experiments, getting hands-on training and attending lectures. Our flagship Internship program continues to remain a much sought after training facility amongst the students of Chemistry Textile Sciences. Alongside with the Internship program, our technical support to textile industry continues, getting stronger with more customer referrals and recommendations.

Sustainable Effluent Treatment (SET) Plant Zero Liquid Discharge continues to build its share in enhancing environmental protection towards water saving. Jamshoro being a water stressed area, the neighborhood benefits with our free supply of clean drinking water from Filtration Plant. Archroma has shouldered Its corporate social responsibility in a befitting way.

I would like to express my sincere gratitude to our partners, associates and team members for their dedicated performance. Archroma Pakistan is poised to achieve new heights with the commitment of its highly motivated team.



Mujtaba Rahim
President & Chief Executive Officer

DIRECTORS' REPORT

Report of the Board of Directors for the year ended 30 September 2024

The Directors' of your Company are pleased to present their report together with the audited financial statements for the year ended 30 September 2024.

Business Overview

Archroma's major consumption markets i.e. Textiles' and Construction Industry's demand & Consumer sales remained slow for both domestic as well as foreign markets during the Financial Year under review. This was mainly due to macro-economic and fiscal challenges; the country experienced highest ever inflation, energy & commodity prices triggered after Russia-Ukraine conflict and Middle East crises.

Despite the increasingly challenging environment, as stated above, and less than 50% production capacity utilization for the Textiles' Industry, your Company managed to achieve net sales of PKR 24,773 million for the financial year ended 30 September 2024 versus PKR 30,012 million in comparison to the previous year. The sales of Textile Effects was reported lower by 20% at PKR 21,203 million vs PKR 26,543 last year, whereas sales of Packaging Technologies was higher by 3% and reported at PKR 3,570 million vs 3,469 million last year.

In view of the above market scenario, focus of the Company, especially during the second half of the financial year under review, remained on reducing the networking capital and bank borrowings.

Gross Margins for all the business segments of the Company remained severely under pressure due to the challenging cost pass through situation on the back of lower market demand and increasing costs of imported raw materials during the financial year under review. Moreover, increasing selling & administration costs, exceptionally high borrowing costs and further increase in taxation rates for Registered and Corporate businesses severely impacted the bottom-line results of the Company for the financial year under review and resulted in a loss of PKR 546 million as against profit of PKR 1,244 million achieved last year in comparison.

Financial Performance

Your Company achieved a gross revenue of PKR 28,533 million which is 18% lower as compared to last year's revenue of PKR 34,900 million.

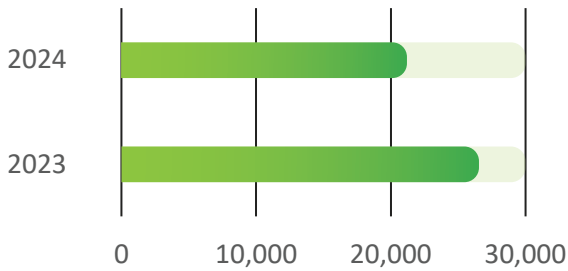
PKR in thousand

Particulars	30-Sep-24	30-Sep-23	Change %
Gross Sales	28,533,396	34,900,100	(18)
Net Sales	24,773,123	30,012,733	(17)
Gross Profit	4,501,501	7,467,776	(40)
Operating Profit	538,242	3,460,223	(84)
(Loss) / Profit Before Minimum, Final and Income Tax	(512,778)	2,240,984	(123)
(Loss) / Profit Before Income Tax	(811,448)	2,168,962	(137)
(Loss) / Profit for The Year	(546,452)	1,244,382	(144)
(Loss) / Earnings Per Share (PKR)	(15.81)	36.47	(143)

Business Update

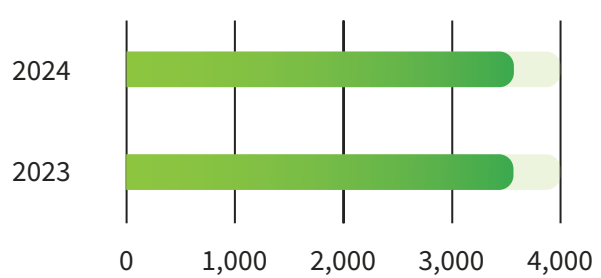
Textiles Effects

Net Turnover (PKR in millions)



Packaging Technologies

Net Turnover (PKR in millions)



Principal Business Activities

Company is engaged in the manufacturing, sales and indenting business of Specialty Chemicals including Dyestuffs and Chemical for Textiles, Paper, Packaging, Coatings and Construction.

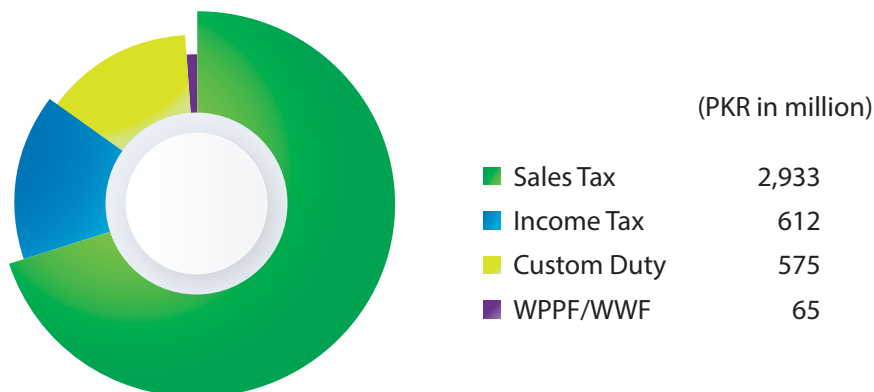
Future Outlook

The Global energy and commodities' prices, Raw Materials' supply chain and availability situation continues to remain complex due to the ongoing Middle East situation. Consequently, balance of trade and forex reserves' situation in Pakistan is anticipated to remain under pressure and can create more challenges for the business in the coming months. However, the financing arrangements recently finalized with IMF and debt rescheduling programs currently under discussions with certain neighboring countries and lending agencies along with stricter implementation of certain corrective fiscal measures' in progress are expected to positively contribute towards improvement in the overall macro-economic situation of Pakistan, which in turn is also anticipated to support business development for Textiles and Construction Industries of the Country.

Management is confident that with the stringent measures in place to further control the Company's net working capital situation and strong projects' pipeline to increase its market penetration and share through portfolio expansion and business development post Huntsman Textile Effects' acquisition. The Company is anticipated to return back to the profitable growth track in the upcoming financial year.

Contribution to National Exchequer

The Company's overall contribution during the year to the Government exchequer on account of income tax, excise duty, sales tax, and other government levies stood at PKR 4,185 million.



Earnings Per Share

The loss after tax stood at Rs. 546 million (last year Profit Rs. 1,244 million). The loss per share for the year ended 30 September 2024 stood at Rs. 15.81.

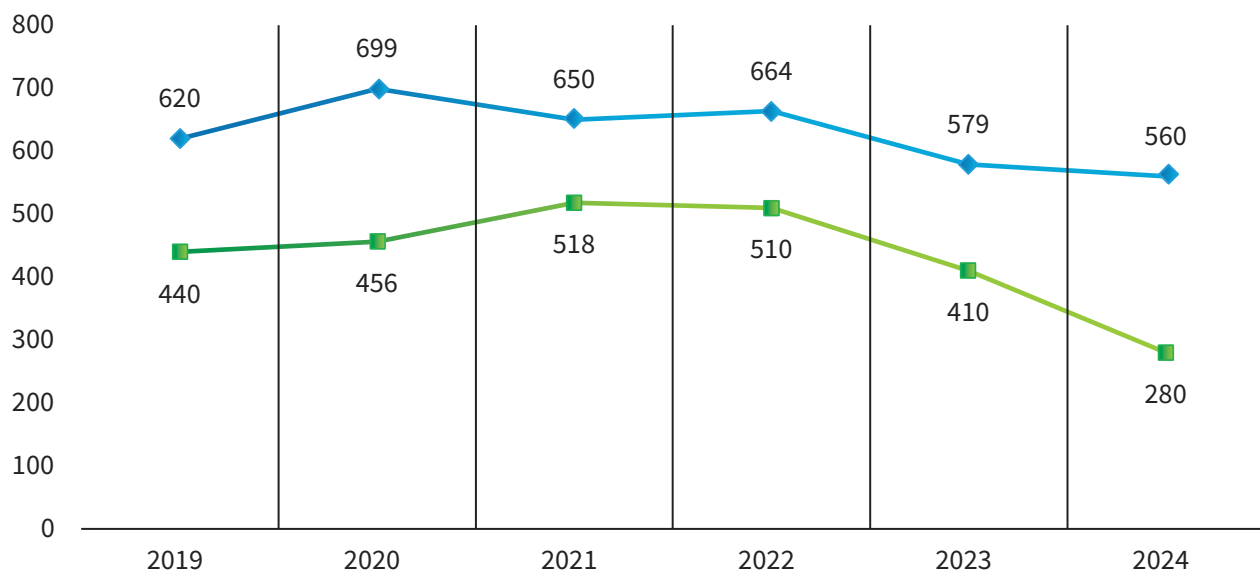
Dividend and Appropriations

As detailed in this financial report, the Company experienced a financial loss for the year under review. Given this financial shortfall and considering the volatile and uncertain business environment within the country, the Company did not recommend any distribution of cash dividends for the fiscal year ended 30 September 2024.

Share Price

During the year under review, Company's share price touched the peak of PKR 560 whereas, the lowest recorded price was PKR 280 on the Pakistan Stock Exchange Ready Board quotations.

(Rupees)



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 your company's philosophy. It actively develops talent, promotes diversity and invests in employees' skills to enable high-level performance for both current and future responsibilities. During the year under review your Company incurred CSR cost amount worth Rs. 19.8 million.

Donations

Archroma provided financial support by donations to various charitable, educational & medicals organizations. During the year under review your Company made financial contributions worth Rs. 2.8 million.

Sustainability

Archroma is committed to leading the sustainability transformation of its industry. By constantly engaging with partners in the value chain on their needs and expectations, it drives a proactive adaptation of its portfolio towards future market expectations.

The Company strongly believes that potential risks can be turned into opportunities by continuing our shift to a more sustainable product portfolio.

For this purpose, the Company has developed a sustainability framework in line with our material topics alongside the three GRI pillars – Environment, Social, and Governance (ESG). – and an integration of SDGs. Currently a broader revision of our sustainability objectives, including a further deep dive on the SDGs, is underway. The goal for the next strategic cycle (from 2024) is to revise and strengthen targets for each ESG pillar to increase the Company's positive impact on society and the planet to deliver new sustainable solutions for our customers.

As part of its annual report, the Company publishes a detailed sustainability report which includes sustainability risks & mitigation strategies.

Safety, Health and Environment

A strong focus on Health, Safety and Environment (SHE) lies at the core of all operations of your Company. By strictly adhering to established SHE guidelines, your Company is dedicated to ensuring a safe working environment for its employees, contractors, and all stakeholders involved in its business activities. The Company upholds the highest health and safety standards, both for its on-site stakeholders and the communities in which it operates.

The effective implementation of Archroma safety guidelines, hazard Identification, Risk Assessment, Job Safety Analysis, Employee's involvement and leadership commitment towards safety, health and wellbeing support to keep the Archroma Pakistan safest place and accident-free workplace for not only our employees but also to the visitors, contractors and neighboring community and also contributing to achieve global target Lost time Accident (LTA).

To enhance SHE awareness and foster a culture of continuous improvement in personal and process safety, job safety analysis and risk assessments are conducted for all critical and non-routine tasks. Additionally, the delivery of regular SHE talks and in-depth awareness sessions further reinforced a safety culture, cultivating an environment where SHE is regarded as a collective responsibility.

The Company continues to deliver high performance in safety. Collectively, the Company's businesses logged approximately 7.0 million safe man-hours as of 30 September 2024.

Planet Earth is facing multifaceted challenges e.g., global warming, ozone depletion and pollution due to rapid environmental degradation. Archroma Pakistan believe that trees are extremely important to reduce global warming, carbon footprint and pollution as well as create a clean environment. The lush green environment with hundreds of various trees at our manufacturing sites Jamshoro and Landhi is clear evidence of our green environmental policy.

In addition, your Company has implemented extensive tree plantation drives in and around its plant facilities, demonstrating a strong commitment to sustainable, eco-friendly practices. This proactive approach to environmental stewardship goes beyond regulatory compliance, fostering a healthier ecosystem and a safer community. Through these initiatives, your Company continues to lead the industry in environmental responsibility and innovation.

Community Development

As a good corporate citizen, Archroma assists local communities in the vicinity of Jamshoro by providing free of cost water and supporting the communities in their dire need. Skills development is also your Company’s key area of interest. At Archroma Center of Excellence at Korangi, Karachi, educational programs run throughout the year for students pursuing textiles education. Tailor-made programs are also designed for technical staff from mills based on their specific needs.

CSR focus areas

Together with our community partners, we create social impact through the following six strategic priorities:



Diversity, Equity and 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.

The Company aims 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 is 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.

The Company adheres to all relevant laws and regulations, ensuring compliance through systematic evaluations at key employment touchpoints, including:

- **Hiring:** Implementation of rigorous, non-discriminatory evaluation criteria to ensure gender equality when hiring new employees.
- **Annual Salary Reviews:** Salary reviews are conducted annually with strict adherence to equitable standards, ensuring any adjustments are free from gender bias.
- **Career Advancement:** Evaluation of role changes and promotions using transparent and fair criteria, providing equal opportunities for advancement to all employees.

Archroma is committed to transparency in its pay practices and remains steadfast in its commitment to providing equal opportunities for all its employees.

Risk Management

Archroma is committed to a strong risk management throughout the company and implemented at all levels. Your Company understands that risks are inherent to all businesses, therefore it strives to create sustainable value by understanding and managing the existing and potential threats. Simultaneously, opportunities are also identified which contribute to the achievement of Archroma's strategic objectives. The Company has a strong Business Continuity Plan which highlighted the situations and actions to be taken in case of any uncertain situation.

The Board of Directors has the overall responsibility of overseeing risk management processes and internal control procedures. These processes are documented and reviewed annually by the Board Audit Committee. Identified risks that could potentially affect the achievement of the Company's strategic, operational, financial, and/or compliance objectives are promptly reported to the Board and senior management for timely action to safeguard assets, address possible risks to the Company, and ensure business continuity.

The Company maintains a clear organizational structure with a well-defined chain of authority. Senior Management is responsible for implementing procedures, monitoring risks and assessing the effectiveness of various controls.

The Company continues to employ a robust Enterprise Risk Management (ERM) framework, which is integrated within the organization to ensure that risks are proactively identified, and assessed, and addressed. All highlighted risks are prioritized according to their impact, likelihood, and timescale, with remedial actions devised accordingly.

A detailed report on the Company's risk management philosophy, governance, and key risks and opportunities is available on pages 63 to 74 of the Annual 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:
- 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 152 of the financial statements.
- Outstanding taxes and levies have been adequately disclosed in the annexed audited Financial Statements; and
- 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)

To put in place professional standards and corporate values for promotion of integrity of the Board of your Company, 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 as well.

Your Company also has a mandatory requirement for all employees to attend an online training session of the Company's Code of Conduct; certificate of completion is presented to all successful participants at the end of the training.

Board Changes

The shareholders at Extraordinary General Meeting held on 28 March 2024 elected Seven Directors Messrs. Thomas Bucher, Patrick Verraes, Mujtaba Rahim, Irfan Chawala, Shahid Ghaffar, Dr. Lalarukh Ejaz and Yasmin Peermohammad for a term of three years commencing from 01 April 2024.

During the year under review a casual vacancy occurred upon the resignation of Mr. Thomas Bucher, which was filled with the appointment of Mr. Victor Garcia.

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

Composition of the Board

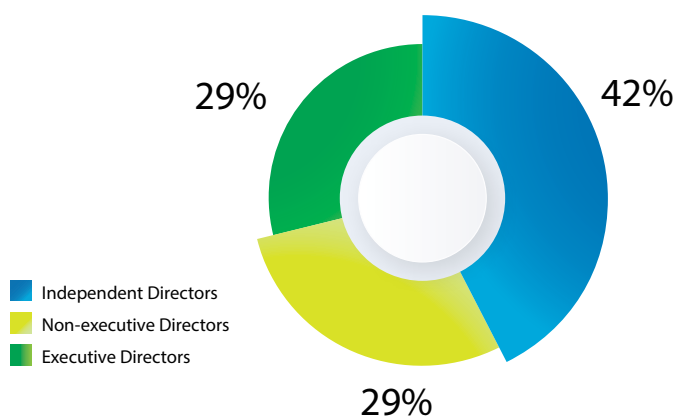
The Company has a highly effective board, having diverse mix of gender, core competencies, skills, knowledge and experience. The composition of the Board is fully in compliance with the requirements of the listed companies (Code of Corporate Governance) Regulations, 2019 applicable on listed entities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

Total numbers of directors:

a) Male	05
b) Female	02
	<u>07</u>

Composition:

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



Positions of Chairperson 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.

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)
Dr. Lalarukh Ejaz	Member (Independent Director)
Mr. Patrick Verraes	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 to satisfy itself regarding the accuracy of financial statements and effectiveness of internal controls.

The committee met at least once in every quarter to review the financial statements and any major judgmental areas with reference the 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. The (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. Patrick Verraes	Member (Non-executive Director)

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 Director	Designation	Board of Directors 4 – Meetings Attended	Audit Committee 4 - Meetings Attended	Audit Committee 4 - Meetings Attended
Dr. Lalarukh Ejaz	Independent	2	2	-
Mujtaba Rahim	Executive	4	-	1
Irfan Chawala	Executive	4	4	-
Thomas Bucher	Non-Executive	3	3	-
(Alternate: Naveed Kamil)				
Patrick Verraes	Non-Executive	1	-	-
Victor Garcia	Non-Executive	-	-	-
Patrick Verraes	Non-Executive	1	1	1
(Alternate: Naveed Kamil)				
Thomas Bucher	Non-Executive	-	-	-
M Veqar Arif	Non-Executive	2	2	-
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.

Directors' Training Program

The Directors training program 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.

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 evaluation also includes an assessment of performance of the Executive Directors, Independent Directors and the Board Sub – Committees. The Directors' believe that continuous assessment is critical to assess effectiveness of Board performance against the set objectives and goals. 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.

The Board has completed its annual self-evaluation for the year ended 30 September 2024. The overall performance of the Board measured based on approved criteria for the year was satisfactory.

Gratuity and Provident Funds

The value of investments of Gratuity and Provident funds based on unaudited financial statements at 30 September 2024 and audited financial statements at 30 September 2023 are as follows.

Name of Director	2024	2023
	(Rupees in million)	
Gratuity Fund	1,445	1,072
Employees Provident Fund	1,075	772

The value of investment includes accrued mark-up.

Related Party Transactions

During the year, the Company also carried out transactions with related parties. Details of these transactions are disclosed in note 36 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.

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 textiles, packaging and paper, and coatings, adhesives and Construction chemical markets. Headquartered in Pratteln, Switzerland, the company operates a highly integrated, customer-focused platform that delivers specialized performance and color solutions in over 90 locations. Archroma works with 4,000 employees in over 41 countries and with 30 production sites.

Subsequent Events

There were no material changes or commitments affecting the financial position of the Company occurring between the end of the financial year of the Company and the date of this report.

Acquisition and Merger

After the closing of the global acquisition of Huntsman Textile Effects business and local acquisition of Huntsman Textile Effects Pakistan (Private) Limited now Archroma Chemicals Pakistan (Private) Limited by the Company's Holding Company i.e. Archroma Textiles GmbH, the Company initiated the process to merge Archroma Chemicals Pakistan (Private) Limited, i.e. formerly, Huntsman Textile Effects Pakistan (Private) Limited within and into the Company.

The Board of Directors of the Company in their meeting held on 27 April 2023 approved the Scheme of Arrangement, which was subsequently also approved by the members in the Extra Ordinary General Meeting held on 23 June 2023 and later on sanctioned by the Honorable High Court of Sindh on 31 October 2023.

The entire undertaking, comprising of all Assets, Liabilities and Obligations of Archroma Chemicals Pakistan (Private) Limited, i.e. Formerly Huntsman Textile Effects Pakistan (Private) Limited is now merged with the Company starting from 1 October 2023.

As consideration for the above, the Company issued 445,460 shares on the basis of a swap ratio of approximately 0.0455 Company's shares for every one share to the shareholders of Archroma Chemicals Pakistan (Private) Limited, i.e. formerly Huntsman Textile Effects Pakistan (Private) Limited.

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 2025, as recommended by the Audit Committee, subject to approval of members in the upcoming 29th Annual General Meeting.

Key Operating & Financial Data

Key Operating and Financial data for last six years shown on page 152.

Pattern of Shareholding

A statement showing the pattern of shareholding as of 30 September 2024 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 diligent efforts during this very challenging year and looks forward to their continued contribution to overcome these challenges to drive 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
Director

Karachi: 31 October 2024

GRAND HAPPENINGS AT ARCHROMA

Inauguration of Upgraded Digital Ink Plant at Jamshoro

Team Archroma Jamshoro held an inauguration ceremony of the upgraded Digital Ink Plant at Jamshoro site on 7 October. Mr. Maurizio Ponchiroli, TSM, Digital Printing from Global team and Mr. Mujtaba Rahim jointly cut the ribbon of the new upgraded plant.



Archroma Pakistan and Artistic Milliners sign MoU to build close partnership

A win win partnership is in making as Archroma Pakistan and Artistic Milliners, one of the top denim manufacturing powerhouses signed a Memorandum of Understanding (MoU) at Port Qasim, Karachi on 8 March 2024.

The MoU will pave way to create liaison for high synergy at Archroma Center of Excellence, Karachi. Archroma will provide training to Artistic Milliners' employees on compliance, safety, and sustainable super systems & solutions. Denim based research and resource saving initiatives in water and energy will also be shared in periodic sessions.



Archroma & Artistic Milliner teams at Artistic Milliner, Port Qasim site

Archroma Pakistan Signs Mou with University of Karachi

Supporting academic linkage to build strong industrial liaison, we signed a Memorandum of Understanding with University of Karachi, the largest educational institution in Pakistan. A high-level academic delegation led by Prof. Dr. Hajra Tahir, Dean, Faculty of Science visited Archroma Center of Excellence on 25 September 2024. They were given detailed orientation on the support provided to the industry through our labs, R&D and training programs. The delegation found our training lab specially interesting wherein students of chemistry, textile sciences & engineering are provided six-week hands-on internships round the year. Both teams have chalked out projects for future developments of students.



Dr. Hajra Tahir, Dean, Faculty of Science, University of Karachi and Mr. Mujtaba Rahim sharing the Memorandum of Understanding

Archroma Pakistan Participates in Sustainability Conference

A well-attended Sustainability Conference was organized in Karachi by Artistic Milliners in collaboration with WWF Pakistan and Control Union on 30 May 2024. Mujtaba Rahim gave an interactive presentation and talk on "Sustainable Chemical use in the industry", highlighting the role of our environment friendly chemicals. Participants showed great interest in the presentation.



Archroma team at the conference



Mujtaba Rahim giving talk on sustainable practices

Safety Training Given to Artistic Milliners' Team

In line with the MoU signed with Artistic Milliners, our key customer, Archroma provided training on safety to a group of 25 participants from different units of Artistic Milliners at Port Qasim on 4 July 2024. @Haris Ahmed Nasir, SHE Officer, Landhi site lead the highly interactive training session. Feedback of training was overwhelming and Artistic Milliners are planning to take this project to a larger scale. @Haris Ahmed Siddiqui, Technical Lead Denim coordinated with his counterparts in Artistic Milliners.



Archroma Guest Lecture: Interactive Session Held on Super Systems - Denim at Siddiqsons

Archroma Pakistan held an interesting interactive session on Super Systems - Denim on 29 August 2024 at Siddiqsons site, Karachi. Around 30 team members from R&D, Production and Marketing of Siddiqsons attended the session. Siddiqsons is one of the key customers. Haris Ahmed Siddiqui took the participants through the presentations, short videos and practical demos. Certificates of participation were given at the end of session.



Industrial Visit of Chemical Engineering Students From Karachi University

A group of students from the Chemical Engineering Department of Karachi University visited Jamshoro site on 11 September 2024. This interesting full day event gave the students a complete orientation on factory operations, day to day safety practices, production, warehousing, and transportation. A detailed briefing was given on Sustainable Effluent Treatment Plant Zero Liquid Discharge. Students found the site operations very fascinating.



The visit is a result of the recent MoU that Archroma signed with University of Karachi.

6th International Conference on Sustainable Textiles at University of Engineering & Technology, Faisalabad Campus.

Textile students' much sought after International Conference on Sustainable Textiles Consecutively was held on 8 November 2023 in the premises of Textile Department of University of Engineering & Technology, Faisalabad. The Conference holds academic sessions on latest research and innovations on Sustainable Textiles and its impact on Pakistan's textile industry. The second part comprises of student competition on Textile Designs based on "Color Atlas". This year around 500 students from different universities participated and showcased their creative and highly attractive textile designs. An independent jury selected the best ten designs. Archroma presented the winners certificates and cash prize.



Vice Chancellor of University of Engineering & Technology, Paul Cowell and Mujtaba Rahim from Archroma jointly cutting inauguration ribbon of the Conference.

Paul Cowell presenting Certificate of Participation to the joint team of winners of Color Competition.

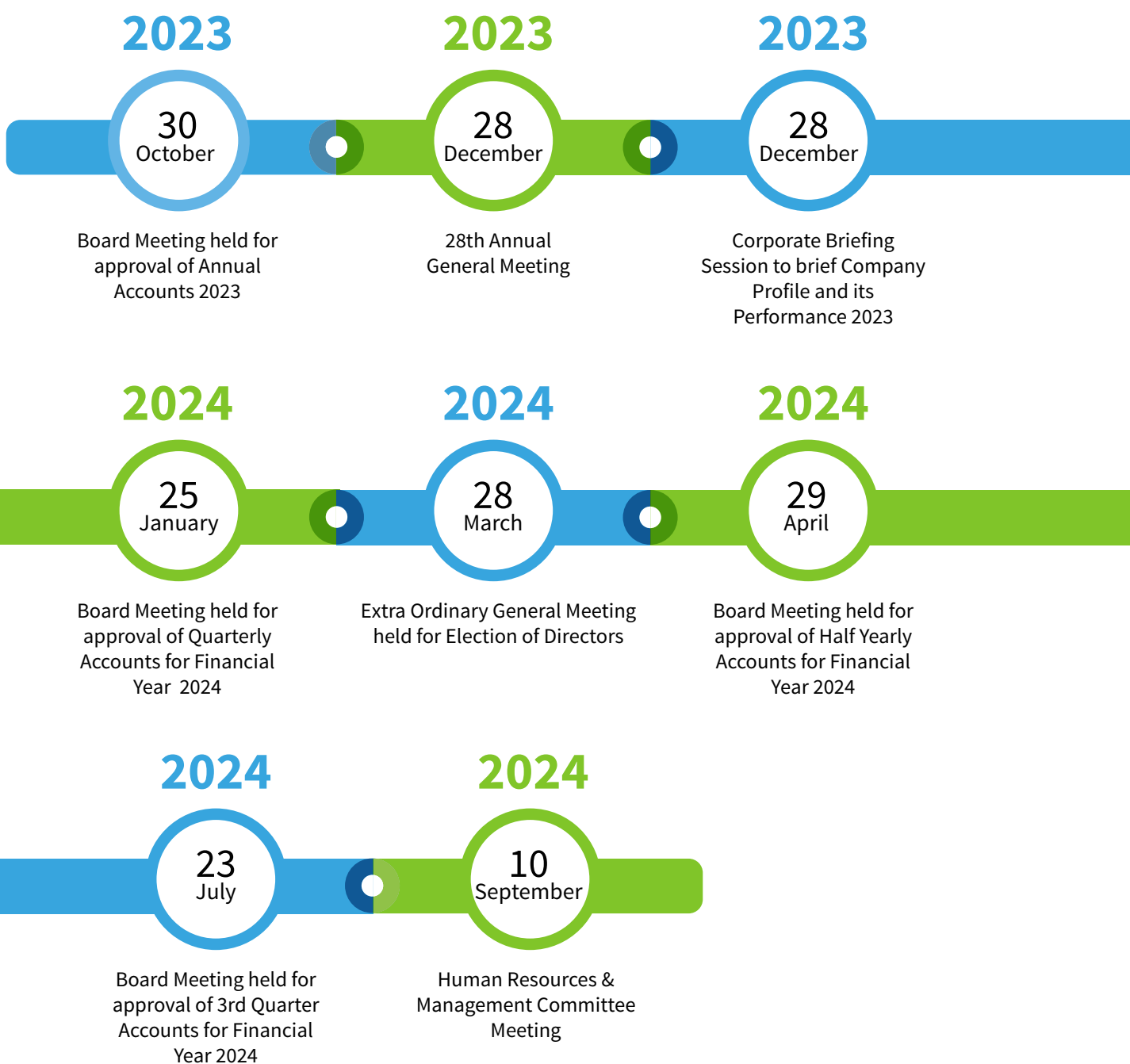
Archroma Pakistan Renews Mou with University of Engineering & Technology Lahore, Faisalabad Campus

After successful five year period of completion of our Memorandum of Understanding with University of Engineering & Technology Lahore, Faisalabad Campus, both institutions renewed their MoU on 8 November 2024 for next five years. It is our commitment towards academic liaison to empower students with innovations and research in textiles. Archroma is also a Founding Member of Textile Sustainability Working Group in the University.



Dr. Mohammad Mohsin and Mr. Mujtaba Rahim exchanging the MoUs after formal signing ceremony.

SIGNIFICANT EVENTS DURING THE YEAR



ACCOLADES & ACCREDITATIONS

Our indelible mark in the chemical world has already a broader role. The main asset of Archroma is its dedicated team that takes challenges and converts each one of them into opportunities and success.



Management Excellence Award – Archroma Wins with a Big Bang!

Management Association of Pakistan confers Management Excellence Awards to organizations that excel in Good Management Practices (GMP). This year again, Archroma Pakistan came out as winner of this prestigious recognition. The Award was received by Mr. Mujtaba Rahim along with Mr. Irfan Chawala on 23 October 2024 at Karachi. Assessment team visits our offices and judge for themselves on compliance and policies related to GMP. Archroma has been a consecutive winner in the Chemicals sectors since last 13 years..

Archroma Pakistan Receives Compliant Taxpayers Award

Prime Minister of Pakistan, Mr. Shahbaz Sharif presented Compliant Taxpayers Award to Archroma Pakistan being amongst the top Compliant Taxpayer companies on 26 March 2024 at Prime Minister's Office, Islamabad. Archroma Pakistan abides by all federal and provincial regulatory requirements especially timely deposits of returns in the official exchequer. Federal Bureau of Revenue recognized and appreciated Large Taxpayers and Exporters in a high profile well-attended ceremony.



Best Corporate Report 2023 – Archroma Pakistan Wins 5th Position

The Annual Report for the year 2023 was adjudged for the Best Corporate Report Certificate - 5th Position in the Chemical & Fertilizer Sector on 18 October 2024. The Award was jointly presented by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost & Management Accountants (ICMA) after a rigorous assessment by a group of notable juries. Mr. Ihtasham Elahi, Sales Head North received the Award at Lahore. The nationwide contest is organized to rate quality of information, attractive layout and easy readability of Annual Reports.





Archroma Pakistan Bags Silver Recognition - Employer of the Year Award 2024

Results of the much sought after Employer of the Year Award 2024 were announced in a big gathering of corporate sector on 30 July 2024 in Karachi. Archroma Pakistan received Silver Recognition in the Multinational category in a nationwide contest organized by Employers' Federation of Pakistan. Mr. Abdul Salam Thahim, Minister for Labour and Human Resources, Government of Sindh was the Chief Guest. Also present were Country Director ILO, Mr. Geir Tonstol and Country Representative, GIZ, Germany.

Archroma Pakistan is a proud recipient of Employer of the Year Award consecutively in 2016, 2017 and 2018 securing First Position along with Chief Executive of the Year Award. We are presently in winners list every year.

Archroma Pakistan Wins Women Empowerment and Gender Equality Award 2024

Employers' Federation conferred Silver Award to Archroma Pakistan in recognition of our commitment to fostering gender-inclusive workplace on 4 March 2024 at Karachi. Ms. Iffat Zahra, our D&I Ambassador received the Award from Dr. Arshad Mehmood, Federal Secretary, Ministry of Labor, Government of Pakistan in the presence of a large gathering of corporate sector. This recognition coincides with the International Women's Day celebration.



Archroma Secures Gold Ecovadis Sustainability Rating

Archroma has been awarded Gold rating by EcoVadis, the global rating agency for sustainability performance. This consolidates Archroma's position among the top 5% of the more than 130,000 companies from 180 countries and 220 industries assessed by EcoVadis against stringent criteria covering environmental performance, ethics, labour and human rights, and sustainable procurement.

Archroma Pakistan Conferred with Gold Award - Sustainability Partner Category by Interloop

Archroma Pakistan has been honored with the Gold Award in the Sustainability Partner category by Interloop, one of the world's largest and most renowned multi-textile manufacturing companies. Interloop is a vertically integrated supplier of hosiery, denim, knitted apparel and seamless activewear, serving global brands and retailers.

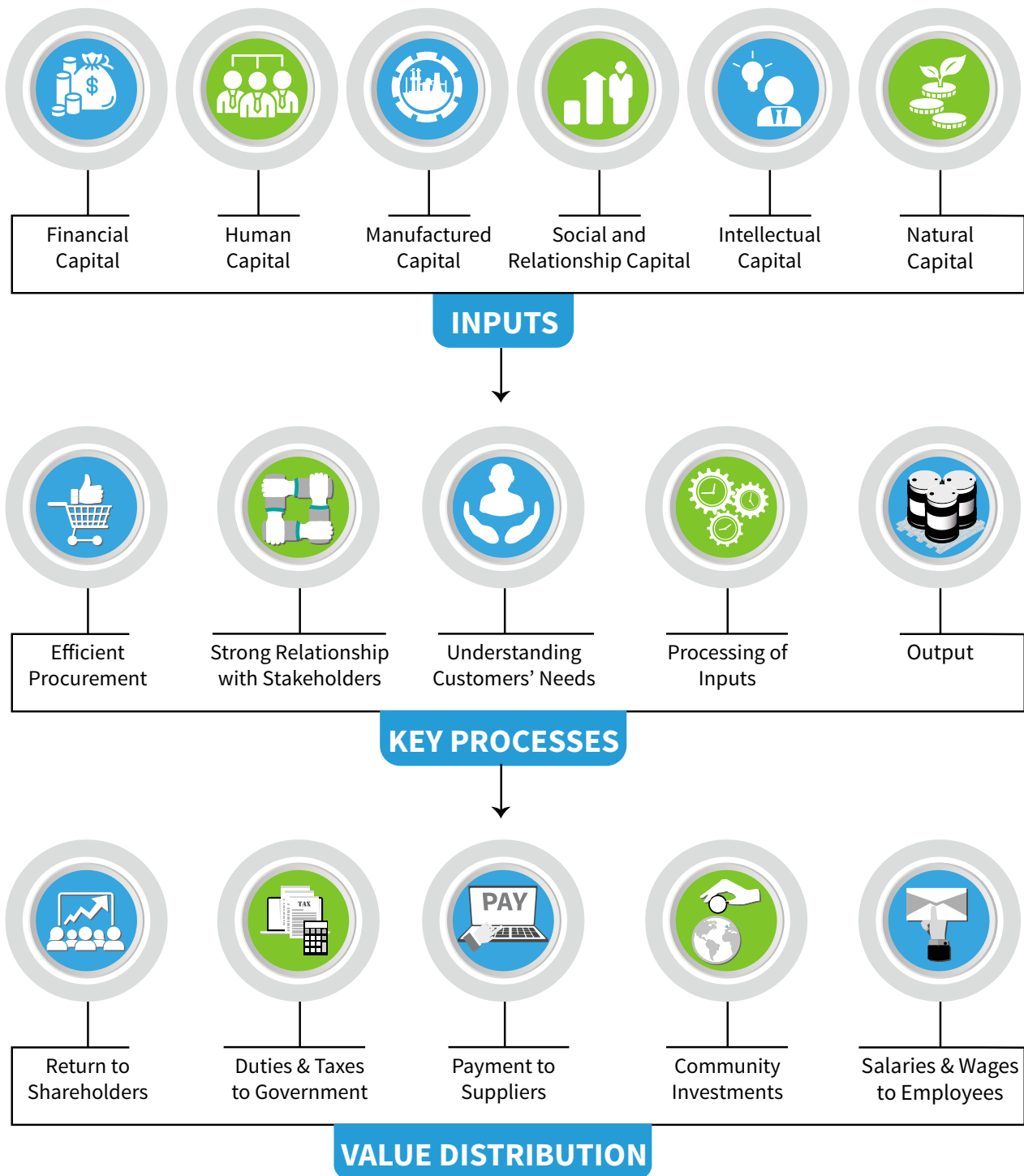
The award is a recognition of Archroma's long standing partnership with Interloop spanning decades. As a preferred supplier of specialty chemicals for textile effects, Archroma has continuously supported Interloop in achieving superior results. Key to this collaboration are Archroma's technical expertise and commitment to knowledge-sharing, helping drive mutual success.

Aligned with our PLANET CONSCIOUS+ approach, this award reflects both companies' dedication to sustainable practices. Interloop, with its strong emphasis on sustainability, values Archroma's contributions, particularly in advancing the use of cleaner chemicals through our SUPER SYSTEMS+ solutions.

The award was presented during a prestigious ceremony on 30 October 2024, at Hotel Nishat in Lahore, attended by Interloop's team and local textile industry leaders. Mr. Navid Fazil, CEO of Interloop, presented the Gold Award to Mr. Khurram Shehzad, Regional Manager at Archroma Pakistan's Textile Effects division in Faisalabad.



BUSINESS MODEL



Strategies and Resource Allocation

02





STRATEGIC OBJECTIVES

Strategic Objective	Strategies in place or intended to be implemented to achieve those strategic objectives	Nature	Priority	KPI Monitored
Maintain leadership position in the local market	Our focus remains on designing business strategies for the local markets with the aim to sustain market position by utilizing business expertise, maintain production capacities and to support the industry with sustainable, problem-solving and cost effective solutions. We continuously invest in new products to cater to the requirements of customers.	Medium to Long Term	High	Production, Sales, Market Share and Net Profit Margin
Increasing share in international market	The company has international production footprint which enables us to enter into new markets and territories. The Company achieved exports of PKR 5,124 million with existing and new international markets. Further, diversification into new business segments is creating new export opportunities also for the Company.	Medium to Long Term	High	Production, Sales, Market Share and Net Profit Margin
Risk Management	The Company has developed a sound mechanism for identification of risks and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company.	Short term	High	Production, Sales, Market Share and Net Profit Margin
Demonstrate sustainable social, environmental, and corporate governance commitment	The Company has focus on long-term environmental concerns especially climate change. Reduce greenhouse gas emissions and contribute positively to protect the environment by investing in projects to reduce waste, conserve water and energy. Archroma's commitment to sustainable social, environmental and corporate governance provides confidence to stakeholders which consequently generates repute par excellence in the chemical and industrial sector of the country.	Short to Medium Term	High	Net energy efficiency
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	High	Net Profit Margin
Diversification	Archroma is bringing in new products in Health Care and Home Hygiene. Specially developed to maintain clean living space, manage disinfection, better odor & aesthetics.	Medium to Long Term	Short Term, Medium Term and Long Term	Return on Invested Capital, Gearing Ratio and Interest Cover

Strategic Objective	Strategies in place or intended to be implemented to achieve those strategic objectives	Nature	Priority	KPI Monitored
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	<p>Invest in R&D and innovative solutions for introducing new products as per the evolving needs of the customers.</p> <p>Strong brand image enables Archroma to market new products and services while maintaining existing market position.</p>	Short to Medium Term	High	Customer Satisfaction Index and Net Profit Margin
Shareholder Value Creation	Safeguarding of shareholders' interest through a healthy and viable business.	Medium to Long Term		

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 ADVANTAGE

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.

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, enabling cost savings, responsiveness, and competitive pricing.

International Footprint

A strong presence in local and international markets is at the forefront of Archroma Pakistan 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.

Strategy on Market and Product Development

Our market and product development strategy is based on the principles of providing high quality products for Textile, Paper, Emulsion, Construction and Health Care industries while deploying, both proven and innovative, technologies as well as highly skilled workforce. We are committed to comply with global operational SHE standards, best practices and talent development while ensuring sustainable business growth and industry leadership meeting all legal and regulatory requirements.

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

Archroma envisions sustainability as a commitment to managing the sustainability impacts of its operations, risks, and opportunities posed by the external environment while creating value for the company and its stakeholders through responsible business operations and best practices.

In response to the evolving sustainability landscape and the global and national challenges faced by the industry, Archroma has developed a comprehensive sustainability framework. This framework is designed to effectively manage environmental impacts and risks while capitalizing on opportunities to deliver value. Additionally, it supports our contribution to the nation's energy and food security.

We are mindful of the broader economic challenges affecting Pakistan, including energy crises, food security, economic distress, and pressure on foreign exchange reserves. In developing our sustainability strategy and interventions, we address these industry and economic challenges comprehensively. We evaluate sustainability-related risks and opportunities, considering their time horizons and potential impacts on our value chain business model.

We strive to foster positive relationships with our investors, employees, suppliers, communities, and other stakeholders while addressing the social, environmental, and economic impacts of transitioning to an environmentally sustainable economy.

Archroma sets new ambitious sustainability operations targets by 2030

Archroma's commitment to sustainable solutions is pivotal to every aspect of our operations, and we are proud of our part in driving the sustainability agenda for our industry. As we advance our ESG goals, we are seeking to harness innovation and partnerships to make an even bigger impact as we create even more value for customers. This is reflected in our own operations through our new environmental targets. These are set within a broad framework that covers water, energy, waste and greenhouse gas (GHG) emissions. And they are ambitious! To meet them, the whole Archroma team will need to think creatively, support one another and work together to enhance operations and sustainability hand in hand.

Ambitious environmental operations targets

From FY2024 to FY2030, Archroma will reduce key climate and environmental parameters, as follows:

SUSTAINABILITY OPERATIONS TARGETS

Reductions for key climate and environmental parameters



-30%

Absolute Scope 1&2
greenhouse gas
emissions



-20%

Absolute Scope 1
greenhouse gas
emissions



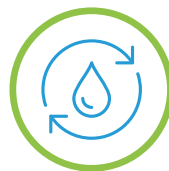
-40%

Absolute Scope 2
greenhouse gas
emissions



Zero

Hazardous waste to
landfill



-40%

Water intensity
reduction



-10%

Waste intensity
reduction



-15%

Energy intensity
reduction

Our GHG emissions target of a 30% reduction in the GHG emissions related to our own production encompasses a 20% reduction in absolute Scope 1 emissions and a 40% reduction in absolute Scope 2 emissions. Scope 1 emissions are direct emissions from our plants and processes, while Scope 2 emissions are indirect emissions from the energy we consume.

In the coming year, we will work to develop a near-term Scope 3 target for indirect emissions from our value chain. While this is challenging, we remain committed to putting both short-term and long-term GHG reduction targets in place in line with the Science Based Targets initiative framework.

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.

Significant Plan and Corporate Restructuring

The Board confirms that the Company currently does not intend to initiate any plans of corporate restructuring and does not have any immediate plans for further expansion or discontinuation of any operations.

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.

Specific processes used to make strategic decisions

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

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

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

Significant changes in objectives and strategies from prior years.

The Company's main areas of focus are the same as those in the previous year, however, the targets are revised in line with the strategic priorities set by the management for the FY 2024-25. Strategies are revised or re-aligned according to the objectives and targets set for the year.

BUSINESS VALUE CHAIN

Textile Effects

Textiles are a huge part of our day-to-day lives. From the clothes we wear to the bedsheets we sleep on, there is a wide spectrum of applications for textiles, each with distinct functional requirements that vary depending on their use. Textiles may need to be soft, comfortable, and easy to care for, as well as waterproof, fire resistant, dimensionally-stable, antimicrobial, or durable for the long term, to name just a few. At the same time, design, color management and manufacturing impacts on the environment and people need to be taken into consideration to make our products more secure, efficient and sustainable along the value chain - from extraction to the final product.



The textiles and apparel sector provides essential products and is a key contributor to the global economy. Archroma is a key player in its complex supply chain.

At Archroma, we share our customers passion for functional finishes, and we bring our expertise, innovation power, and commitment to sustainability into the development of cutting-edge technologies and products that support their needs.

From fiber to finish, Archroma plays a key role throughout the entire textile supply chain, with special system solutions for spinning, sizing, pretreatment, dyeing, printing and finishing.



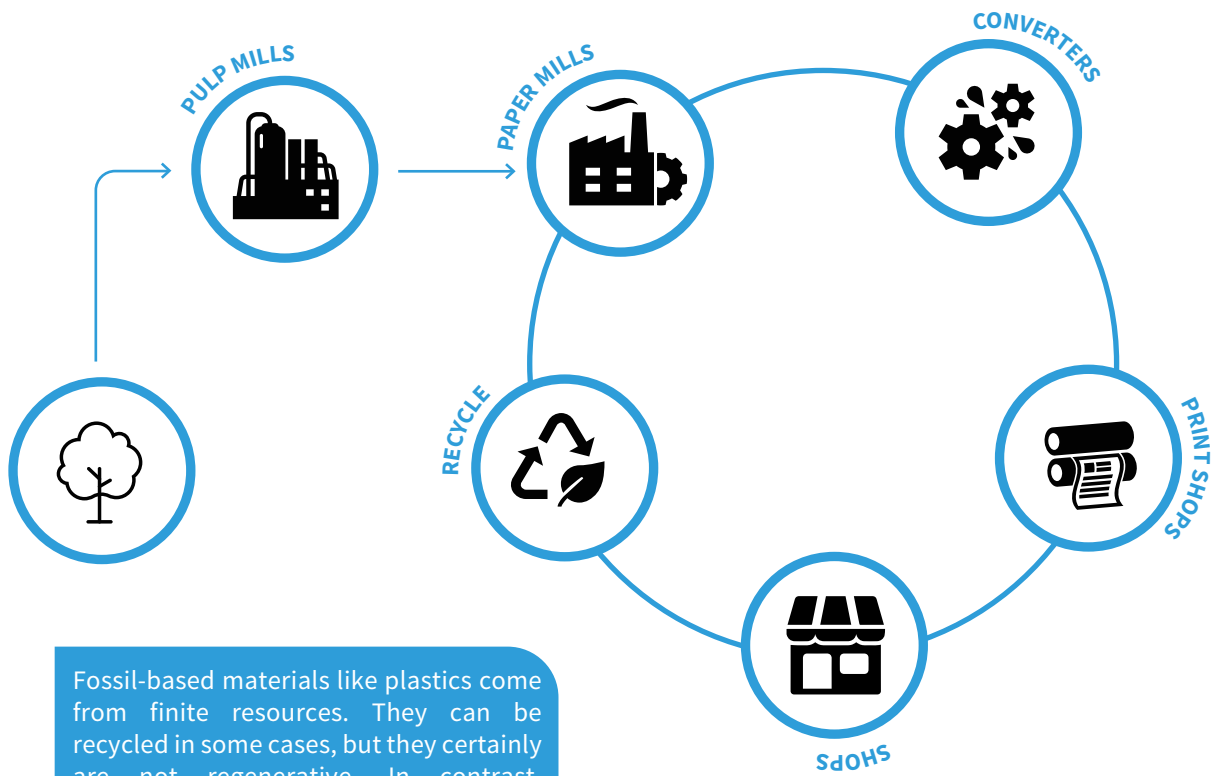
BUSINESS VALUE CHAIN

Packaging Technologies

Packaging and paper is a complex industry, encompassing various stages from the pulp mill to paper mills, converters and print shops.

Paper and packaging products serve diverse purposes, each with unique requirements. These products must be not only of high quality and durability but also consider factors like recyclability, sustainability, and cost-effectiveness throughout the production process.

Environmental and ethical considerations are also crucial at every step of the value chain. Ensuring that the industry operates efficiently and sustainably is paramount.



Fossil-based materials like plastics come from finite resources. They can be recycled in some cases, but they certainly are not regenerative. In contrast, recyclable and renewable paper & packaging solutions provide a sustainable alternative to fossil-based materials.

At Archroma, we share our customers' commitment to achieving the best in paper and packaging solutions. Our wealth of expertise, innovative capabilities, and unwavering dedication to sustainability drive us to create cutting-edge technologies and products that cater to each customer's specific requirements.

OUR OPERATING ENVIRONMENT

The operating environment for Archroma and its stakeholders remained volatile, uncertain, complex, and ambiguous in 2024. 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
Political	<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>The company closely observes ongoing political developments and government's regulatory policies that may affect the Company and its operations.</p> <p>Changes in Government policies and regulations are continuously and closely monitored by the Company for timely 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>
Economical	<p>Pakistan's economy experienced a significant slowdown due to various domestic and external factors. These shocks government restrictions on imports and capital flows, domestic political uncertainty, surging world commodity prices, and tighter global financing. As a consequence, the economic activity declined considerably.</p> <p>Depleting gas reserves results increase in energy prices, Currency devaluation, along with higher inflation, result in increased input costs and diminished margins.</p> <p>Reduced Government spending and slower economic growth contribute to a decrease in demand across various industries in which Archroma operates, thereby potentially impacting its operating profitability.</p>	<p>The Company keeps an eagle eye on all economic factors. Due to depreciating local currency, effective supply-chain management of raw materials is being done proactively identifying alternative sources which meet 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 search for and identify new markets for its products, both locally and internationally.</p>

Factors	Description	Organizational Response
Social	Focus on Corporate Social Responsibility, Donations, Development of communities.	<p>As a social responsible corporate entity Archroma Pakistan actively takes a part in CSR activities.</p> <p>All Archroma sites are actively assessing the needs of their communities at local level. Community representatives are consulted, and programs are organized accordingly to benefit those communities.</p> <p>Archroma carries out its corporate social responsibility (CSR) activities in and around the areas where it operates. We have identified focus areas for intervention such as education, vocational training, healthcare, environment to create positive impacts in a way which is most beneficial for the respective local community.</p>
Technological	Technological obsolescence, striving to competitive edge competitors on new opportunities created by technological advancements.	<p>Archroma continuously invests in different projects to improve efficiency and to achieve operational excellence.</p> <p>Archroma's Aniline free liquid indigo is a shining example for producing sustainable denim fashions.</p> <p>The Company also ensures participation of its employees in various national / international exhibition & training session, to acquaint them with the latest technology.</p>
Environmental	<p>Environmental risks remain humanity's most significant long-term risks.</p> <p>The investor community and regulators have shifted their attention to the green economy, which means that private businesses have to develop climate-friendly products, solutions, and strategies with long-term goals to help lessen the effects of climate change and support adaptation and resilience.</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>We implement initiatives to reduce environmental risks in the production, storage, distribution, and usage of our products and in the disposal of waste.</p>

Factors	Description	Organizational Response
	<p>Neglecting to address climate change has increased the number and intensity of storms, floods, and droughts, affecting crop growth patterns, resulting in productivity loss, and causing food inflation and hunger.</p> <p>Other significant threats to the company besides climate change are depleting gas reserves, water scarcity, high temperatures, fog, and smog. These threats require a shift in strategy, investments in new technologies, and reducing impacts to ensure business continuity.</p>	<p>These include measures to promote the efficient use of energy and resources, as well as to ensure the continuous improvement of our processes to minimize the impact of our activities on the environment.</p> <p>Our teams continuously assess our production processes to avoid or reduce emissions and waste, recover waste streams, and dispose any remaining unavoidable waste in an environmentally and legally compliant manner. We comply with all local regulations and have 24/7 online effluent monitoring in major sites.</p> <p>KPIs and associated annual targets are defined for each production site and monitored on a monthly basis using scorecards or dashboards. In addition, specific operational excellence and resource optimization projects have been initiated focusing on process simplification, yield improvement as well as energy, water and waste reduction.</p>
Legal	<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 compliance with all the applicable laws and regulations. The company's finance, compliance, and Regulatory departments monitor any new legislations impacting the company and ensure meticulous compliance.</p>

Effect of Seasonality on Business in Terms of Production and Sales

The Company's primary business is derived from the manufacturing and sale of textile chemicals. The demand of the chemicals increases in summer as compared to winter. The Company risk assessment team strategizes seasonality through proper inventory, procurement and production planning; whereas the marketing team performs regular trend analysis to pursue demand well before seasonal impact etc.

legitimate needs, interests of key stakeholders and industry trends

At Archroma, we consider the legitimate needs and interests of our key stakeholders. Our key stakeholders includes customers, employees, shareholders, suppliers, regulators, and the wider community in which the business operates. Each of our business unit understands needs and interests of our shareholders and take adequate steps to build trust, loyalty and a positive reputation. Industry trends also play a crucial role in shaping our business strategy and operations and our leadership teams ensure that changes in market conditions, consumer behavior, technology, and regulatory requirements are properly addressed and embedded in our business processes.

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.



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.



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 us edge over our competitors.



Threat of New Entrants Substitute Products

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 and because of the growing requirement of sustainability due to the application requirements of our products the threat of substitute products in the market is also very low.

Risk and Opportunities

03





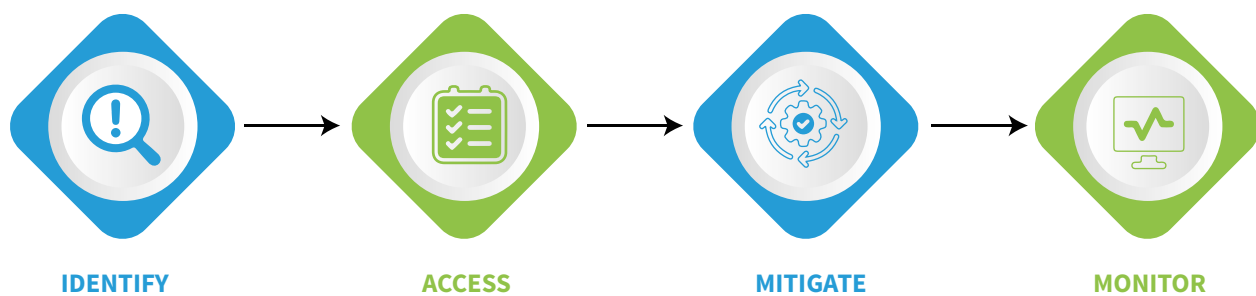
RISK MANAGEMENT FRAMEWORK & METHODOLOGY

Archroma is committed to a strong risk management framework throughout the company, supported by the Leadership Team and 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 such risks. 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 last updated in the year 2021 and has been undergoing regular risk evaluation reviews.

Risk Management Process



In FY2024, as part of the yearly exercise to update our risk map, extensive work was done to make the risk management process more stronger.

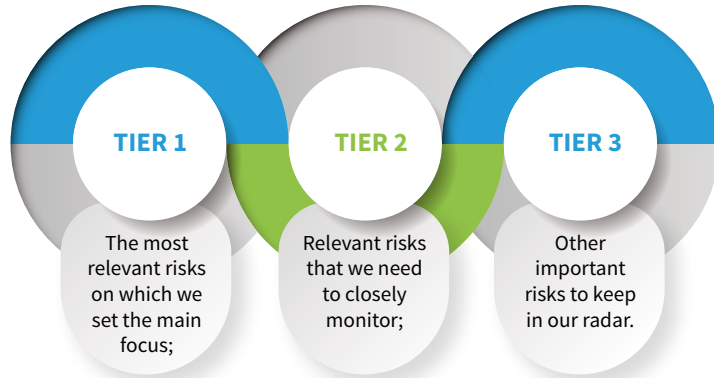
Functional Risk Maps have been built through specific workshops with the functional leaders and their teams, following the stages above:

1. Understanding each function's strategic objectives and challenges, allowing top management to tailor the risks and detail them more so they are aligned with their daily activities. Thus, making the risk management methodology an additional input for managerial activities.
2. Both the impact and likelihood for each risk has been assessed in different scenarios (ranging from the best-case scenario to the worst-case scenario).
3. Existing and additional mitigation actions have been discussed, in order to propose improvements in Archroma's processes, policies and strategies that adjust the risk profile to the desired risk appetite.
4. Key Risk Indicators have been defined and will start being tracked to monitor the evolution and exposure that Archroma has to each of the risks identified.

Therefore, we classify our risks into:

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 a is very broad topic, and hence the assessment result requires prioritization to focus on the most relevant matters.



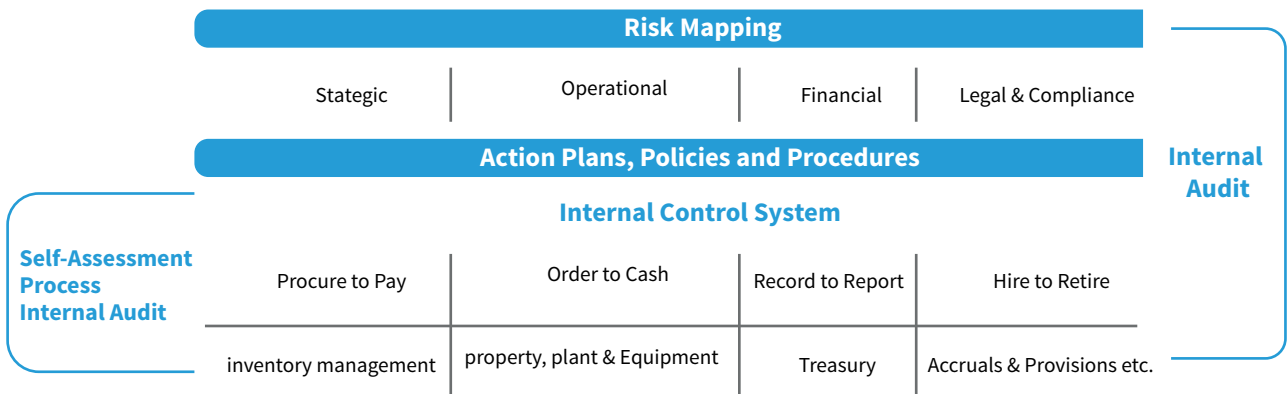
Apart from their prioritization and the identification of a clearly identified risk owner, risks are classified amongst:



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.



Archroma wants to raise awareness about risk management across the organization. Apart from the functional risk maps described above, there are several initiatives in place which enable such a risk-oriented approach in daily managerial activities.

All of them are aiming to embed risk management in our daily activities and decision-making:

- Involving a boader audience in risk assessment and mitigation design;
- Sharing the results of risk management to employees at all level throught a cascaded communciation appriach;
- Involving all entities in Archroma in the “internal control self-assessment” process in which they compare their current practices against the standard defined for the Group and report the results.

Risks, Mitigation Plans & Opportunities

Risk

Volatility in Foreign Currency Exchange Rates

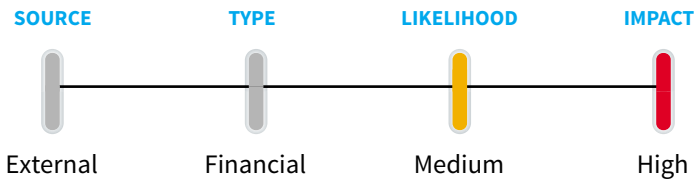
Exchange rate risk impacting transactions in foreign currency which lead to negative impact the Company's profitability.

Mitigation Measure

The Company has created natural 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.



Mitigating impact of devaluation of currency on margins.



Risk

Increasing Raw Material Prices and Other Operating Costs

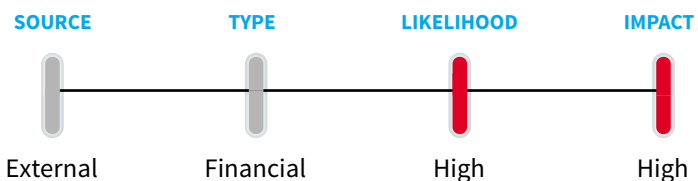
The escalation in raw material prices and operating costs results to significant impairment in margins.

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, operational efficiencies and cost pass through measures to mitigate this risk.



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



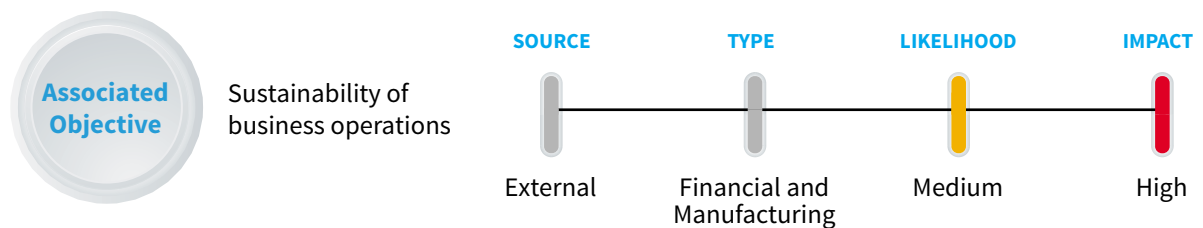
Risk

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.



Risk

Inconsistent Government Policies

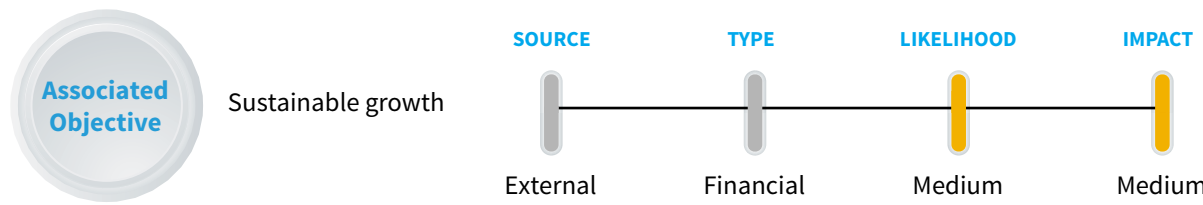
Changing government policies, and unstable economic conditions adversely affecting the Archroma's business.

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.

Regular advocacy through different forums, like OICCI, Pakistan Business Council etc. to timely apprise the relevant Government departments and Regulators of all issues that may have an adverse impact on the Industry or competitive environment.

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



Risk

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.

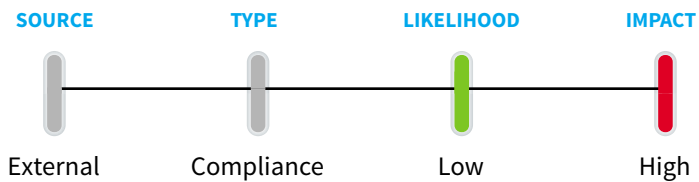
Mitigation Measure

The Company closely monitors changes in the regulatory environment and adapts to all significant changes in a timely manner to prevent any breach of law. External experts are also engaged for consultations. Trainings are conducted to keep employees abreast of all latest developments in laws and regulations.

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



Demonstrate sustainable social, environmental and corporate governance commitment.



Risk

Natural Disasters / Climatic Uncertainties and Pandemic

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

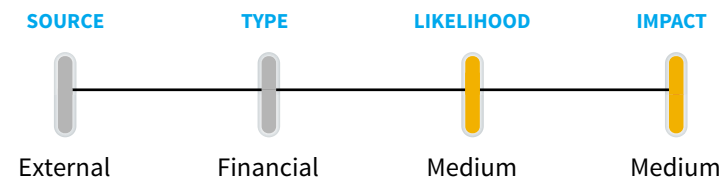
Mitigation Measure

The Company has established disaster recovery/ business continuity plans that have been implemented at all locations and staff is fully equipped to quickly recover from any natural disaster or unforeseen situation. The Company also has insurance coverage to safeguard against any monetary losses.

The Company also undertakes routine emergency handling drills and regular patrolling of critical installations.



Sustainable growth



Risk

Credit & Liquidity Risk

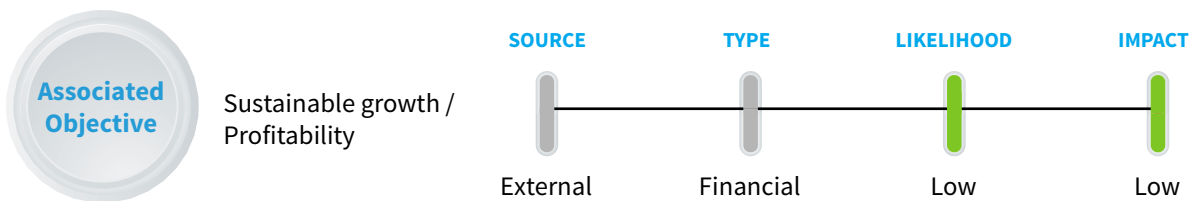
Credit risk and liquidity risk adversely affecting financial performance.

Mitigation Measure

Our efficient business finance/treasury management function ensures that adequate funds/credit lines as per Company’s approved policies secure the Company against any adverse credit risk.

Credit limits are established for key customers and credit reviews are regularly conducted to manage the credit and liquidity risk.

We ensure to properly utilize all available economical borrowing options and also negotiate better terms with suppliers and customers in order to increase DPO and reduce DSO.



Risk

Information Technology Risks

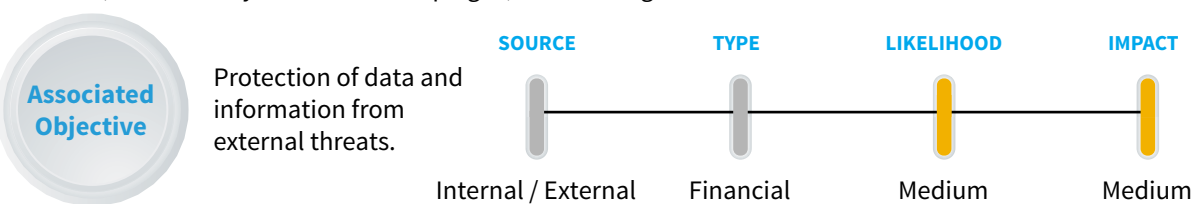
Loss of confidential information due to data theft. IT Systems becoming unavailable because of System/Network failure, cyber-attacks etc.

Mitigation Measure

Archroma is strongly committed to the protection of the information and data of its employees, customers, and partners in general.

Archroma counts with best-In-class cybersecurity standards and controls while all end-user computing devices are protected with up-to-date antivirus, latest operative system, periodic security patches, solid firewalls and multifactor authentication access. Internal phishing campaigns are executed to improve and measure Archroma phishing-prone rate.

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



Risk

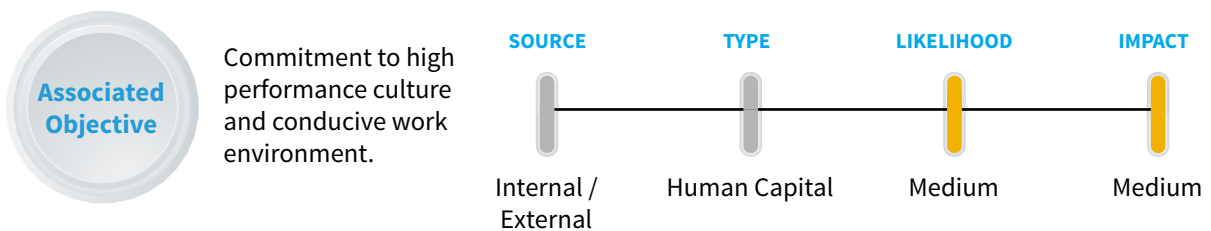
Employee Retention

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.



Risk

Loss of Customer Confidence

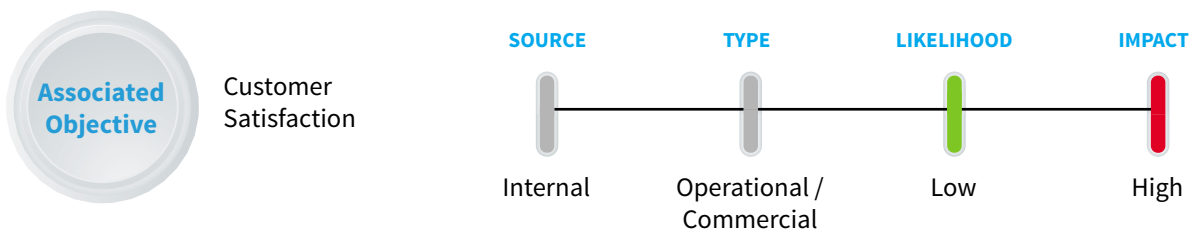
Customer dissatisfaction due to product quality issues.

Mitigation Measure

The Company maintains its brand value through the years of quality specialty chemicals to the industry. Archroma 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. Archroma also carries out regular gap analysis to improve testing methodologies to comply with its core value of Customer Centricity.



Risk

Interest Rate Risk

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

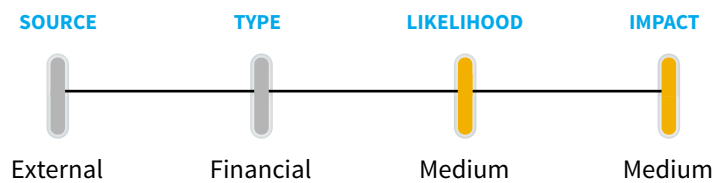
Mitigation Measure

The Company's treasury function closely monitors and manages the interest rate risk through viable negotiations with lenders and effective fund utilisation.



Associated Objective

Sustainable Financial Performance



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

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

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

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

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. The Board of Directors are satisfied with the Company's risk management practices and the mitigating strategies adopted to counter such risks.

Determining Level of Risk Tolerance and Establishing Risk Management Policies

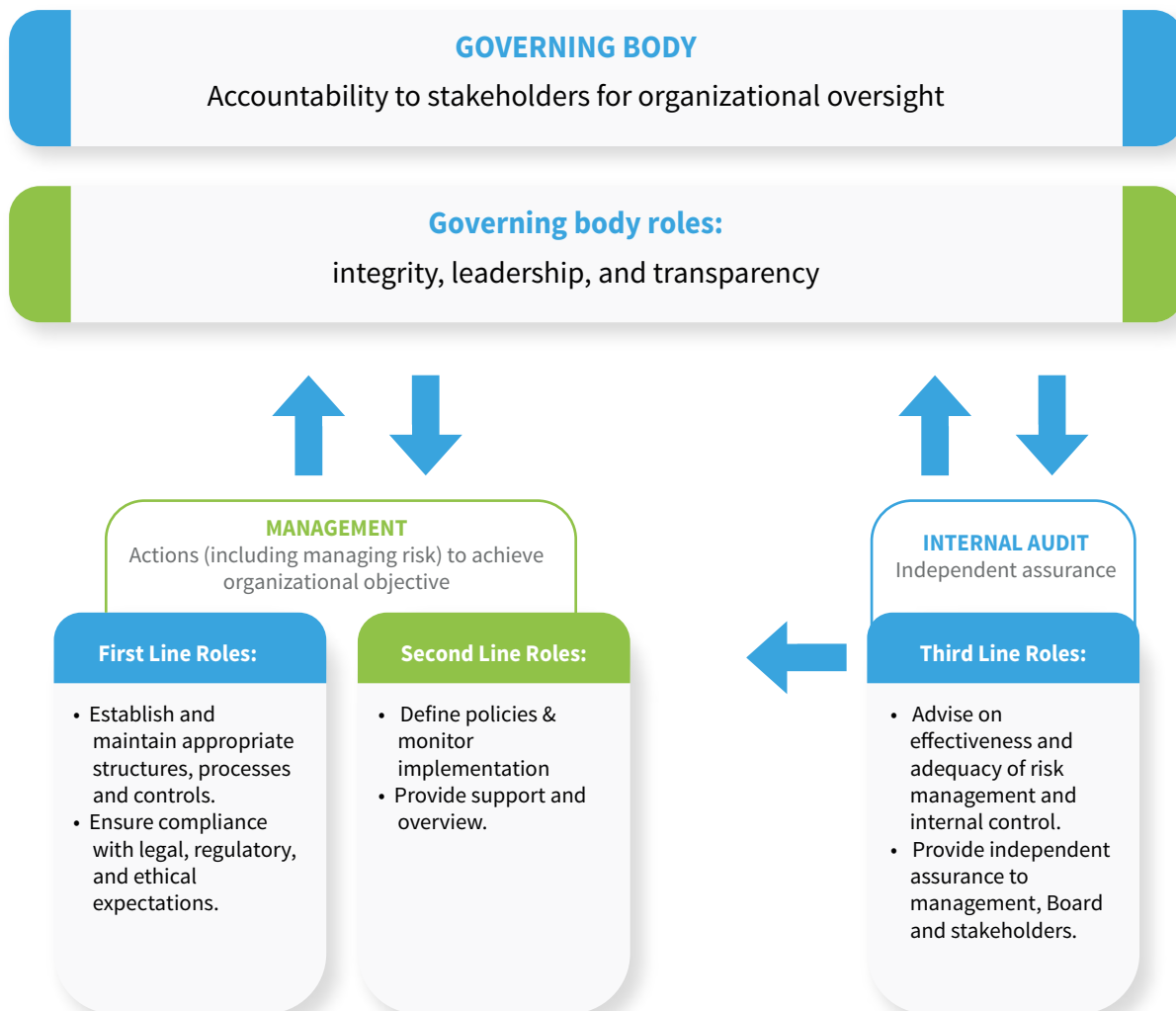
In today's dynamic and ever-evolving business landscape, understanding and managing risks is paramount to safeguarding our business, stakeholders, and the trust they place in us. Risk-taking is inherent in business growth, innovation, and value creation. However, it must be approached with a clear understanding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

Board has approved risk policy and a risk management framework which determine and assess 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

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:



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.

Factors 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.

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.

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.



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 organization.

W



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.

T

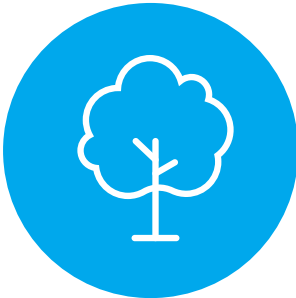


Threats

- Supply chain constraints, lack of raw material availability and volatility in international commodity prices.
- Lack of level playing field for local manufacturing.
- Government Policies.
- Uncertainty over continuous gas availability.
- Continuous delays in Sales & Income tax refunds.
- 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

04







SUSTAINABLE DEVELOPMENT GOALS



01
NO POVERTY



Employment conditions at Archroma are fully transparent and comply with formally declared wages along with congenial work environment with the result that our turnover rate is minimal. Under-employment leads to increase in poverty. Therefore, we are committed to reduce poverty by complying to ILO Convention 100, equal pay for equal value of work. Decent Work Agenda program of International Labor Organization and United Nations is implemented in the terms & conditions of employment.

Poverty reduction is evident in our Collective Bargaining Agreements wherein remuneration is systematically enhanced with mutual consent. We abide by federal and provincial laws and follow ILO Convention 87 based on Freedom of Association. We have two workers’ unions at Jamshoro and Landhi sites respectively with whom we have cordial relationships. No industrial relations dispute has arisen in the past five decades. Wages and social benefits are paid on time with the result that personal financial matters of employees are on smooth track.

02
ZERO HUNGER



It is a matter of great pride that daily meals at Archroma are balanced, hygienic and tasty. We serve them to all employees, and visitors during lunch time. Night shift meals, refreshments and tea breaks are also arranged. Our kitchen facility is hygienic and is run by a team of professional Chefs. Everyone is served with one-menu.

60% of land at Archroma sites is converted to green spaces wherein fruits and vegetables are cultivated. Home grown organic vegetables & fruits are used for meals and enjoyed by employees. During two annual tree plantation drives at spring & monsoon, we always plant fruit trees.

03
GOOD HEALTH AND WELL-BEING



A renowned Fitness Consultant conducts web based online training sessions on Good Health and Well-being for Archroma employees. It provides coaching on latest dietary trends, keeping fit, work-life balance along with Q&A time slots. Archroma finds it very pertinent to address health issues by providing systematic guidance to all its employees.

In addition, the 12 principles of Safety also contribute to well-being round the clock ensuring safe practices. Regular training on Fire Fighting, First Aid and Health Awareness sessions are held during the year. We have won several Awards on Safety & Health. External auditors have lauded our best practices on implementation of Health & Well-being.

04

QUALITY
EDUCATION



Archroma Center of Excellence (ACE) was established in 1996. It has state-of-the-art Training Lab and Lecture Room. A six-week Internship Course is our flagship program. It has been carefully chalked out for Chemistry and Textile Engineering students. The Lab provides hands-on training to students to perform lab tests, mainly in dyes' processing and effect of chemicals reagents on clothing. To date around 9000 students have completed our Internship Program and are successfully pursuing their careers in the job market.

Archroma partners with all major universities and training institutes by signing Memorandum of Understanding (MoU) with them. We develop special projects for final year thesis and assists students in enhancing their technical knowledge by sharing the latest developments through our "Guest Lecture Series".

05

GENDER
EQUALITY



Archroma is the first organization in Pakistan to adopt Gender Equality Policy rolled out by Employers Federation of Pakistan in December 2008. This initiative made headlines in the corporate sector. Since then, there is no looking back. We have incorporated all the mechanisms set out by GE Policy in our policy manual e.g. being an equal opportunity employer, providing nondiscriminatory career growth, equal remuneration for equal value of work, non-tolerance to harassment. Archroma Code of Conduct is binding for all employees. Principles of Diversity & Inclusion, Non-discrimination and Welcoming Workplace are practiced. Women are working on decision making positions with complete ease. We have representation of female members on our Board of Directors as well.

Archroma supports women entrepreneurship. We provide training on Dyeing processes. Archroma has won all the major awards on Best Practices in Women Empowerment, Diversity & Inclusion.

06

CLEAN
WATER AND
SANITATION



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 advanced technical facility wherein 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 2014 in Paris on our water saving measures.

In line with “Responsible Care” and “Sustainable Neighborhood” initiatives, Archroma supplies purified water from our filtration plant, Jamshoro to the community and residents of plant neighborhood. Approximately 260,000 liters per day of water is distributed free of cost from our Water Filtration Plant.

Sanitation:

A unique methodology was initiated to reduce organic solid waste gathered from our canteen and gardens to transform it into Compost. To date, 11000 kgs of compost has been produced. This valuable organic manure is an excellent food for plants. We have reduced the burden of organic waste and converted into a useful purpose. Archroma brochure on “How to make compost” is widely shared within the corporate sector as best practice.

07

AFFORDABLE AND CLEAN ENERGY



Whilst measures to voluntary energy saving measures are widely used within Archroma, focus on switching to alternate energy generation are also being assessed. Need based Solar System installations is underway. We have completely shifted to LED lights and energy saver bulbs at all sites. We meticulously make good use of sunlight during the day at the research labs in Archroma Center of Excellence. We have adopted another alternative to close one office building one day per week to work from home. It has substantially reduced our electricity consumption cost. Besides reducing the cost of energy, these measures also enhance to create cleaner environment.

08

DECENT WORK AND ECONOMIC GROWTH



Archroma is associated with the Decent Work Program since its inception, enabling us to become an Employer of choice within the industry. Our compliance with all relevant laws has been positively attested. Voluntary self-evaluation methods have increased productivity and employee motivation. We comply with core ILO Conventions in letter and spirit for e.g. nondiscrimination, freedom of association, minimum wage. The prestigious “Employer of the Year Award” was presented to us in 2024 by Employers Federation of Pakistan in recognition of our best management practices.

Archroma follows strict standards of merit at recruitment. Compensation and social benefits are market competitive and given on time. Regulatory payments are deposited as per schedule. Worker / management relations have always remained cordial with the resultant that there has been no industrial relations dispute. Training, coaching and mentoring is part of continuous career development.

09

INDUSTRY, INNOVATION AND INFRASTRUCTURE

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



Archroma has multiple sites with buildings, warehouses, and labs. Each site possesses a distinct architectural semblance associated with its respective base. For example at Jamshoro, the building structures are aligned with local culture which is a treat to watch. We use quality construction material and accessories for our sites. Archroma has its own brand guidelines of office décor, and we comply with the same as well. Office designs are ergonomically correct and aesthetically pleasant making it a great place to work. Walkways are broad and spacious. Amenities are easily accessible to all employees and visitors. Sites and offices. 60% of our land comprises of open green spaces wherein trees, grassy areas, vegetable & fruit plantation.

10

Reduce Inequalities

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 CITIES AND COMMUNITIES

11 SUSTAINABLE CITIES
AND COMMUNITIES



In the aftermath of devastating floods of 2010, Archroma decided to construct a housing facility near our Jamshoro production site which was also hit by torrential rains and floods. The houses were handed over to the residents, who did not have financial means to restore their residences. A Water Filtration Plant was renovated and made fully operational. It gave access clean water to the residents of the locality. We have shared the burden of our neighbors enabling them to focus on other issues. During the floods of 2022, we provided ration bags, clean drinking water and held medical camps. At Landhi site, Archroma has refurbished Science labs of Workers Model School. In line with the initiatives of Responsible Care® we take pleasure to shoulder our civic responsibilities to make our cities sustainable and enhance quality of life of communities. In July 2022, we provided financial assistance in installation of solar power supply to TCF School. This will ensure uninterrupted electricity to the school.

12
RESPONSIBLE CONSUMPTION AND PRODUCTION



Archroma is a responsible corporate citizen. Our product portfolio comprises of specialty chemicals that unique and have evolved after years of research. All product lines fall into three categories of “The Archroma Way” – Safe, Efficient and Enhanced. With the industry’s most extensive product portfolio and a comprehensive global footprint, Archroma has the resources and drive to go beyond the status quo and advance what’s possible for apparel and textile brands on multiple fronts at the same time. The introduction of ‘PLANET CONSCIOUS+’ deepens our commitment to innovation and partnership and sharpens our focus on consumers and the environment to bring about meaningful change with pace and at scale. PLANET CONSCIOUS+” is a roadmap designed to support brands and mills to chart their sustainability journey.

Our Award winning “Zero Liquid Discharge Sustainable Effluent Treatment Plant” at Jamshoro is another commitment that enables us to save millions of liters of water every day.

13
CLIMATE ACTION



Climate changes have created havoc for the world at large. At micro level, they have brought about disasters for the communities as well as organizations. We are still grappling as to what further actions can be taken to dilute the negative impact brought about by climate changes. In 2005, Archroma became the founding member of UN Global Compact in Pakistan. Environment is an integral part of the 10 principles. Accordingly, we are complying with all the guidelines ensuring a better environment. The Sindh Environmental Protection Agency (SEPA) has also laid down environmental regulations. Archroma follows all the regulations and report the same. The two production sites are fully compliant towards gas emissions, which are within the prescribed limits. Archroma has Quality Management certifications from Bureau Veritas.

14
LIFE BELOW WATER



Aniline is a toxic substance widely used by mills in the production of blue Denim jeans. It is harmful for aquatic life, human skin, and soil. Archroma took the innovative lead to remove Aniline from the production cycle thereby providing environmental protection to life below water, land and human beings. Aniline is manufactured at Jamshoro site and exported to the world from Pakistan. Many mills have completely shifted to Aniline-free Indigo dye. It is estimated that more than 34 tons of Aniline has been removed from the environment and aquatic life We have thus created clean chemistry and green environment.

15

LIFE
ON LAND



Archroma has multiple sites with buildings, warehouses, and labs. Each site possesses a distinct architectural semblance associated with its respective base. For example at Jamshoro, the building structures are aligned with local culture which is a treat to watch. We use quality construction material and accessories for our sites. Archroma has its own brand guidelines of office décor, and we comply with the same as well. Office designs are ergonomically correct and aesthetically pleasant making it a great place to work. Walkways are broad and spacious. Amenities are easily accessible to all employees and visitors. Sites and offices. 60% of our land comprises of open green spaces wherein trees, grassy areas, vegetable & fruit plantation.

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.

17

PARTNERSHIPS
FOR THE GOALS



Archroma has built strong partnership with Academia. This year we signed Memorandum of Understanding with University of Karachi. Another MoU has been signed with Artistic Milliners for training & develop 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
6. University of Karachi

SUSTAINABILITY

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

Launched in 2018 and further refined in 2021, 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. Articulated around three dimensions – Safe, Efficient, and Enhanced – The Archroma Way motivates us to continuously challenge the status quo in the belief that we can help make our industry sustainable with our innovative systems and solutions.

A key pillar behind the “Safe” dimension is our global product stewardship organization, which monitors and provides expert insights into the dynamic global regulatory landscape pertaining to the chemical industry, thereby allowing us to lead our industry in its ongoing efforts to produce chemicals that are safe to use in a responsible manner.

Partnerships are also a critical part of “The Archroma Way” and we have strong relationships with leading

raw material suppliers, OEMs, as well as research and testing institutes.

Among our innovations are the ONE WAY Impact Calculator – a process simulation tool to help customers select cost-effective, resource-saving solutions that also optimize productivity – and The Safe Edge by Archroma, an online compliance-checking platform for customers that advances product stewardship.

With the acquisition of the Textile Effects division of Huntsman Corporation in February 2023, we have further deepened our expertise and strengthened our portfolio to bring customers and partners the innovative solutions they need to reduce resource consumption while optimizing cost.

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

OUR PURPOSE

To lead our industry towards a more sustainable future for our customers and markets



OUR CORE VALUES

Safety First – Towards zero harm at all times
Integrity – Committed to ethical behavior, openness and transparency
People – Diversity and inclusion, talent development



OUR CULTURE PILLARS (AACC)



ACHIEVE & EXCEED



ADAPT & INNOVATE



CENTER ON CUSTOMER



COLLABORATE & EMBRACE DIVERSITY

It's possible!

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Our Affiliations and Memberships

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

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



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



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



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



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



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



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



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



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



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. government



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.



EcoVadis is an organization specialized in assessing the corporate social responsibility (CSR) performance of companies on a global basis. Archroma was awarded the “Platinum” rating in 2022 and 2021, placing us within the top 1% in our industry.



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

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. Archroma is an active member of PBC.



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.



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.



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.

Environment, Social and Governance (ESG)

ESG is a system for measuring the sustainability of a company in three specific categories: environmental, social and governance. It has developed into a broad framework that addresses key aspects including environmental and social impact, as well as how governance structures can be changed to enhance stakeholder well-being. We believe strongly that stakeholder value maximization is possible on a long-term basis by implementing best-in-class ESG protocols and therefore, ESG remains a key dimension in our strategic decision making. Alongside on the path to growth, we also continue upon our journey of Excellence and building Enterprise of the Future, by delivering on our Environment Social and Governance agenda. With the evolved ESG agenda, we have embarked upon on some amazing projects pertaining to all the key elements of ESG that are shaping the sustainability of business and industries in Pakistan.

Statement for Adoption of Best Practices For CSR

Responsibility (CSR) as an integral component of our organizational ethos and commitment to sustainable growth. We recognize our responsibility to positively impact the communities and environment in which we operate, and we are dedicated to upholding the highest standards of ethical conduct and social contribution.

With unanimous endorsement from our Board of Directors, we proudly announce the adoption of comprehensive CSR best practices that reflect our dedication to making a meaningful difference. This decision underscores our belief that business success must align harmoniously with societal well being.

Our CSR approach will be guided by a steadfast commitment to:

Ethical Governance: We commit to conducting our business with the utmost integrity, adhering to ethical principles that prioritize transparency, accountability, and fairness in all our interactions.

Stakeholder Engagement: We will engage closely with our stakeholders, including employees, customers, partners, and local communities, to understand their needs and concerns, and to collaboratively develop initiatives that address pressing social and environmental challenges.

Community Development: Through strategic philanthropic investments, skill development programs, and community partnerships, we aim to uplift under-served communities, enabling them to thrive and contribute positively to society.

Environmental Stewardship: We resolute in minimizing our ecological footprint by embracing sustainable practices, resource efficiency, and conservation efforts that safeguard the environment for future generations.

Employee Empowerment: Our commitment extends to our employees, whom we consider vital contributors to our CSR journey. We will provide them with a safe, inclusive, and diverse work environment that fosters professional growth and nurtures a culture of giving back.

Transparency and Reporting: We pledge to transparently communicate our CSR initiatives, progress, and impact to our stakeholders through regular and comprehensive reporting, allowing for accountability and fostering a spirit of continuous improvement.

Our Board's endorsement of these best practices reflects our conviction that responsible business practices are not merely a moral obligation, but an essential driver of long-term success. We believe that by embracing these practices, we can create a lasting positive impact on society while ensuring the sustainable growth and resilience of our company.

Statement About the Company’ Strategic Objectives on ESG and Sustainability Reporting

The Board remains steadfast in its commitment to fostering a sustainable and responsible business ecosystem. With the recognition that environmental, social, and governance (ESG) considerations are vital components of our corporate strategy, we are dedicated to integrating ESG principles into every facet of our operations, aligning with our core values and the expectations of our stakeholders.

Our strategic objectives encompass:

Environmental Responsibility: We resolute in minimizing our environmental footprint through innovative practices that conserve resources, reduce emissions, and protect biodiversity.

Social Well-being: By prioritizing employee welfare, diversity, equity, and inclusion, and by collaborating with local communities, we endeavor to create a positive impact on the lives of those we touch.

Effective Governance: Sound governance is integral to our sustainability journey. We are committed to maintaining a governance framework that emphasizes transparency, accountability, and ethical behavior across all levels of our organization.

Stakeholder Engagement: We recognize that shared success emerges from effective engagement with our stakeholders. Through open dialogue and partnerships, we seek to address concerns, gather insights, and collaboratively develop solutions that drive positive change.

Innovation and Adaptation: Our commitment to sustainability demands continuous innovation and adaptation. We will invest in research, development, and technological advancements that enable us to evolve in a dynamic and responsible manner.

Robust Reporting: We acknowledge the importance of transparent and comprehensive reporting. Our ESG and sustainability reports will provide a clear view of our progress, challenges, and opportunities, allowing our stakeholders to hold us accountable and participate in our journey.

We recognize that by setting these strategic objectives, we strengthen our resilience, enhance our reputation, and contribute to a world that thrives for generations to come.

Full outline of materiality topics

ENVIRONMENT		SOCIAL	GOVERNANCE
SUSTAINABLE MATERIALS <ul style="list-style-type: none"> • Sustainable innovation & circular material alternatives • Resource optimization along the value chain • Product Stewardship & related communication 	CLIMATE & ENERGY <ul style="list-style-type: none"> • GHG emissions • Energy use in operations • Renewable energy 	HEALTH & SAFETY <ul style="list-style-type: none"> • Occupational Safety • Consumer product safety • Process safety & quality 	BUSINESS ETHICS & COMPLIANCE <ul style="list-style-type: none"> • Corporate governance • Compliance & anti-corruption • Risk management • Data privacy and safety • Cybersecurity
	WASTE & CIRCULARITY <ul style="list-style-type: none"> • Circularity • Waste • Wastewater 	FAIR AND ATTRACTIVE EMPLOYER <ul style="list-style-type: none"> • Fair labor practice • Diversity, equity and inclusion • Talent retention 	SUSTAINABLE SUPPLY CHAIN <ul style="list-style-type: none"> • Sustainable & transparent sourcing practices • Human rights & child labor
	WATER & LAND <ul style="list-style-type: none"> • Water stewardship • Environmental safety • Biodiversity 	CORPORATE CITIZENSHIP <ul style="list-style-type: none"> • Community engagement • Local community impact 	ECONOMIC PERFORMANCE <ul style="list-style-type: none"> • Sales development • Benefit plans • Tax transparency approach

Key Sustainability Related Risk and Opportunities

Risk and / or Opportunities	Sub-Categories	Company Initiatives
Sustainable materials	<ul style="list-style-type: none"> • Sustainable innovation & circular material alternatives • Resource optimization along the value chain • Product safety & stewardship • Transparent and reliable communication 	<p>Archroma's product portfolio is its main direct impact on sustainable development. The design phase determines a product's environmental or social impacts during its life cycle. We therefore consider it crucial to take the entire life cycle into account during this phase. The notion of a circular economy is integrated into product development at a very early stage. Different components are analyzed to decide whether they are reusable or recyclable. It is essential for Archroma to have a precise understanding of customers' needs and to provide them with the right solution. Our two divisions can only have a positive impact on sustainability by working closely with their customers. Product and consumer safety is integral to product development; it is essential for preventing individuals from being harmed by hazardous substances or materials, particularly in the disassembly phase. It is vital for Archroma to comply with applicable laws (such as REACH) and ensure that all necessary declarations are in place, visible, and understandable for its customers.</p>
Climate & energy	<ul style="list-style-type: none"> • GHG emissions • Energy use in operations • Renewable energy 	<p>Energy consumption is a major source of GHG emissions. Climate change is the biggest energy-related concern of many external stakeholders and regulators; and the international community is broadly committed to tackling the challenges it presents. Being a global industrial company makes it essential for Archroma to understand, manage and reduce the GHG emissions attributable to its operations as well as supply chain and customers' use of its products. Increasing renewable energy is an essential factor to reduce negative climate impacts. As part of our efforts, Archroma continuously increases the share of renewable energy purchased and self-generated.</p>
Water & land	<ul style="list-style-type: none"> • Water stewardship • Environmental safety • Biodiversity 	<p>Water is used along the entire value chain, but is particularly high in some upstream processes. Sustainable water management (e.g. access to clean water) is an urgent societal issue that Archroma takes very seriously. Quality is always controlled before water is returned to source.</p>

Risk and / or Opportunities	Sub-Categories	Company Initiatives
		<p>Archroma is committed to protecting the environment and using natural resources carefully and efficiently. Our actions are guided by the precautionary principle, in which we actively work to identify and prevent any risks associated with our products or processes. To reduce its impact on the environment, Archroma is committed to finding opportunities to continuously improve its environmental management processes. When we develop products and solutions, we consider their environmental impact along the entire life cycle. Environmental aspects are therefore integrated into business decisions starting with the R&D phase. Biodiversity provides the existential basis for human beings to live on this planet. It is critical to maintaining the quality, resilience and quantity of the natural assets that both business and society rely upon. The potential impact of our activities on biodiversity in our various locations is important to us and other stakeholders such as NGOs and local communities. Therefore, we seek to understand, avoid and respond to any potential impacts our activities may have on biodiversity. We also look for opportunities across our operations to make a positive contribution to conservation. Nevertheless, Archroma adopts the precautionary principle. It therefore places a high priority on environmental management and ensures its compliance with all applicable laws and regulations.</p>
<p>Health & safety</p>	<ul style="list-style-type: none"> • Occupational Safety • Health and well-being at work • Process safety and quality 	<p>Occupational safety is of paramount importance to Archroma and many of its stakeholders. Caring about the people who work for Archroma (or on its premises) is integral to our corporate culture. We are therefore committed to fostering a robust safety culture and, more broadly, to providing a work environment that promotes its employees' overall well-being. 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 and SN EN ISO 45001: 2018 Occupational Health and Safety Management System. Our 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</p>

Risk and / or Opportunities	Sub-Categories	Company Initiatives
Fair and attractive employer	<ul style="list-style-type: none"> • Fair labor practice • Diversity, equity and inclusion • Talent retention, attraction and engagement 	<p>Archroma treats all employees equally, motivates them, enables them to achieve a healthy work-life balance, supports freedom of association, and provides training and development opportunities. A respectful and diverse work environment in which all employees feel included and affirmed regardless of their gender, nationality, ethnic origin, age, identity, or sexual orientation, is essential: Retaining diverse and skilled talent supports future business growth.</p>
Corporate citizenship	<ul style="list-style-type: none"> • Community engagement • Local community impact 	<p>Archroma is committed to having a positive impact on the communities where it operates. We are at the same time a global and a local citizen: Maintaining good relations with our neighbors and partnering with them to achieve common goals are of great importance to the Group. All Archroma sites are actively assessing the needs of their communities at local level and engaging with all stakeholders based on the topics that the local management teams have been made aware of. Community representatives are consulted, and programs are organized accordingly to create positive impacts for those communities.</p>
Business ethics & compliance	<ul style="list-style-type: none"> • Corporate governance • Responsible business practices, compliance and anti-corruption • Risk management • Data privacy and safety • Cybersecurity 	<p>Good corporate governance enables us to address the interests of all internal and external stakeholders. It ensures objective decision making, clear checks and balances, and legal and regulatory compliance. Risk and opportunity management is crucial for Archroma and its outside stakeholders to maintain business continuity in a rapidly changing environment and to systematically identify and manage, emerging and potentially disruptive developments. Although we do not collect sensitive customer data, we do store employees' personal data. Archroma handles all such data in full compliance with applicable data protection laws in the jurisdictions in which it operates. During ongoing digitalization, data availability, integrity, and security are crucial for our IT infrastructure and business systems</p>
Sustainable supply chain	<ul style="list-style-type: none"> • Sustainable & transparent sourcing practices • Human rights & child labor 	<p>Archroma's supply chain could potentially be a source of adverse social and environmental impacts. We therefore have a responsibility to systematically manage our suppliers in order to minimize these risks. Respect for human rights and the prevention of human rights violations are integral to responsible supply chain management. As a basis for long-term partnerships with its suppliers, Archroma expects them to do their part to ensure the protection of human rights.</p>

Risk and / or Opportunities	Sub-Categories	Company Initiatives
Economic performance	<ul style="list-style-type: none"> • Sales development • Benefit plans • Tax transparency approach 	<p>Economic performance refers to our ability to operate in a profitable business model that also has a positive impact on people and the planet. Working hand-in-hand with our customers, we respond to changing consumer needs for products that support their sustainability expectations and demand for greater transparency. We feel that business can, and should, play its part to help address challenges such as the climate crisis, inequality and economic uncertainty. Strong economic growth allows us to focus on our people, making sure that everyone has the right skills and competences to grow and feel valued. We support the UN Sustainable Development Goals and focus our efforts on those goals to which we can contribute the most. Archroma recognizes that administration and payment of taxes forms an integral part of each company's responsibility to a functioning society. Our benefit plans are equally an essential component of our employee value proposition and a key driver of both individual and business performance.</p>

Our Sustainability Ambition

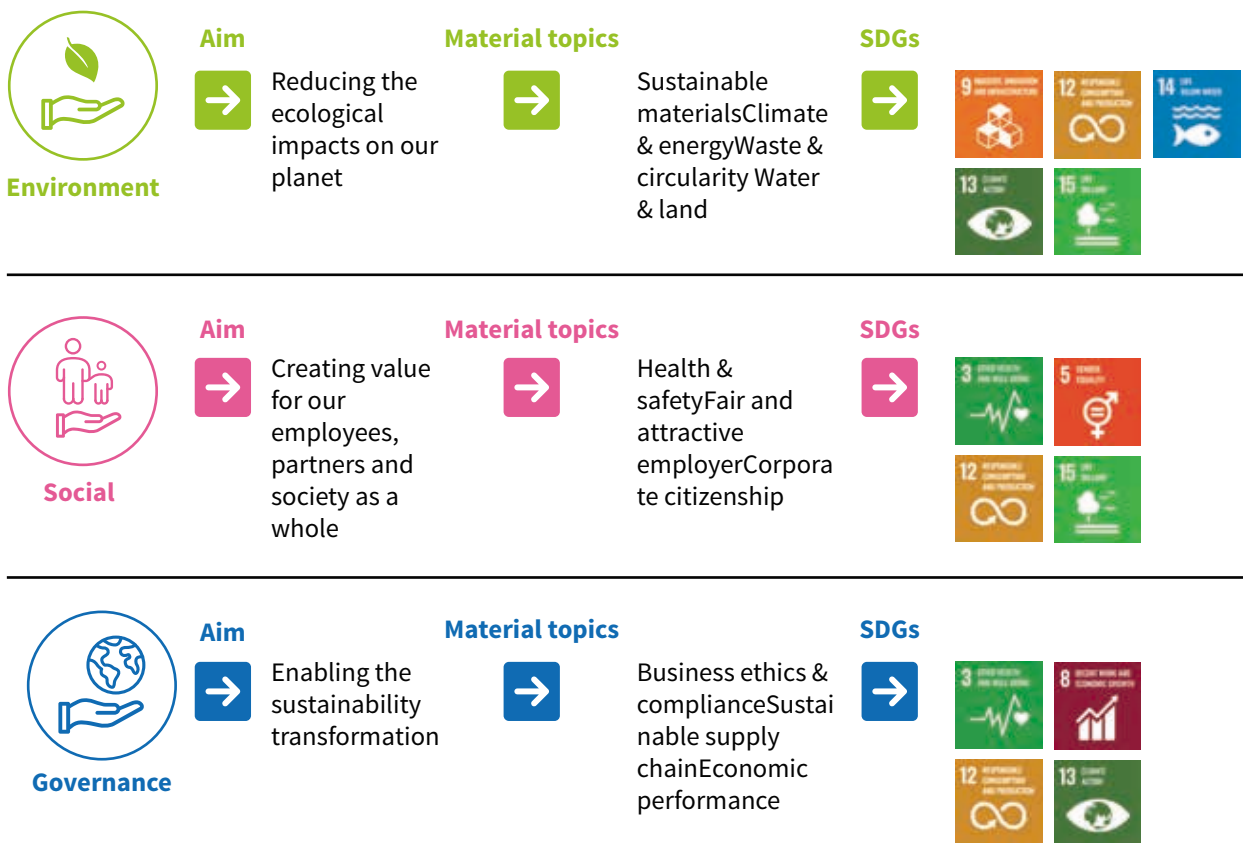
Archroma is committed to leading the sustainability transformation of its industry. By constantly engaging with our partners along the value chain on their needs and expectations, we drive the proactive adaptation of our portfolio towards future market expectations.

It is our strong belief that potential risks can be turned into opportunities by continuing our shift to a more sustainable product portfolio.

We have developed a sustainability framework in line with our material topics alongside the three GRI pillars – Environment, Social, and Governance (ESG) – and an integration of the key SDGs.

Our sustainability framework

We are committed to lead the sustainability transformation of our industry



Disclosure About Four Pillar Core Content (Governance, Strategy, Risk Management)

Corporate Governance

Through unwavering commitment to sustainability and business ecosystem, the Board plays an integral role in fostering a culture of sustainability and driving continuous improvement in ESG performance. This commitment involves embedding environmental, social, and governance (ESG) principles into the core of our business strategy and ensure robust governance practices.

The Board ensures that sustainability goals are clearly defined, monitored, and integrated into all aspects of operations, aligning with stakeholder expectations and the company's long-term vision for sustainable growth.

The strategic oversight of board ensures continuous development and advancement in technology to enable us to evolve in a responsible manner.

Sustainability Strategy

At Archroma Pakistan, our sustainability strategy is integral to our corporate vision and operations. We are committed to driving sustainable growth by integrating environmental, social, and governance(ESG) principles into our business strategy. Our approach ensures that we contribute positively to society and the environment while creating longterm value for our stakeholders.

Our strategy to achieve sustainability goals primarily focuses on reduces our carbon footprint through innovative technologies and processes, enhance energy efficiency and increase the use of renewable energy sources, responsible water management, focus on waste reduction, foster a safe, diversify, and equitable workplace.

Risk Management

Our Robust Enterprise Risk Management (ERM) provides a framework to identify, assess and mitigate risk across the organization that could potentially impact the company's commitment to sustainability and long-term business success. This framework encompasses environmental, social, and governance (ESG) risks, alongside traditional financial, compliance and operational risks, ensuring a comprehensive approach to risk management.

This involves identifying all potential strategic, financial, compliance, operational and ESG-related risks based on regular risk assessment, industry benchmarking and stakeholder consultation. Each identified risk is evaluated and ranked based on its potential impact and the likelihood of occurrence.

Appropriate mitigation strategies tailored to reach identified risk are then developed to implement proactive solution to minimize the probability of occurrence of such risks. Regular updates on risk status and management activities are provided to the Board and relevant committees. Transparent communication of our ERM practices and performance is maintained through annual reports and other stakeholder engagements.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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 embrace our opportunity to play an active role in strengthening the communities where we live and work. Our responsible citizenship approach accelerates social change and creates a more sustainable and equitable future. We get involved with our local communities to support and foster education, promote diversity, health and environmental protection.

All Archroma sites are actively assessing the needs of their communities at local level and engaging with all stakeholders based on the topics that the local management teams have been made aware of. Community representatives are consulted, and programs are organized accordingly to benefit those communities.

Archroma carries out its corporate social responsibility (CSR) activities in and around the areas where it operates. We have identified focus areas for intervention such as education, vocational training, healthcare, environment to create positive impacts in a way which is most beneficial for the respective local community.

Archroma Internship program is a great support to students & industry

The idea of passing on technical hands-on education to the students of textile engineering and chemistry was initiated in 1996. Our experts prepared a comprehensive training program of six weeks wherein theory & practice was combined with lectures and laboratory tests. The syllabus comprised of yarn analysis, methods of dyeing, fastness, multiple designs in dyeing and fabric consistency. During the course of years, more academic topics on new technology have been added. On completion of six weeks, tutorials and tests are given and the reward of successful completion is Archroma Certificate which carries a heavy weight to get employment in industry. To-date around 9,000 students have participated in our Internship Program. Our Internship Program runs round-the-year and is very popular amongst the students. List of enrollment seekers is quite robust. Another feature of Internship Program relates to Diversity & Inclusion. Approximately 30% of Internees are females. Our interns are Textile Champions & Ambassadors. They continuously enhance standards of industry.

When Archroma came into existence, the need was felt that technicians from the textile industry also required updates on new systems. Hence, we designed tailormade courses for different levels. Industry technicians now regularly visit our Training Lab and learn techniques in their respective fields. Our Fault Finding Lab solves problems faced by the technicians and when they return to their workplaces, it is easier for them to replicate the methodology shown enabling our industry to add value.



Sustainable Effluent Treatment (SET) Plant

Jamshoro site is one of the biggest textile chemical sites within Archroma. Here, we produce dyes, chemicals, emulsions and pigment dispersions for the textile, leather, paper, coatings and construction industries.

An innovative full scale project on Saving Water based on Zero Discharge was planned and designed by our Engineers. It is unique in the world of textile dyes and chemicals manufacturing.

Our Sustainable Effluent Treatment (SET) Plant with zero liquid discharge was inaugurated in December 2013 in the presence of dignitaries and stakeholders. Through highly sophisticated scientific processes water is re-cycled and re-used. The facility not only supports substantial recovery of 80 percent of water but also allows effluent treatment based on zero liquid discharge.

The operational SET plant is spread over an area of 25 acres consisting of flocculation, equalization, surface aeration, clarification, ultra-filtration and reverse osmosis to yield colorless water with a COD (Chemical Oxygen Demand) and TDS (Total Dissolvable Solids) of less than 75 ppm. Since the plant has zero liquid discharge no water goes out of the factory. This kind of facility shows the dedication and commitment Archroma has towards Sustainability for helping their surrounding environment and community.

Our SET Plant saves one million liters of water per day which is a huge saving for a country like Pakistan, which has been declared as a high water stressed country according to UN estimate. 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.

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.



Tree Plantation at Sites

Archroma being associated with sustainable neighbourhood and Responsible Care[®] ensures that our sites are green with attractive landscape. Regular tree plantation campaigns are internally organized during spring and monsoon seasons.

More than 60% of Jamshoro site and 40% of Landhi site have open green spaces with tree, fruits, vegetable and flower plantation. More recently we are growing wheat on four acres on regular basis at Jamshoro.



International Women's Day celebrated

We started our D&I week activities and #IWD2024 with commitment that everyone everywhere can inspire inclusion. Archroma Women's Day backdrops were displayed at all sites.

In Karachi, we started our activities capturing a group pose with Management and team. A session on D&I was conducted for interns at Training Academy by Ms. Iffat Zahra, our D&I Ambassador.

Landhi team celebrated the day with all employees including workers which shows their positive approach towards diversity and inclusiveness. Cake cutting and interactive talk was conducted and enjoyed by all.

Jamshoro team invited University Faculty and students and had celebration with fun fare along with session for awareness.

Lahore office colleagues also participated as our allies with enthusiasm.

Women had enjoyable day out with cake cutting ceremony, and fun activities organized by Human Resources Department.

We also had light discussion on challenges and opportunities for Women to move forward #inspireinclusion.



Earth Day celebrated at Jamshoro

Archroma Pakistan, Jamshoro site in collaboration with Sindh Environmental Protection Agency (SEPA), Hyderabad region and Government Primary School RBB Colony Jamshoro celebrated Earth Day on 22 April 2024. The engaging activities highlighted environmental awareness. A poster competition was organized in Government Primary School RBB Colony Jamshoro. Students created posters on the significance of Earth Day and importance of environmental conservation. A tree plantation drive was carried out at Almanzar Point, Jamshoro. Jamshoro team, volunteers from community and SEPA team participated in the tree plantation. Our aim is to contribute by making the area green, enhance biodiversity to mitigate impact of climate change. A cleaning activity was organized along the banks of Indus River. Archroma team and local community joined hands to collect plastic bags and garbage polluting the river and its surroundings. The cleanup campaign will raise awareness about the importance of maintaining clean waterways and preserving aquatic ecosystems. A public briefing session was held to educate on the significance of Earth Day and need for environmental conservation. We talked about environmental, climate change, pollution, waste management, and sustainable practices. Participants were provided with practical tips on how to reduce their environmental degradation and contributing to a healthier planet.



World Day for Safety and Health at Work

The day was celebrated at Jamshoro and Landhi sites of Archroma Pakistan under the theme " Exploring the impact of climate change on Occupational Safety & Health". Interactive short talks were held on the impact of climate change on Occupational Safety & Health, Shop Floor Management, and importance of Five "S" at workplace. Employees discussed on ways and means to enhance safety culture. Safety Walk was another highlight of the day wherein employees of both sites participated giving their full commitment on Safety.



World Environment Day Celebrated

Jamshoro and Landhi sites celebrated World Environment Day on 5 June 2024 with week-long activities marking this important occasion. Main highlights included more than 1000 Tree Plantations at sites and its vicinity, team get-togethers discussing sustainable targets and collaboration on environment protection with civic agencies and local NGOs.



World Mental Health Day observed at Jamshoro site

Awareness session and lively discussions were held on UN World Mental Health Day on 10 October 2024. Dr. Shahnawaz M. K. Dal, Senior Psychiatrist, Government of Sindh was the Guest Speaker who led two sessions. He highlighted the vital connection between mental health and well-being at workplace. Safe, healthy work environment can act as a protective factor improving efficiency, teamwork and pleasing environment. Unhealthy conditions such as stigma, discrimination, exposure to risks, harassment, poor working conditions can pose significant risks affecting mental health, quality of life and productivity at work. It was an interactive program, and participants asked many questions to which Dr. Dal replied with factual figures and suggestions.



World Food Day Celebrated

Jamshoro, Archroma Pakistan, in collaboration with the Food Department, Government of Sindh, and the Institute of Biochemistry Nutrition and Food Sciences, university of Sindh Jamshoro, observed World Food Day.

The event showcased handmade food stalls prepared by final year students, highlighting the rich culinary diversity of Sindh. Panel discussions featuring experts from the food industry, academia, and government sectors focused on food, security, sustainability, and safety.

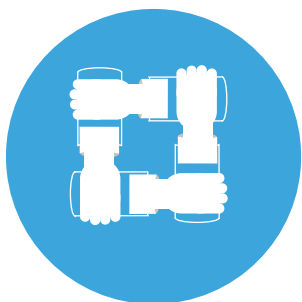
DG Food Authority, Government of Sindh, and the Vice Chancellor of the University of Sindh expressed gratitude to Archroma for their participation and commitment to promoting food safety and sustainability.

World Food Day reinforces Archroma's dedication to sustainable practices and community engagement.



Stakeholders Relationship and Engagement

05





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.

Our Stake holders

The management of the Company take pleasure in identifying and assessing the needs of all the stakeholders of the Company. 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.

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 Institutional Investors

Investor's trust and honour is acknowledged at Archroma through a steady return on investment. As a listed entity, A transparent relationship is rigorously enforced with all stakeholders. 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

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 & Distributors

Our customers are mostly corporate entities in dedicated sectors of Textiles, Packaging and Construction. 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.

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.

Banks and Other Lenders

Company negotiates on an on-going basis the rates, lending purposes, short term financing, deposits and investments. Banks are also consulted on issues linked with letters of credit, payments to suppliers, and any disbursement of operational nature.

Media

Different communication mediums are used on need basis to apprise the general public about new developments, activities and philanthropic initiatives of Archroma.

Local Community and General Public

In addition to local communities near plant sites, Archroma engages with general public at large through its CSR Department. It helps to identify needed interventions in the field of education, health and general economic uplift of the society. Archroma has also aligned its interventions with the UN's Sustainable Development Goals.

Encouraging Minority Shareholders to Attend General Meetings



The Company encourages attendance and participation of all its shareholders, including minority shareholders, to attend its general meetings and complies with all the regulatory requirements necessary to facilitate them to do so. Each shareholder is important to the Company irrespective of the holding and voting power. We value our investors, their concerns and grievances (if any). At the Annual and Extraordinary General Meetings we ensure a two-way communication with the shareholders particularly the minority shareholders. To encourage the minority shareholders to attend the general meeting, the Company informs them to attend the meeting through video conferencing. The shareholders, irrespective of their holding can attend the general meeting, if they register themselves with the Company within the prescribed time, before the date of general meeting. Apart from this, following steps are taken to encourage our minority shareholders to attend the general meetings:

- Notice of the meeting and email is sent to all the shareholders at least 21 days before the meeting.
- Notices are published in the English and Urdu newspapers having country-wide circulation.
- Notice of Meeting with the printed proxy forms are circulated to every shareholder. The proxy forms enables them to nominate someone to attend the meeting on their behalf.
- Notices are posted on the Company's website and disseminated to PSX for better reach to the shareholders.
- We encourage and appreciate two-way communication in the general meetings, in this way we listen to our shareholders views and concerns.

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.

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.

Archroma Pakistan Limited had one Corporate Briefing Session during the year under review:

Period	Date
Year ended 30 September 2023	28 December 2023

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.

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

06





FUTURE OUTLOOK

Forward Looking Statement

The Global energy and commodities' prices, Raw Materials' supply chain and availability situation continues to remain complex due to the ongoing Middle East situation. Consequently, balance of trade and forex reserves' situation in Pakistan is anticipated to remain under pressure and can create more challenges for the business in the coming months. However, the financing arrangements recently finalized with IMF and debt rescheduling programs currently under discussions with certain neighboring countries and lending agencies along with stricter implementation of certain corrective fiscal measures' in progress are expected to positively contribute towards improvement in the overall macro-economic situation of Pakistan, which in turn is also anticipated to support business development for Textiles and Construction Industries of the Country.

Management is confident that with the stringent measures in place to further control the Company's net working capital situation and strong projects' pipeline to increase its market penetration and share through portfolio expansion and business development post Huntsman Textile Effects' acquisition. The Company is anticipated to return back to the profitable growth track in the upcoming financial year.

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 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.

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 high inflation 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

07





Organizational
Overview

Strategies and
Resource Allocation

Risk and
Opportunities

Corporate Social
Responsibility

Stakeholders
Relationship and
Engagement



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
- Dr. Lalarukh Ejaz

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 has Two Executive Directors on the Board. The CEO of the Company, Mr. Mujtaba Rahim also holds Non-Executive Directorship on the Board of Swiss Business Council.

Role of the Chairperson

“The Chairperson is responsible for the Board's leadership and effective performance of the Board and sets high standards of governance.”

Chairperson, 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. Chairperson 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.

Chairperson 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 Chairperson 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. Chairperson 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 Chairperson informs them about their roles, responsibilities, duties, and powers to help them effectively manage the affairs of the Company.

Role of the Chief Executive Officer (CEO)

“The Chief Executive Officer (CEO) is entrusted with the general management of the Company's business and affairs with authority to exercise all such powers and directions as are conferred upon the Board of Directors by Articles and Memorandum of Association of the Company.”

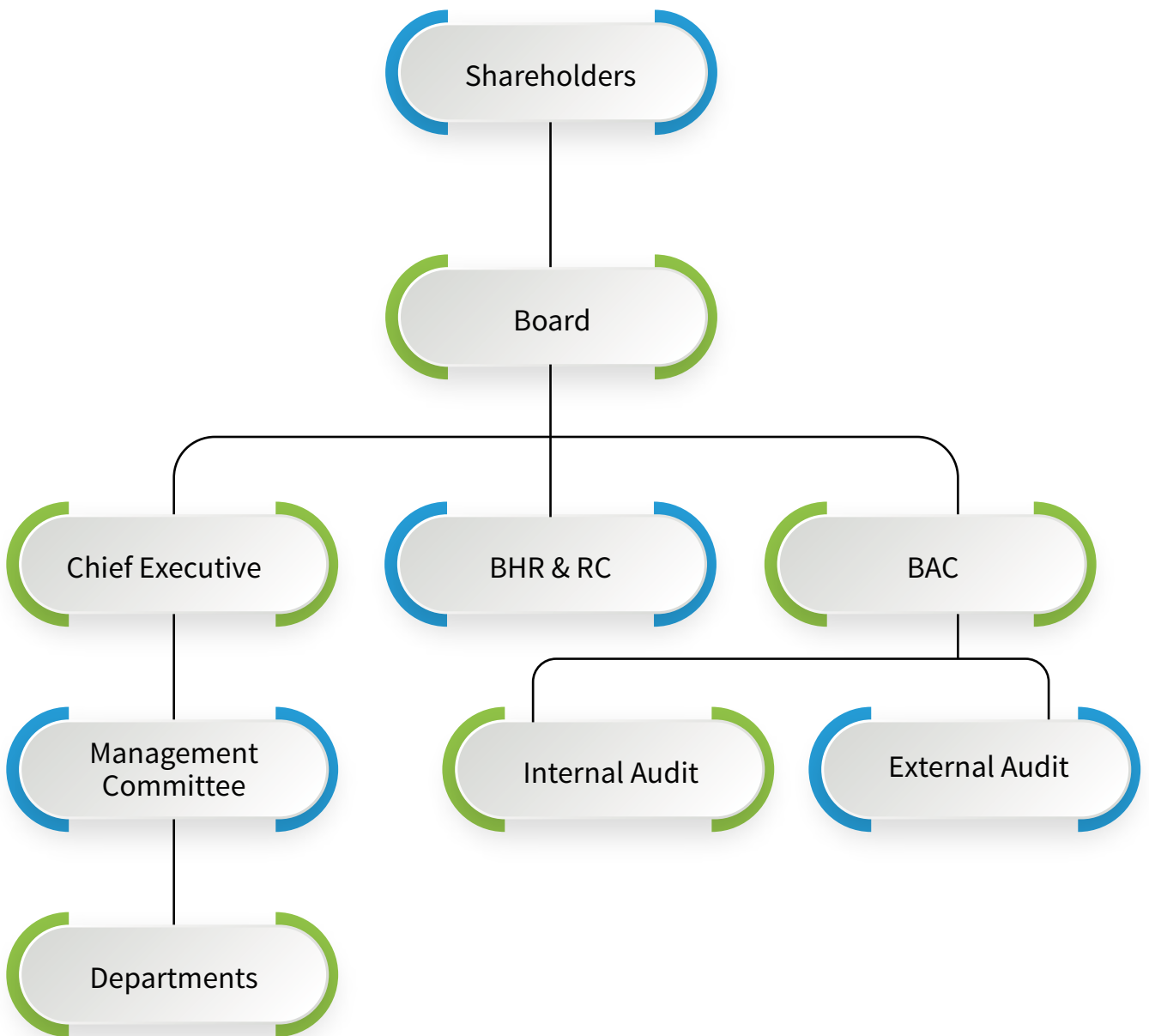
The CEO leads the management, builds an organizational culture and is the role model for the entire Company. He is responsible for proposing and developing the Company's strategy and overall commercial objectives, which he does in close consultation with the Chairperson and the Board of Directors. He 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.

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

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 2023-24 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 2023-24, 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 2023-24

Board Evaluation for the year 2023-24 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:

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

Directors' Training Program

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

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

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

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

- Mr. Mujtaba Rahim
- Mr. Irfan Chawala
- Mr. Naveed Kamil
- Mr. Shahid Ghaffar
- Ms. Yasmin Peermohammad
- Dr. Lalarukh Ejaz

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

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.

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, two non-executive directors and three independent directors.

In compliance with regulatory requirements, two female directors were elected on the Board in the elections held in March 2024.

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 2023-2024.

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.

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.

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.

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.

Review by the Board of the Organization'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 organization, 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 authorized 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 minimize 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.

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

Board of Archroma 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.

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.

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.

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.

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. Shahid Ghaffar, Mr. Patrick Verraes, & Dr. Lalarukh Ejaz) 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
- Dr. Lalarukh Ejaz Independent Member
- Mr. Patrick Verraes Non-Executive Director Member

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:

- 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;
- 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;
- recommending human resource management policies to the board;
- 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;
- 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
- 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.

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, 2024
- 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, 2025.

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.

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

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

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

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, 2024 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, 2024, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the applicable laws and financial reporting is consistent with Management processes and adequate for shareholders 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.

Annual Report 2024

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.

- 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.

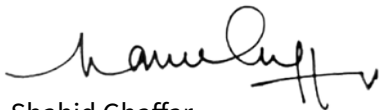
External Auditors

- 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 2024.
- 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 2025.

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: 31 October 2024



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 37131900, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Archroma Pakistan Limited

Review report on the statement of compliance contained in listed companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Archroma Pakistan Limited ("the Company") for the year ended **30 September 2024** in accordance with the requirements of regulation No. 36 of the Regulations.


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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **30 September 2024**.

Date: 1 November 2024
Karachi
UDIN: CR202410096EuLihG7yK


KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2019

Company Name: **Archroma Pakistan Limited**
Year Ended: **30 September 2024**

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

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

Male	5
Female	2

- The composition of the Board is as follows:

Independent Directors	Mr. Shahid Ghaffar Dr. Lalarukh Ejaz Ms. Yasmin Peermohammad
Non-Executive Directors	Mr. Patrick Verraes (Alternate Mr. Naveed Kamil) Mr. Victor Garcia
Executive Directors	Mr. Mujtaba Rahim Mr. Irfan Chawala

- The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
- 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.
- 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.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017, and the Regulations
- The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
- The Board has a formal policy and transparent procedures for the remuneration of directors in accordance with the Companies Act, 2017, and the Regulations.

9. The Board has arranged Directors' Training program for the following:

- | | |
|----------------------------|-----------------------|
| 1. Dr. Lalarukh Ejaz | 2. Mr. Shahid Ghaffar |
| 3. Ms. Yasmin Peermohammad | 4. Mr. Mujtaba Rahim |
| 5. Mr. Irfan Chawala | 6. Mr. Naveed Kamil |

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

- | | |
|---|---|
| <ul style="list-style-type: none"> • Mr. Shahid Ghaffar • Dr. Lalarukh Ejaz • Mr. Patrick Verraes
(Alternate Mr. Naveed Kamil) • Mr. M. Irfan Lakhani | <ul style="list-style-type: none"> • Chairman • Member • Member • Secretary |
|---|---|

HR and Remuneration Committee

- | | |
|--|--|
| <ul style="list-style-type: none"> • Ms. Yasmin Peermohammad • Mr. Mujtaba Rahim • Mr. Patrick Verraes
(Alternate Mr. Naveed Kamil) • Mr. M. Irfan Lakhani | <ul style="list-style-type: none"> • Chairperson • Member • Member • 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 30 September 2024
HR and Remuneration	One meeting during the financial year ended 30 September 2024

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 Accountants of Pakistan (ICAP) and are 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 the 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 Companies Act, 2017, 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; and

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 by the board 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 by Audit Committee.	30
3	The significant policies may include but not limited to the anti-harassment policy to safeguard the rights and well-being of employees, incorporating the mechanism as prescribed under the Protection Against Harassment of Women at the Workplace as advised by SECP vide its SRO 920 (1)/2024 dated 12 June 2024.	The Company's Code of Conduct covers the element of workplace harassment and Human Resources committee also reviews the same in its meetings.	10(4) (xvi)
4	The board is responsible for setting the Company's sustainability strategies, priorities and targets to create long term corporate value. The board may establish a dedicated sustainability committee having at least one female director.	Board provides governance and oversight in relation to Company's initiatives on Environmental, Social and Governance (ESG) matters.	10(A) (5)
5	Directors training program	6 Directors have undergone the Directors Training Program in previous years. The Company plans to arrange training for rest of the Directors in the next year, 2025.	19(3)



MUJTABA RAHIM

CHIEF EXECUTIVE OFFICER



IRFAN CHAWALA
DIRECTOR

Dated: 31 October 2024
Karachi



“GENDER PAY GAP STATEMENT UNDER SECP'S CIRCULAR 10 of 2024”

Following is gender pay gap calculated for the year ended 30 September 2024;

3.3%

Mean Gender Pay Gap:

-56.18%

Median Gender Pay Gap:



Mujtaba Rahim
Chief Executive Officer

Disclosures on IT Governance and Cybersecurity

08





DISCLOSURES ON IT GOVERNANCE AND CYBERSECURITY

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 Standards, 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.

As an integral part of IT corporate governance, the Information Security team reports to Archroma CIO.

Multi-Factor Authentication (MFA)

MFA is a security feature that requires individuals to verify their identity using two or more authentication methods before granting access to a system or application. This additional layer of security offers numerous benefits that directly impact our company's safety and resilience.

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.

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 company's IT 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 Archroma's 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.

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.

Performance and Position

09





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HORIZONTAL ANALYSIS

Statement of Financial Position

	2024	24 V/s 23	2023	2022	2021	2020	2019
	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	2,338.1	22.9	1,901.9	1,929.5	1,865.0	1,976.8	1,914.5
Long term loans	-	-	-	-	-	-	0.1
Long term deposits and prepayments	13.2	-	13.2	12.7	16.6	6.1	7.2
Deferred taxation - net	294.7	100.0	-	-	-	15.5	-
Employee benefit	-	(100.0)	56.1	25.0	75.8	-	-
	2,646.1	34.2	1,971.2	1,967.2	1,957.4	1,998.4	1,921.7
Current assets							
Stores and spares	78.1	9.2	71.5	60.6	62.6	53.6	49.4
Stock-in-trade	4,709.3	(30.3)	6,756.1	3,986.0	2,652.7	3,089.9	3,056.1
Trade receivables	4,978.0	(46.5)	9,312.9	4,826.6	3,769.7	2,788.2	3,916.3
Advances	13.1	15.0	11.4	1.4	2.9	0.7	0.4
Trade deposits and short-term prepayments	84.0	(42.7)	146.6	101.0	39.2	24.4	57.7
Other receivables	139.2	456.6	25.0	28.8	29.1	24.6	34.1
Sales Tax	1,368.9	(25.5)	1,836.3	1,328.0	1,328.0	1,378.0	1,680.1
Taxation - net	127.2	100	-	-	-	225.2	147.9
Short Term Investment	-	-	-	-	601.0	-	-
Cash and bank balances	159.5	(49.4)	315.4	96.0	1,267.9	269.2	599.0
	11,657.2	(36.9)	18,475.1	10,428.3	9,753.0	7,853.8	9,541.1
TOTAL ASSETS	14,303.2	(30.0)	20,446.4	12,395.5	11,710.3	9,852.3	11,462.8
EQUITY AND LIABILITIES							
Share capital and reserves							
Authorised capital							
63,000,000 (30 September 2023: 50,000,000) ordinary shares of Rs. 10 each	630.0	26.0	500.0	500.0	500.0	500.0	500.0
Issued, subscribed and paid-up share capital	345.6	1.3	341.2	341.2	341.2	341.2	341.2
Capital reserve - amalgamation reserve	93.5	100.0	-	-	-	-	-
Revenue Reserves	2,747.0	-	2,747.0	2,434.0	3,138.0	3,238.0	3,096.0
General reserve	591.4	(52.5)	1,246.0	996.6	2,368.4	924.7	1,680.3
Unappropriated profit	3,338.4	(16.4)	3,993.0	3,430.6	5,506.4	4,162.7	4,776.3
	3,777.6	(12.8)	4,334.1	3,771.8	5,847.6	4,503.9	5,117.4
LIABILITIES							
Non - current liabilities							
Deferred taxation - net	200.3	1,823.1	10.4	11.2	12.5	341.1	63.2
Employee benefits	-	-	-	-	44.4	209.8	-
Long term loan - secured	118.5	(0.3)	118.9	104.7	104.3	95.7	9.4
Lease liabilities	141.8	1.1	140.4	115.3	59.0	94.1	81.2
Liabilities against diminishing musharika financing	460.6	35.4	340.2	290.1	272.5	740.7	213.3
Current liabilities	5,787.9	(44.1)	10,349.2	5,750.4	3,772.4	2,173.5	3,027.6
Trade and other payables	90.3	(0.6)	90.9	88.4	72.1	67.5	66.0
Unclaimed dividend	-	(100.0)	511.8	-	-	-	-
Unpaid dividend	164.6	(1.7)	167.4	24.2	3.6	17.9	82.0
Mark-up accrued	3,938.6	(9.9)	4,370.6	1,977.5	1,475.6	2,143.0	2,920.1
Short-term borrowings - Secured	-	-	-	42.6	177.5	148.2	-
Current portion of long term loan - Secured	24.1	2.4	23.6	20.1	16.6	21.5	12.2
Current portion of lease liabilities	-	-	-	-	-	-	-
Current portion of liabilities against diminishing musharika finance	59.6	18.3	50.4	49.0	38.8	36.0	24.2
Taxation - net	10,065.0	(36.2)	15,772.1	8,333.6	5,590.3	4,607.7	6,132.0
	10,525.7	(34.7)	16,112.2	8,623.7	5,862.8	5,348.4	6,345.4
TOTAL EQUITY AND LIABILITIES	14,303.2	(30.0)	20,446.4	12,395.5	11,710.3	9,852.3	11,462.8

HORIZONTAL ANALYSIS

Statement of Profit and Loss

	2024	24 V/s 23	2023	2022	2021	2020	2019
	Rs. in mio	%age	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio
Sales	28,533.4	(18.2)	34,900.1	29,430.1	23,561.1	17,893.7	18,955.8
Trade discounts and commission	827.1	(20.8)	1,043.7	924.3	923.6	746.9	823.0
Sales tax	2,933.2	(23.7)	3,843.7	3,351.8	2,765.2	2,107.9	779.8
	3,760.3	(23.1)	4,887.4	4,276.1	3,688.8	2,854.8	1,602.8
Net sales	24,773.1	(17.5)	30,012.7	25,154.0	19,872.2	15,038.9	17,353.1
Cost of goods sold	20,271.6	(10.1)	22,545.0	17,933.6	13,692.9	10,834.2	12,006.9
Gross profit	4,501.5	(39.7)	7,467.8	7,220.5	6,179.3	4,204.7	5,346.2
Distribution and marketing expenses	2,982.6	(2.7)	3,065.2	2,594.4	1,973.4	1,569.6	1,744.3
Administrative expenses	915.9	19.3	767.6	627.4	583.8	560.1	507.6
Impairment (loss) / Reversal on trade receivables	(45.0)	(857.1)	5.9	16.7	28.0	(13.2)	(143.4)
Other expenses	19.8	(89.0)	180.7	244.0	247.0	112.1	136.5
	3,963.3	(1.1)	4,007.6	3,449.1	2,776.2	2,254.9	2,531.8
Operating Profit	538.2	(84.4)	3,460.2	3,771.4	3,403.1	1,949.8	2,814.4
Other income	173.3	302.7	43.0	59.0	57.9	25.9	16.0
Profit before finance costs	711.5	(79.7)	3,503.3	3,830.4	3,461.1	1,975.7	2,830.3
Finance costs	1,224.3	(3.0)	1,262.3	693.0	271.7	439.2	680.3
(Loss) / Profit before minimum, final and income taxes	(512.8)	(122.9)	2,241.0	3,137.4	3,189.4	1,536.5	2,150.0
Minimum and final taxes charge	(298.7)	314.7	(72.0)	-	-	-	-
(Loss) / Profit before income tax	(811.4)	(137.4)	2,169.0	-	-	-	-
Income Tax reversal / (charge)	265.0	(128.7)	(924.6)	1,252.3	880.0	367.2	427.6
Profit for the year	(546.5)	(143.9)	1,244.4	1,885.1	2,309.4	1,169.3	1,722.4

VERTICAL ANALYSIS

Statement of Financial Position

	2024	24 V/s 23	2023	2022	2021	2020	2019
	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	2,338.1	16.3	1,901.9	1,929.5	1,865.0	1,976.8	1,914.5
Long term loans - secured	-	-	-	-	-	-	0.1
Long term deposits and prepayments	13.2	0.1	13.2	12.7	16.6	6.1	7.2
Employee benefits	-	-	56.1	25.0	75.8	-	-
Deferred taxation - net	294.7	2.1	-	-	-	15.5	-
	2,646.1	18.5	1,971.2	1,967.2	1,957.4	1,998.4	1,921.7
Current assets							
Stores and spares	78.1	0.5	71.5	60.6	62.6	53.6	49.4
Stock-in-trade	4,709.3	32.9	6,756.1	3,986.0	2,652.7	3,089.9	3,056.1
Trade receivables	4,978.0	34.8	9,312.9	4,826.6	3,769.7	2,788.2	3,916.3
Advances	13.1	0.1	11.4	1.4	2.9	0.7	0.4
Trade deposits and short-term prepayments	84.0	0.6	146.6	101.0	39.2	24.4	57.7
Other receivables	139.2	1.0	25.0	28.8	29.1	24.6	34.1
Sales Tax	1,368.9	9.6	1,836.3	1,328.0	1,328.0	1,378.0	1,680.1
Taxation - net	127.2	0.9	-	-	-	225.2	147.9
Short term Investment	-	-	-	-	601.0	-	-
Cash and bank balances	159.5	1.1	315.4	96.0	1,267.9	269.2	599.0
	11,657.2	81.5	18,475.1	10,428.3	9,753.0	7,853.8	9,541.1
TOTAL ASSETS	14,303.2	100.0	20,446.4	12,395.5	11,710.3	9,852.3	11,462.8
EQUITY AND LIABILITIES							
Share capital and reserves							
Authorised capital							
63,000,000 (30 September 2023: 50,000,000) ordinary shares of Rs. 10 each	630.0	4.4	500.0	500.0	500.0	500.0	500.0
Issued, subscribed and paid-up share capital	345.6	2.4	341.2	341.2	341.2	341.2	341.2
Capital reserve - amalgamation reserve	93.5	0.7	-	-	-	-	-
Revenue Reserves							
General reserve	2,747.0	19.2	2,747.0	2,434.0	3,138.0	3,238.0	3,096.0
Unappropriated profit	591.4	4.1	1,246.0	996.6	2,368.4	924.7	1,680.3
	3,338.4	23.3	3,993.0	3,430.6	5,506.4	4,162.7	4,776.3
	3,777.6	26.4	4,334.1	3,771.8	5,847.6	4,503.9	5,117.4
LIABILITIES							
Non - current liabilities							
Deferred taxation - net	-	-	70.5	58.9	52.2	-	59.6
Employee benefits	200.3	1.4	10.4	11.2	12.5	341.1	63.2
Long term loan - secured	-	-	-	-	44.4	209.8	-
Lease liabilities	118.5	0.8	118.9	104.7	104.3	95.7	9.4
Liabilities against diminishing musharika finance	141.8	1.0	140.4	115.3	59.0	94.1	81.2
	460.6	3.2	340.2	290.1	272.5	740.7	213.3
Current liabilities							
Trade and other payables	5,787.9	40.5	10,349.2	5,750.4	3,772.4	2,173.5	3,027.6
Unclaimed dividend	90.3	0.6	90.9	88.4	72.1	67.5	66.0
Unpaid dividend	-	-	511.8	-	-	-	-
Taxation - net	-	-	208.2	381.4	33.6	-	-
Mark-up accrued	164.6	1.2	167.4	24.2	3.6	17.9	82.0
Short-term borrowings - secured	3,938.6	27.5	4,370.6	1,977.5	1,475.6	2,143.0	2,920.1
Current portion of long term loan - secured	-	-	-	42.6	177.5	148.2	-
Current portion of lease liabilities	24.1	0.2	23.6	20.1	16.6	21.5	12.2
Current portion of liabilities against D.M.	59.6	0.4	50.4	49.0	38.8	36.0	24.2
	10,065.0	70.4	15,772.1	8,333.6	5,590.3	4,607.7	6,132.0
	10,525.7	73.6	16,112.2	8,623.7	5,862.8	5,348.4	6,345.4
TOTAL EQUITY AND LIABILITIES	14,303.2	100.0	20,446.4	12,395.5	11,710.3	9,852.3	11,462.8

VERTICAL ANALYSIS

Statement of Profit and Loss

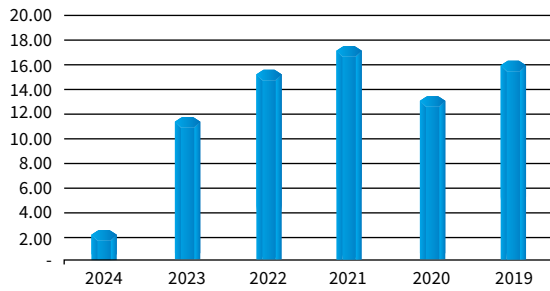
	2024	24 V/s 23	2023	2022	2021	2020	2019
	Rs. in mio	%age	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio	Rs. in mio
Sales	28,533.4	100.0	34,900.1	29,430.1	23,561.1	17,893.7	18,955.8
Trade discounts and commission	827.1	2.9	1,043.7	924.3	923.6	746.9	823.0
Sales tax	2,933.2	10.3	3,843.7	3,351.8	2,765.2	2,107.9	779.8
	3,760.3	13.2	4,887.4	4,276.1	3,688.8	2,854.8	1,602.8
Net sales	24,773.1	86.8	30,012.7	25,154.0	19,872.2	15,038.9	17,353.1
Cost of goods sold	20,271.6	71.0	22,545.0	17,933.6	13,692.9	10,834.2	12,006.9
Gross profit	4,501.5	15.8	7,467.8	7,220.5	6,179.3	4,204.7	5,346.2
Distribution and marketing expenses	2,982.6	10.5	3,065.2	2,594.4	1,973.4	1,569.6	1,744.3
Administrative expenses	915.9	3.2	767.6	627.4	583.8	560.1	507.6
Impairment (loss) / Reversal on trade receivables	(45.0)	0.2	5.9	16.7	28.0	(13.2)	(143.4)
Other expenses	19.8	0.1	180.7	244.0	247.0	112.1	136.5
	3,963.3	13.9	4,007.6	3,449.1	2,776.2	2,254.9	2,531.8
Operating Profit	538.2	1.9	3,460.2	3,771.4	3,403.1	1,949.8	2,814.4
Other income	173.3	0.6	43.0	59.0	57.9	25.9	16.0
Profit before finance cost	711.5	2.5	3,503.3	3,830.4	3,461.1	1,975.7	2,830.3
Finance costs	1,224.3	4.3	1,262.3	693.0	271.7	439.2	680.3
(Loss) / Profit before minimum, final and income taxes	(512.8)	(1.8)	2,241.0	3,137.4	3,189.4	1,536.5	2,150.0
Minimum and final taxes change	(298.7)	(1.0)	(72.0)	-	-	-	-
(Loss) / Profit before income tax	(811.4)	(2.8)	2,169.0	-	-	-	-
Income tax reversal / (charge)	(265.0)	(0.9)	(924.6)	1,252.3	880.0	367.2	427.6
(Loss) / profit for the year	(546.5)	(1.9)	1,244.4	1,885.1	2,309.4	1,169.3	1,722.4

PERFORMANCE INDICATORS

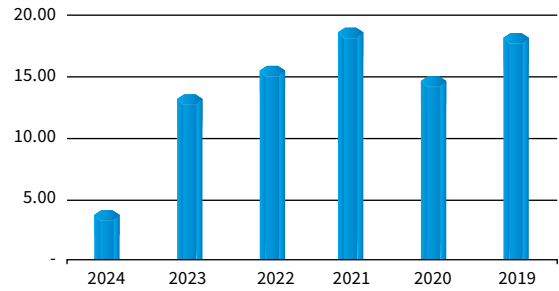
		2024	2023	2022	2021	2020	2019
Profitability Ratios							
Net (loss) / profit to net sales	%	(2.21)	4.15	7.49	11.62	7.77	9.93
Operating profit to net sales	%	2.17	11.53	15.23	17.42	13.14	16.31
EBITDA margin to net sales	%	4.13	12.66	16.36	18.78	14.99	17.79
Return on equity	%	(14.47)	28.71	49.98	39.49	25.96	33.66
Liquidity Ratios							
Current ratio	Times	1.16	1.17	1.25	1.74	1.70	1.56
Quick Ratio	Times	0.68	0.74	0.77	1.26	1.02	1.06
Cash to current liabilities	Times	0.02	0.02	0.01	0.23	0.06	0.10
Activity / Turnover Ratios							
Cash conversion cycle	Days	92	86	69	75	131	113
Days sales outstanding / debtor days	Days	73	113	70	69	68	82
Days inventory outstanding	Days	85	109	81	71	104	93
Days payable outstanding	Days	66	137	83	65	41	62
Debtor turnover	Times	4.98	3.22	5.21	5.27	5.39	4.43
Total assets turnover	Times	1.73	1.47	2.03	1.7	1.53	1.51
Fixed assets turnover	Times	10.6	15.78	13.04	10.66	7.61	9.06
Investment / Market Ratios							
(loss) / Earnings per share	Rupees	(15.81)	36.47	55.25	67.69	34.27	50.48
Price earnings - on the basis of (loss) / earning per share	Times	(18.22)	12.06	9.85	9.23	16.55	9.11
Price to book ratio	Times	2.64	3.46	4.9	3.65	4.30	3.07
Dividend yield	%	-	-	8.27	14.4	5.29	9.77
Dividend payout ratio	%	-	-	81.45	133.25	87.54	89.14
Dividend per share	Rupees	-	-	45	90	30	45
Market value per share:							
Year end	Rupees	288	440	544	625	567	460
Highest during the year	Rupees	560	579	664	650	699	620
Lowest during the year	Rupees	280	410	510	518	456	440
Capital Structure Ratios							
Mark-up Cover Ratio	Times	0.44	5.64	23.95	35.56	8.43	10.40

Profitability Ratios

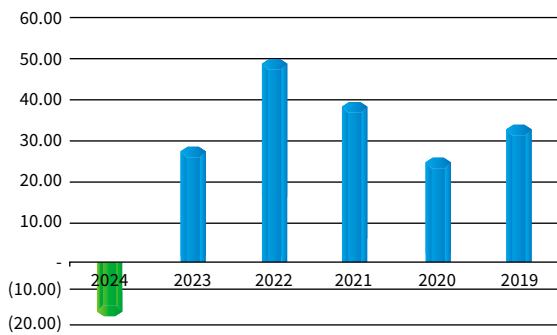
OPERATING PROFIT TO NET SALES



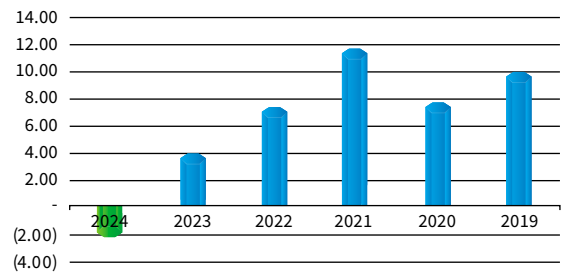
EBITDA MARGIN TO NET SALES



RETURN ON EQUITY

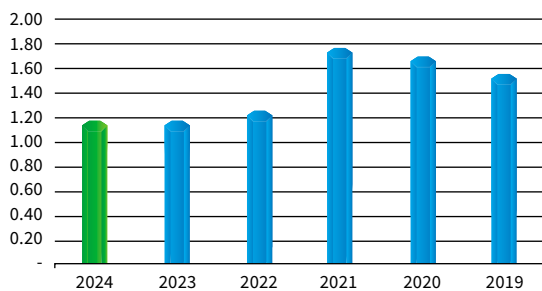


NET PROFIT TO NET SALES

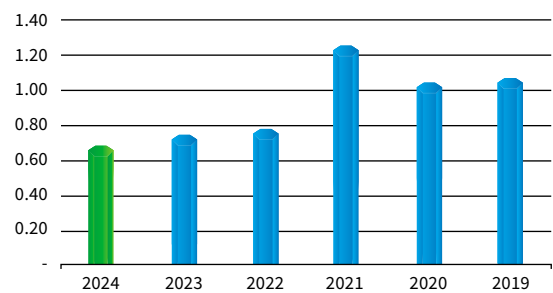


Liquidity Ratios

CURRENT RATIO

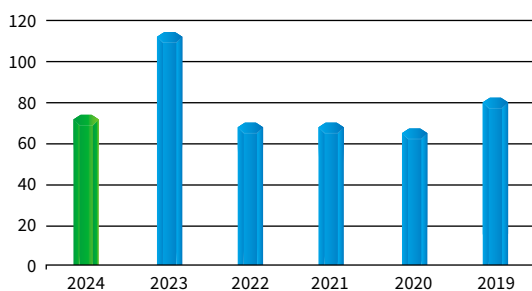


QUICK RATIO

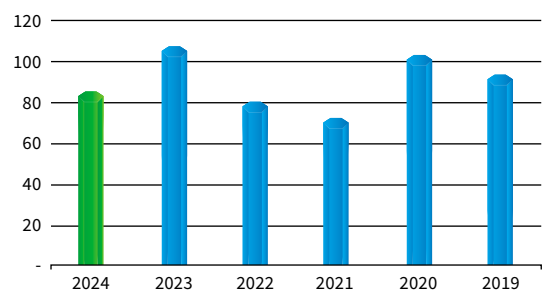


Activity Ratios

DAYS SALES OUTSTANDING

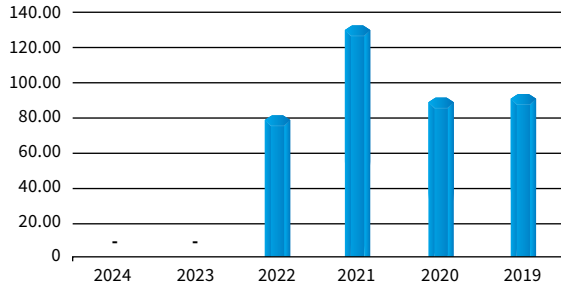


DAYS INVENTORY OUTSTANDING

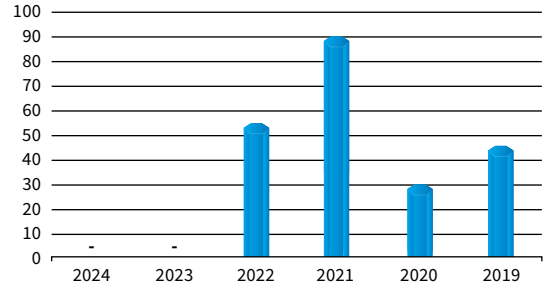


Dividend payout ratio

DIVIDEND PAYOUT RATIO

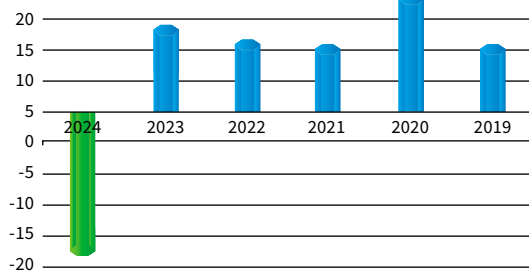


DIVIDEND PER SHARE

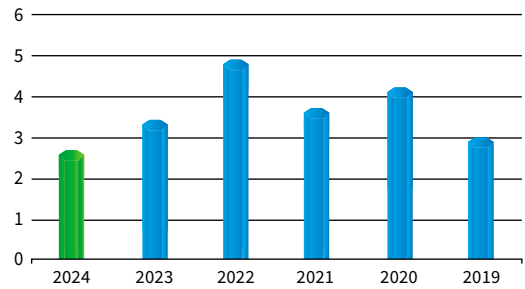


Investment / Market Ratios

PRICE EARNINGS - ON THE BASIS OF (LOSS) / EARNING PER SHARE

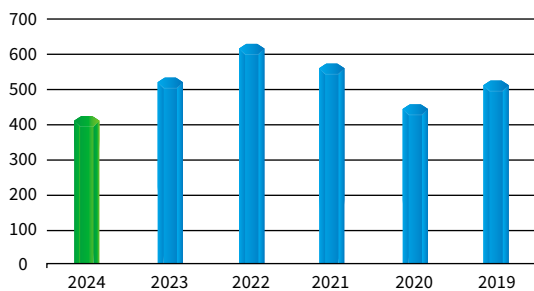


PRICE TO BOOK RATIO

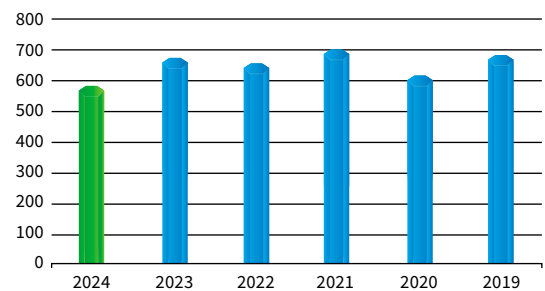


Market value per share:

YEAR END



HIGHEST DURING THE YEAR

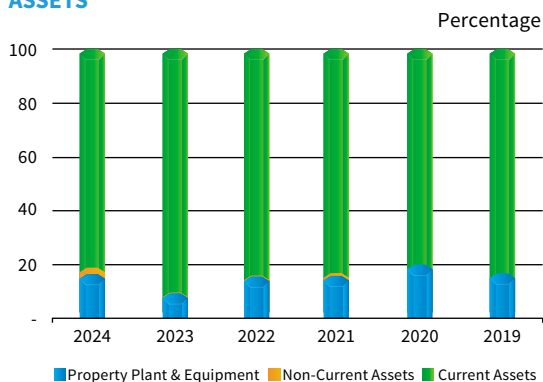


SIX YEARS AT A GLANCE

Factors	2024	2023	2022	2021	2020	2019
	Rs. in '000'	Rs. in '000'	Rs. in '000'	Rs. in '000'	Rs. in '000'	Rs. in '000'
Property Plant & equipment	2,338,149	1,901,906	1,929,532	1,865,030	1,976,820	1,914,464
Other assets	307,911	69,326	37,659	92,356	21,598	7,275
Current assets	11,657,170	18,475,145	10,428,314	9,752,958	7,853,837	9,541,052
Total assets employed	14,303,230	20,446,377	12,395,505	11,710,344	9,852,255	11,462,791
Share capital	345,634	341,179	341,179	341,179	341,179	341,179
Revenue reserves and unappropriated profit	3,431,934	3,992,951	3,430,630	5,506,412	4,162,681	4,776,258
Bank borrowings	3,938,588	4,370,646	2,020,124	1,697,510	2,501,054	2,920,070
Other liabilities	6,587,074	11,741,601	6,603,572	4,165,243	2,847,341	3,425,284
Total Funds Employed	14,303,230	20,446,377	12,395,505	11,710,344	9,852,255	11,462,791
Net Sales	24,773,123	30,012,733	25,154,026	19,872,237	15,038,941	17,353,050
(Loss) / Profit before tax	(512,778)	2,240,984	3,137,384	3,189,391	1,536,493	2,150,019
(Loss) / Profit after Tax	(546,452)	1,244,382	1,885,066	230,366	1,169,266	1,722,380
Cash Dividend %	-	-	450	900	300	450
(Loss) / Earning per share	(15.81)	36.47	55.25	67.69	34.27	50.48
Break-up value per share	109.29	127.03	110.55	171.39	132.00	149.99

FINANCIAL POSITION ANALYSIS

ASSETS

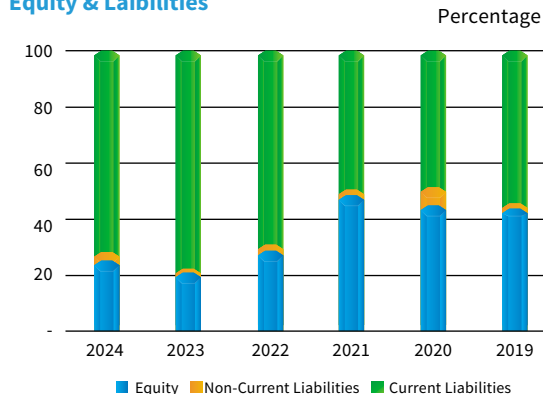


PROFIT OR LOSS ANALYSIS

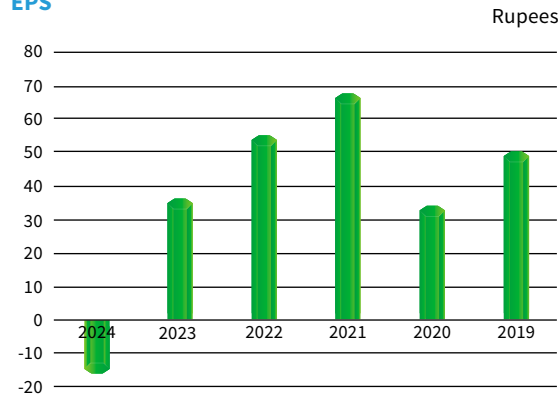
INCOME



Equity & Liabilities



EPS



Financial Statements

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Chartered Accountants
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Karachi 75530 Pakistan
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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 2024**, 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 material accounting policy information 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 2024** and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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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 2024 was Rs. 24.77 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.

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S No.	Key audit matters	How the matters were addressed in our audit
2.	<p>Valuation of Stock-in-trade</p> <p>Refer notes 3.4 and 6 to the Company's financial statements.</p> <p>The Company's stock-in- trade as at 30 September 2024 was Rs. 4.71 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

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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.

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- 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;




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- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Date: 1 November 2024
Karachi
UDIN: AR202410096SZ29WI1nC


KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,338,149	1,901,906
Long term deposits and prepayments		13,205	13,205
Deferred taxation - net	14	294,706	-
Employee benefits	15	-	56,121
		2,646,060	1,971,232
Current assets			
Stores and spares	5	78,093	71,520
Stock-in-trade	6	4,709,255	6,756,099
Trade receivables	7	4,977,952	9,312,865
Advances	8	13,076	11,369
Trade deposits and short-term prepayments	9	83,979	146,594
Other receivables	10	139,165	25,003
Sales tax	11	1,368,937	1,836,319
Taxation - net	32.4	127,184	-
Cash and bank balances	12	159,529	315,376
		11,657,170	18,475,145
		14,303,230	20,446,377
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 63,000,000 (30 September 2023: 50,000,000) ordinary shares of PKR 10 each		630,000	500,000
Issued, subscribed and paid-up share capital	13	345,634	341,179
Capital reserve - amalgamation reserve	1.1	93,545	-
Revenue reserves			
General reserve		2,747,000	2,747,000
Unappropriated profit		591,389	1,245,951
		3,338,389	3,992,951
		3,777,568	4,334,130
LIABILITIES			
Non-current liabilities			
Deferred taxation - net	14	-	70,547
Employee benefits	15	200,271	10,414
Lease liabilities	16	118,509	118,864
Liabilities against diminishing musharika financing	17	141,834	140,356
		460,614	340,181
Current liabilities			
Trade and other payables	18	5,787,855	10,349,213
Unclaimed dividend		90,313	90,891
Unpaid dividend	19	-	511,771
Taxation - net	32.4	-	208,173
Mark-up accrued	20	164,577	167,410
Short-term borrowings - secured	21	3,938,588	4,370,646
Current portion of lease liabilities	16	24,130	23,573
Current portion of liabilities against diminishing musharika financing	17	59,585	50,389
		10,065,048	15,772,066
		10,525,662	16,112,247
Contingencies and commitments			
	22		
		14,303,230	20,446,377

The annexed notes 1 to 44 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

As at 30 September 2024

	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Restated) (Rupees in '000)
Sales	23	28,533,396	34,900,100
Trade discounts and rebates		(827,062)	(1,043,705)
Sales tax		(2,933,211)	(3,843,662)
Sales - net	23	24,773,123	30,012,733
Cost of goods sold	24	(20,271,622)	(22,544,957)
Gross profit		4,501,501	7,467,776
Distribution and marketing expenses	25	(2,982,596)	(3,065,210)
Administrative expenses	26	(915,883)	(767,613)
Impairment (loss) / reversal on trade receivables	7.1	(44,984)	5,942
Other expenses	28	(19,796)	(180,672)
		(3,963,259)	(4,007,553)
Operating profit		538,242	3,460,223
Other income	29	173,286	43,036
		711,528	3,503,259
Finance costs	30	(1,224,306)	(1,262,275)
(Loss) / profit before minimum, final and income taxes		(512,778)	2,240,984
Minimum and final taxes charge	31	(298,670)	(72,022)
(Loss) / profit before income tax		(811,448)	2,168,962
Income tax reversal / (charge)	32	264,996	(924,580)
(Loss) / profit for the year		(546,452)	1,244,382
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss:			
Re-measurement (loss) / gain on defined benefit obligations	27.1.6	(257,068)	422
Related deferred tax reversal / (charge)	14.1	100,257	(125)
		(156,811)	297
Total comprehensive (loss) / income for the year		(703,263)	1,244,679
		(Rupees)	
(Loss) / earnings per share (basic and diluted)	33	(15.81)	36.47

The annexed notes 1 to 44 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 2024

	Issued, sub- scribed and paid-up capital	Capital reserve Amalgamation reserve	Revenue reserves		Total equity
			General reserve	Unappropriated profit	
	(Rupees in '000)				
Balance as at 30 September 2022 (Audited)	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 general reserves appropriated subsequent to year end	-	-	313,000	(313,000)	-
Total comprehensive income for the year					
Profit for the year	-	-	-	1,244,382	1,244,382
Other comprehensive income	-	-	-	297	297
	-	-	-	1,244,679	1,244,679
Balance as at 30 September 2023	341,179	-	2,747,000	1,245,951	4,334,130
Transaction with owners in the capacity as owners directly recorded in equity - distribution					
Effects of scheme of arrangement / merger (notes 1.1 and 1.2)	4,455	93,545	-	48,701	146,701
Total comprehensive loss for the year					
Loss for the year	-	-	-	(546,452)	(546,452)
Other comprehensive loss	-	-	-	(156,811)	(156,811)
	-	-	-	(703,263)	(703,263)
Balance as at 30 September 2024	345,634	93,545	2,747,000	591,389	3,777,568

The annexed notes 1 to 44 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 2024

	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before minimum, final and income taxes		(512,778)	2,240,984
Adjustments for non-cash charges and other items:			
Depreciation	4.2	310,867	295,619
Impairment reversal on trade receivables	7.1	44,984	(5,942)
Gain on disposal of operating property, plant and equipment	29	(230)	(167)
Provision for staff gratuity	27.1.6	21,498	26,587
Other long term benefit	27.3.5	7,071	2,360
Interest / mark-up expense	30	1,230,344	613,856
Working capital changes	39.1	2,168,476	(3,222,716)
Cash generated from / (used in) operations		3,270,232	(49,419)
Staff gratuity paid	27.1.6	(37,332)	(57,282)
Other long term employee benefits paid	27.3.4	(2,327)	(3,110)
Mark-up paid		(1,166,179)	(414,039)
Minimum, final and income taxes paid		(611,577)	(1,158,360)
Movement in long term deposits and prepayments		-	(550)
Net cash generated from / (used in) operating activities		1,452,817	(1,682,760)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(645,479)	(113,688)
Proceeds from disposal of property, plant and equipment		7,711	14,318
Net cash used in investing activities		(637,768)	(99,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against lease liabilities		(23,641)	(32,121)
Payments against diminishing musharika financing - net		(140,878)	(148,800)
Long term loans - payment		-	(42,633)
Short-term borrowings - proceeds		2,500,000	923,381
Short-term borrowings - repayments		(1,540,471)	(164,221)
Dividend paid		(512,349)	(168,126)
Net cash generated from financing activities		282,661	367,480
Net increase / (decrease) in cash and cash equivalents		1,097,710	(1,414,650)
Cash and cash equivalents due to amalgamation	1.2	138,030	-
Cash and cash equivalents at beginning of the year		(1,620,359)	(205,709)
Cash and cash equivalents at end of the year	40	(384,619)	(1,620,359)

The annexed notes 1 to 44 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 2024

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:

Manufacturing facilities

- 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 now Archroma Chemicals Pakistan (Private) Limited, by the Company’s Holding Company i.e. Archroma Textiles GmbH, the Company initiated the process to 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 approved the Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017 which was subsequently also approved by the members in the Extra Ordinary General Meeting held on 23 June 2023 and later on sanctioned by the Honorable High Court of Sindh on 31 October 2023. In pursuance with the requirements of Companies Act, 2017, an order of the Court sanctioning the Scheme of Arrangement for the merger was submitted to Registrar of Companies dated 8 November 2023.

The salient features of the arrangement are as follows:

- (a) The entire undertaking, comprising of all assets, liabilities and obligations of Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) shall, effective from 1 October 2023 (effective date) stand merged with, transferred to, vested in (along with ancillary matters thereto), and be assumed by Archroma. These financial statements have been prepared taking the effect of merger and amalgamation of assets, liabilities, and all obligations of Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) into the Company as per the scheme of arrangement sanctioned by the Honorable High Court of Sindh.
- (b) As consideration for the above, Archroma Pakistan Limited issued 445,460 shares at Rs 10 each amounting to Rs. 4.455 million, on the basis of a swap ratio as determined by EY Ford Rhodes of approximately 0.0455 Company shares for everyone share to the shareholders of Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited).
- (c) Upon the merger and transfer of Archroma Chemicals Pakistan (Private) Limited. (formerly: Huntsman Textile Effects Pakistan (Private) Limited) in the manner prescribed under this Scheme, Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) shall stand dissolved without winding up.

1.2 As Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) was a wholly owned subsidiary, the amalgamation has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, balances relating to Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) as of 1 October 2023 have been amalgamated on a line by line basis on the date of merger. Further, reserves including unappropriated profits / losses of Huntsman amounting to Rs. 48.701 million, upto and immediately preceding the effective date has been treated as revenue reserves of a corresponding nature in Archroma and has been accounted for on that basis in the books of account of Archroma in line with scheme of

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

arrangement. Accordingly the remaining amount of Rs. 93.545 million has been treated as an amalgamation reserve. Details of the Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) balances merged are as follows:

	Note	30 September 2024 (Rupees in '000)
Non-current assets		
Property, plant and equipment		715
Current assets		
Trade receivables, trade deposits and short-term prepayments		16,033
Taxation - net		22,450
		38,483
Cash and cash equivalents transferred due to arrangement / merger		
Short term investments		100,000
Cash and bank balances		38,030
		138,030
Total current assets		176,513
Total assets		177,228
Issued, subscribed and paid-up capital		98,000
Unappropriated profit		48,701
Equity	1.2.1	146,701
Non-current liabilities - employee benefits		7,870
Current liabilities - trade and other payables		22,657
Liabilities		30,527
		177,228

1.2.1 The following table summarises the impact of amalgamation on the equity of the Company:

	(Rupees in '000)
Statement of changes in equity:	
Issued, subscribed and paid-up capital	4,455
Amalgamation reserve	93,545
Unappropriated profit	48,701
Total	146,701

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Significant accounting estimates and judgements

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 as follows:

- 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 7.1);
- iv) Taxation (notes 3.5 and 32);
- v) Employee benefits (notes 3.9 and 27); and
- vi) Provisions and contingencies (notes 3.13, 22.1 and 22.2).

2.5 Restatement

The Institute of Chartered Accountants of Pakistan (ICAP) vide circular 07/2024 dated 15 May 2024 issued the application guidance on accounting for minimum taxes and final taxes. As per the guidance, minimum and final taxes paid should be classified as 'levies' and not income tax in the statement of profit or loss. Since, the impact of the said changes is material, per the abovesaid guide and IAS 8 'Accounting Policies', changes in accounting estimates and others, the changes are to be applied retrospectively.

Accordingly, the Company has restated its comparative information by reclassifying levies amounting to Rs. 72.02 million from taxation to minimum and final taxes in the statement of profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

2.5.1 The following table summarises the impact of restatement on the Company's statement of profit or loss:

Statement of profit or loss	For the year ended 30 September 2023		
	As previously reported	Adjustments increase / (decrease) (Rupees in '000)	As restated
Profit before minimum, final and income taxes	2,240,984	-	2,240,984
Minimum and final taxes charge	-	(72,022)	(72,022)
Profit before income tax	2,240,984	(72,022)	2,168,962
Income tax charge	(996,602)	72,022	(924,580)
Profit after taxation	<u>1,244,382</u>	<u>-</u>	<u>1,244,382</u>

2.5.2 There is no impact on the statement of financial position and statement of cash flows as a result of the aforementioned restatement.

2.6 Accounting standards, interpretations and amendments to published accounting and reporting standards

2.6.1 Standards, interpretations and amendments to published accounting and reporting standards that are effective during the year.

There are certain new standards, amendments and interpretations that are applicable for accounting periods beginning on or after 1 January 2023, that are considered not to have a material impact on the Company's financial statements and hence have not been detailed here.

Effective date	New standards or amendments
1 January 2023	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Definition of Accounting Estimate - Amendments to IAS 8 Deferred tax related to assets and liabilities from a single transaction - Amendments to IAS 12

2.6.2 Standards, interpretations and amendments to published accounting and reporting 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 July 2024:

- 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.
- 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

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).

- 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.
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)– The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transactions 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.
- Lack of exchangeability (Amendments to IAS 21) clarify:
 - when a currency is exchangeable into another currency; and
 - how a Company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. The disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the Company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial instruments and IFRS 7 Financial Instruments Disclosures:
- Financial Assets with ESG-linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial asset with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs - e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition/ Derecognition requirements of financial assets / liabilities by electronic payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the Company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

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

3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements for the year ended 30 September 2024 except income tax. In addition, the Company adopted disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 October 2023. The amendments require the disclosure of "material" rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policies information disclosed below:

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

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 4.1 to these financial statements. The cost of leasehold land is amortised equally over the lease period.

Depreciation on additions during the year is charged from the month in which the asset is put to use, whereas no depreciation is charged for the month the asset is disposed off. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

Capital work-in-progress

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

3.2 Leases

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

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

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

i) Right-of-use asset

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

ii) *Lease liability*

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

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

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.

3.5 Taxation and levies

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.

3.5.1 Current tax

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

3.5.2 Deferred tax

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, levies, 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.

3.5.3 Levies

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income, or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax is classified as levy in the statement of profit or loss as these levies fall under the scope of IFRIC 12 / IAS 37.

3.6 Financial instruments

3.6.1 Recognition and initial measurement

Trade receivables 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

3.6.2 Classification and subsequent measurement

Financial assets

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

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

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

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

A financial asset 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

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

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

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

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.
Financial assets 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.

Financial liabilities - Classification, subsequent measurement and gains and losses

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

3.6.3 Derecognition

Financial assets

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

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

Financial liabilities

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

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

3.6.4 Offsetting

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

3.7 Impairment

3.7.1 Impairment on financial assets

The Company recognises loss allowances for ECLs on:

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

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

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

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

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

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

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

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

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

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

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

Measurement of ECLs

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

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

Credit impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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.

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3.7.2 Impairment of non-financial assets

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

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

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

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

3.8 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, balances held with banks in current and saving accounts, short term highly liquid investments that are readily convertible to known amount of cash with insignificant risk of change in value having maturity of three months or less from the date of acquisition and short-term running finances that are repayable on demand and form an integral part of Company's cash management. Short-term running finances are shown within short-term borrowings in current liabilities on the statement of financial position.

3.9 Employee benefits

3.9.1 Retirement benefits

a) Defined contribution plan (provident fund)

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

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

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

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

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

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

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

3.9.2 Compensated absences

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

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 2024

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 gains or losses on financial assets and financial liabilities.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

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 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Operating property, plant and equipment	4.1	2,184,021	1,852,118
Capital work-in-progress	4.6	154,128	49,788
		2,338,149	1,901,906

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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4.1 Operating property, plant and equipment

	30 September 2024										
	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 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
Year ended 30 September 2024											
Opening 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
Additions / transfers	-	-	14,846	59,485	-	384,500	83,023	19,425	-	88,972	650,251
Disposals / write-offs:											
Cost	-	-	-	-	-	-	(2,295)	-	-	(30,824)	(33,119)
Accumulated depreciation	-	-	-	-	-	-	2,295	-	-	23,343	25,638
	-	-	-	-	-	-	-	-	-	(7,481)	(7,481)
Depreciation charge for the year	-	(3,962)	(9,976)	(24,388)	(10,846)	(126,792)	(76,461)	(14,608)	(198)	(43,636)	(310,867)
Closing net book value	47	354,003	122,119	172,215	112,465	855,468	334,124	29,301	35,762	168,517	2,184,021
At 30 September 2024											
Cost	47	392,232	248,411	632,846	159,003	3,176,628	1,073,492	99,910	48,235	306,566	6,137,370
Accumulated depreciation	-	(38,229)	(126,292)	(460,631)	(46,538)	(2,321,160)	(739,368)	(70,609)	(12,473)	(138,049)	(3,953,349)
Net book value	47	354,003	122,119	172,215	112,465	855,468	334,124	29,301	35,762	168,517	2,184,021
Depreciation rate	-	1.00%	3-10%	2-20%	2-35%	4-35%	10 - 33.33%	33.33%	10 - 33.33%	20 - 25%	
	30 September 2023										
	Land		Buildings			Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total
	Freehold	ROUA	On leasehold	On freehold	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%	3-10%	2-20%	2-35%	4-35%	10 - 33.33%	33.33%	10 - 33.33%	20 - 25%	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

4.1.1 The cost of fully depreciated assets of the Company are Rs. 2,415.08 million as at 30 September 2024 (2023: Rs. 2,264.84 million)

4.2	The depreciation charge for the year has been allocated as follows:		30 September 2024	30 September 2023
		Note	(Rupees in '000)	(Rupees in '000)
	Cost of goods sold	24	238,360	233,513
	Distribution and marketing expenses	25	37,067	35,263
	Administrative expenses	26	35,440	26,843
			310,867	295,619

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	4,363	873	873	-	Hadi Raza Lakhani	Employee
Vehicle	Company policy	2,855	714	714	-	Muhammad Asim	Employee
Vehicle	Company policy	2,030	1,509	1,509	-	S. Waqar Zaidi	Ex- Employee
Vehicle	Company policy	2,855	571	571	-	Muhammad Nadeem	Employee
		<u>12,103</u>	<u>3,667</u>	<u>3,667</u>	<u>-</u>		

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	ROUA	451,920	180,850
Jamshoro	Manufacturing Plant	Freehold land	3,964,204	2,047,320

In addition to above, the Company has ROU asset properties at Korangi Head Office, Archroma Center of Excellence, Lahore Office and Faisalabad Office.

4.5 Operating property, plant and equipment includes residential equipment held in the possession of employees having carrying amount of Rs. 12.85 million as at 30 September 2024.

4.6	Capital work-in-progress	Note	30 September 2024	30 September 2023
			(Rupees in '000)	(Rupees in '000)
	Plant and machinery		82,359	35,633
	Equipment		71,769	14,155
		4.6.1	154,128	49,788
4.6.1	Capital work-in-progress - movement			
	Opening balance		49,788	92,931
	Additions		675,399	172,721
	Transferred to operating property, plant and equipment		(571,059)	(215,864)
	Closing balance		154,128	49,788

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

		30 September 2024	30 September 2023
		(Rupees in '000)	(Rupees in '000)
5. STORES AND SPARES			
In hand		73,067	63,547
In transit		5,026	7,973
		78,093	71,520
5.1	Provision against slow moving and obsolete stores and spares amounts to Rs. 9.99 million (2023: Rs.9.99 million).		
6. STOCK-IN-TRADE	Note	30 September 2024	30 September 2023
		(Rupees in '000)	(Rupees in '000)
Raw and packing materials including goods in transit of Rs. 339.751 million (2023: Rs. 2,052.52 million) - net	6.2 & 6.4	2,936,321	5,494,420
Work-in-process - net	6.4 & 24	567,523	188,807
Finished goods including goods in transit of Rs. 11.024 million (2023: Rs.32.55 million) - net	6.4 & 6.5	1,205,411	1,072,872
		4,709,255	6,756,099
6.1 Movement of impairment loss on stock-in-trade:			
Opening provision		176,590	272,820
Charge / (reversal) for the year		127,535	(91,170)
Written off during the year	6.2	(33,525)	(5,060)
Closing provision	6.3 & 6.4	270,600	176,590
6.2	Stock-in-trade written off during the year amounts to Rs. 33.52 million (2023: 5.06 million) which includes raw and packing material of Rs. 10.96 million (2023: 0.3 million) and finished goods of Rs. 22.56 million (2023: 4.76 million).		
6.3	The Company follows a Group-wide uniform policy for the valuation of slow moving stock which applying a minimum write off rate by ageing class which is as follows:		
	Ageing class	Write off rates	
	Less than 12 months	0%	
	12 - 24 months	50%	
	Greater than 24 months	100%	
6.4	Provision against slow moving and obsolete stock amounts to Rs. 270.6 million (2023: 176.59 million) which includes raw & packing material of Rs.220.11 million (2023: Rs. 137.39 million), finished goods of Rs. 33.22 million (2023: 28.72 million) and work-in-process of Rs.17.27 million (2023: Rs. 10.48 million).		
6.5	This includes imported finished goods amounting to Rs. 97.92 million (2023: Rs. 67.64 million).		
7. TRADE RECEIVABLES	Note	30 September 2024	30 September 2023
		(Rupees in '000)	(Rupees in '000)
Related parties - secured (foreign)			
- Archroma Turkey Chemical Industry and Trade		159,540	944,666
- Archroma (Thailand) Company Limited		108,525	167,166
- Archroma Japan KK		18,855	24,717
- Archroma Chemicals China Limited		11,876	34,809
- PT Archroma Indonesia		10,203	3,073
- Archroma Peru S.A.		-	9,668
- Archroma Textile Mexico		-	4,813
- PT Archroma Specialties		-	1,778
	7.2	308,999	1,190,690

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Others			
- Unsecured (local)		4,882,324	8,079,397
- Secured (foreign)		318,788	529,953
	7.3	5,510,111	9,800,040
Less: Impairment loss on trade receivables	7.1	(532,159)	(487,175)
		4,977,952	9,312,865
7.1 Movement of impairment loss on trade receivables:			
Opening provision		487,175	493,117
Charge / (Reversal) for the year		44,984	(5,942)
Closing provision	7.3	532,159	487,175

7.2 The aging of the trade receivables from related parties as at the reporting date is as under:

	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Not past due	308,999	1,190,690

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

	2024				
	Credit impaired	Weighted average loss rate %	Gross	Impairment	Net
			(Rupees in '000)		
Not past due	No	0.00%	4,695,215	-	4,695,215
Past due 1 - 30 days	No	0.72%	136,799	989	135,810
Past due 31 - 60 days	No	1.15%	72,707	839	71,868
Past due 61 - 90 days	No	3.03%	32,927	998	31,929
Past due 91 - 180 days	No	24.46%	47,807	11,692	36,115
Past due 181 - 360 days	Yes	81.88%	38,704	31,689	7,015
Over 360 days	Yes	100.00%	485,952	485,952	-
			5,510,111	532,159	4,977,951
	2023				
	Credit impaired	Weighted average loss rate %	Gross	Impairment	Net
			(Rupees in '000)		
Not past due	No	0.00%	8,406,843	-	8,406,843
Past due 1 - 30 days	No	0.02%	699,540	121	699,419
Past due 31 - 60 days	No	0.09%	113,667	103	113,564
Past due 61 - 90 days	No	0.46%	75,973	350	75,623
Past due 91 - 180 days	No	2.56%	16,842	432	16,410
Past due 181 - 360 days	Yes	21.94%	1,287	282	1,005
Over 360 days	Yes	100.00%	485,888	485,888	-
			9,800,040	487,175	9,312,865

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

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	2024					Net receivables
	Net sales during the year	Gross receivables			Impairment loss on trade receivables	
		Foreign trade receivables	Local trade receivables	Total trade receivables		
-----Rupees in '000-----						
Domestic	19,761,769	-	4,882,324	4,882,324	532,159	4,350,165
Asia	3,306,255	449,392	-	449,392	-	449,392
Europe	1,650,271	159,540	-	159,540	-	159,540
Others	54,828	18,855	-	18,855	-	18,855
	24,773,123	627,787	4,882,324	5,510,111	532,159	4,977,952
Regions	2023					Net receivables
	Net sales during the year	Gross receivables			Impairment loss on trade receivables	
		Foreign trade receivables	Local trade receivables	Total trade receivables		
-----Rupees in '000-----						
Domestic	22,846,720	-	8,079,397	8,079,397	487,175	7,592,222
Asia	3,459,690	761,496	-	761,496	-	761,496
Europe	3,665,599	944,666	-	944,666	-	944,666
Others	40,724	14,481	-	14,481	-	14,481
	30,012,733	1,720,643	8,079,397	9,800,040	487,175	9,312,865

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

	Month	2024 (Rupees in '000)	Month	2023 (Rupees in '000)
- Archroma Turkey Chemical Industry and Trade	October	652,113	September	960,776
- Archroma (Thailand) Company Limited	July	139,238	September	168,118
- Archroma Chemical China Ltd.	November	50,788	May	58,312
- Archroma Japan KK	October	45,044	October	43,312
- PT Archroma Indonesia	September	10,217	December	8,275
- Archroma Singapore Pte Limited	-	-	October	11,152
- Archroma Peru S.A.	-	-	August	19,736
- PT Archroma Specialties	-	-	December	6,870
- Archroma Textile Mexico	-	-	September	4,917

8. ADVANCES

	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Unsecured Advances for supplies and services	13,076	11,369

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

9. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Trade deposits		6,505	20,199
Deposits		13,039	26,006
Margin on import letters of credit		19,544	46,205
Short-term prepayments			
Prepaid insurance		46,361	59,805
Prepaid IT services and others		18,074	40,584
		64,435	100,389
		83,979	146,594
10. OTHER RECEIVABLES			
Indenting commission due from related parties	10.1	95,123	16,317
Receivables from employees	10.2	18,097	-
Rent receivables		16,898	2,933
Receivable from provident fund - related party		4,094	754
Others		4,953	4,999
		139,165	25,003
10.1 Indenting commission due from related parties:			
Archroma Singapore Pte Limited		67,661	804
Archroma Management GmbH		24,654	14,558
Archroma (Thailand) Company Limited		1,700	955
PT Archroma Specialties Indonesia		1,108	-
		95,123	16,317
10.1.1 The aging of the indenting commission due from related parties as at the reporting date is as under:			
		30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Not past due		95,123	16,317
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.			
10.2 This represents amount receivable on account of excess payment on behalf of employee on their entitlement. The amount is settled when the car is delivered to the employee.			
11. SALES TAX	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Tax refunds due from Government - Sales Tax	11.1	1,136,099	1,324,300
Sales tax receivable	11.2	232,838	512,019
		1,368,937	1,836,319

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

11.1 Under S.R.O 1125 (1)/2011, the Company's local sales to export oriented sectors were taxed at reduced or zero rates. In this respect, sales tax refundable of Rs. 1.136 billion (including sales tax legacy receivable of Rs. 1 billion have been accumulated. The contingencies with respect to sales tax refundable are disclosed in Note 22.2 to these financial statements. During the current year, the Company claimed additional refunds amounting to Rs. 192 million) and received refunds amounting to Rs. 380 million (2023: Rs. 64.73 million).

11.2 The Company's sales to export oriented sectors licensed under Export Facilitation Scheme 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 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
With banks on:			
Foreign	12.1		
- In current accounts		52,617	223,493
Local			
- In current accounts		1,059	716
- In saving accounts	12.2	105,627	90,892
		159,303	315,101
Cash in hand		226	275
		159,529	315,376

12.1 Cash at banks are placed with banks under Islamic banking arrangements.

12.2 The saving accounts carry profit rates ranging from 18% to 19.5% per annum (2023: 11% to 15.5% per annum).

13. SHARE CAPITAL

13.1 Authorised capital

30 September 2024 (Number of shares)	30 September 2023		30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
50,000,000	50,000,000	Ordinary shares of Rs. 10 each before merger	500,000	500,000
13,000,000	-	Ordinary shares of Rs. 10 each acquired under the approved scheme of arrangement / merger	130,000	-
63,000,000	50,000,000		630,000	500,000

13.2 Issued, subscribed and paid-up share capital

30 September 2024 (Number of shares)	30 September 2023		30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
7,441,639	7,441,639	Ordinary shares of Rs. 10 each issued for consideration other than cash before arrangement / merger	74,416	74,416
26,676,242	26,676,242	Ordinary shares of Rs. 10 each issued for consideration other than cash before arrangement / merger	266,763	266,763
445,460	-	Ordinary shares of Rs. 10 each issued to shareholders of Archroma Chemicals Pakistan (Private) Limited under the approved scheme of arrangement / merger (note 13.4)	4,455	-
34,563,341	34,117,881		345,634	341,179

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

13.3 Movement in issued, subscribed, and paid-up share capital	30 September 2024	30 September 2023
	(Number of shares)	
Ordinary shares		
Number of shares outstanding at beginning of the period	34,117,881	34,117,881
Additional shares issued under the approved scheme of arrangement / merger (note 13.4)	445,460	-
Number of shares outstanding at the end of the period	<u>34,563,341</u>	<u>34,117,881</u>

13.4 The members of the Company approved the Scheme of Arrangement in the Extra Ordinary General Meeting held on 23 June 2023 and sanctioned by the Honorable High Court of Sindh on 31 October 2023 effective from 1 October 2023. As a consequence, the Company has now allotted and issued an aggregate of 445,460 shares to the shareholders of Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) i.e M/s Archroma Textiles GmbH on the basis of the approved swap ratio of approximately 0.0455 Company shares for everyone share of Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited). The details of the merger is included in notes 1.1 and 1.2.

13.5 Archroma Textiles GmbH, held 26,033,993 (2023: 25,588,533) ordinary shares of Rs. 10 each at 30 September 2024.

13.6 All the ordinary shares carry one vote per share and right to dividend.

14. DEFERRED TAXATION - NET	Note	30 September 2024	30 September 2023
		(Rupees in '000)	
Deferred tax liabilities arising on taxable temporary differences:			
Accelerated tax depreciation allowance		427,278	300,546
Employees retirement benefits - net		-	16,663
		<u>427,278</u>	<u>317,209</u>
Deferred tax assets arising on deductible temporary differences:			
Excess of minimum turnover tax carried forward		(183,539)	-
Business losses other than depreciation carried forward		(47,364)	-
Unrealized tax depreciation losses carried forward		(71,250)	-
Impairment loss against trade receivables		(207,542)	(144,646)
Obligation under finance lease		(134,183)	(98,924)
Employees retirement benefits - net		(72,194)	-
Other long term employee benefits		(5,912)	(3,092)
		<u>(721,984)</u>	<u>(246,662)</u>
Deferred tax (asset) / liability - net	14.1	<u>(294,706)</u>	<u>70,547</u>

		2024			
14.1 Analysis of change in deferred tax	Note	Net balance at at 1 October 2023	Recognized in profit or loss	Recognized in OCI	Net balance at 30 September 2024
		----- (Rupees in 000) -----			
Taxable / (deductible) temporary differences					
Property, plant and equipment		300,546	126,732	-	427,278
Employee retirement benefits - net		16,663	11,400	(100,257)	(72,194)
Allowance for impairment loss against trade receivables		(144,646)	(62,896)	-	(207,542)
Other long term employee benefits		(3,092)	(2,820)	-	(5,912)
Obligation under finance lease		(98,924)	(35,259)	-	(134,183)
Excess of minimum turnover tax carried forward	14.2	-	(183,539)	-	(183,539)
Business losses other than depreciation carried forward	14.3	-	(47,364)	-	(47,364)
Unrealized tax depreciation losses carried forward	14.3	-	(71,250)	-	(71,250)
		<u>70,547</u>	<u>(264,996)</u>	<u>(100,257)</u>	<u>(294,706)</u>

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	2023			Net balance at 30 September 2023
	Net balance at at 1 October 2022	Recognized in profit or loss	Recognized in OCI	
	----- (Rupees in '000) -----			
Taxable / (deductible) temporary differences				
Property, plant and equipment	255,688	44,858	-	300,546
Employee retirement benefits - net	6,403	10,135	125	16,663
Allowance for impairment loss against trade receivables	(126,277)	(18,369)	-	(144,646)
Other long term employee benefits	(2,859)	(233)	-	(3,092)
Obligation under finance lease	(74,025)	(24,899)	-	(98,924)
	<u>58,930</u>	<u>11,492</u>	<u>125</u>	<u>70,547</u>
14.2	Deferred tax asset on tax credit represents minimum tax under section 113 of the Income Tax Ordinance, 2001 charged during the year, amounting to Rs. 183.54 million available for carry forward upto tax year 2028.			
14.3	The Company incurred a taxable loss (excluding depreciation) of Rs 163.32 million in current year, available for carry forward upto tax year 2031. The management based on profit projections believes that they will realise and consume 100% of this taxable loss in future years. Consequently, a deferred tax asset amounting to Rs. 47.36 million has been recognised.			
	Moreover, the Company has recognised deferred tax asset of Rs. 71.25 million on account of unabsorbed taxable depreciation, which can be carried forward for an infinite period.			
15. EMPLOYEE BENEFITS	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)	
Net defined benefit - asset				
Employee retirement benefits - gratuity	27.1.3	-	56,121	
Net defined benefit - liability				
Employee retirement benefits - gratuity	27.1.3	185,113	-	
Other long term employee benefits - long service award	15.1 & 27.3.4	15,158	10,414	
		<u>200,271</u>	<u>10,414</u>	
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	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)	
Current		24,130	23,573	
Non-current		118,509	118,864	
	16.2	<u>142,639</u>	<u>142,437</u>	
16.1 Movement of lease liabilities during the year:				
Balance as at 1 October		142,437	124,829	
Remeasurement of obligation		-	31,920	
Finance cost		23,843	17,809	
Payments		(23,641)	(32,121)	
Balance as at 30 September		<u>142,639</u>	<u>142,437</u>	
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.			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

16.3 Maturity Analysis	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)	
Payable within one year	24,130	23,573	
Payable after one year but not later than 5 years	62,337	82,284	
Payable after 5 years	56,172	36,580	
	142,639	142,437	
17. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCING			
Current	59,585	50,389	
Non-current	141,834	140,356	
	201,419	190,745	
17.1 Movement of diminishing musharika financing during the year:			
Balance as at 1 October	190,745	164,240	
Additions	108,397	84,228	
Finance cost	43,155	91,077	
Payments	(140,878)	(148,800)	
	201,419	190,745	
17.2 Maturity Analysis			
	Due within one year	Due after one year but within 5 years	Total as at 30 September
	2024	2023	2024
	2024	2023	2023
	----- (Rupees in '000) -----		
Liabilities against diminishing musharika financing	59,585	50,389	141,834
	140,356	201,419	190,745

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 25 June 2029 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 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Trade payables:			
- Foreign:			
- Related parties		460,722	895,853
- Others		2,119,273	6,277,029
- Local		1,072,639	1,265,822
Accrued liabilities and Provisions	18.1 & 18.2	1,354,657	1,037,514
Royalty payable to Archroma Management GmbH		259,636	386,938
Workers' Welfare Fund		106,114	149,832
Advance from customers	18.3	25,954	5,325
Workers' Profit Participation Fund	18.4	-	33,098
Export rebates		89,657	71,256
Others		299,203	226,546
		5,787,855	10,349,213

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- 18.1** This includes gratuity of contractual employees amounting to Rs. 134.60 million (2023: Rs. 128.35 million) and employees compensated absences amounting to Rs. 100.2 million (2023: Rs. 95.93 million).
- 18.2** As detailed in note 22.1.3 this also includes provision for certain contingencies amounting to Rs. 843.96 million (2023: Rs. 528.94 million).
- 18.3** The amount of Rs. 5.325 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 2024, while new advances amounting to Rs. 25.954 million were further received during the year which will be recognized as revenue in the next year.

18.4 Workers' Profit Participation Fund	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
As at 1 October		33,098	189,351
Allocation for the year	28	-	120,640
		33,098	309,991
Less: adjustments		(24,230)	-
		8,868	309,991
Markup on funds utilised in the Company's business	30	1,771	2,274
		10,639	312,265
Less: Amounts paid to and on behalf of the Fund		(10,639)	(279,167)
As at 30 September		-	33,098
19. UNPAID DIVIDEND		-	511,771
20. MARK-UP ACCRUED			
Mark-up accrued on:			
Short term finance facilities		101,789	87,847
Short term borrowing under Islamic Export Refinance Scheme		62,788	79,563
		164,577	167,410
21. SHORT-TERM BORROWINGS - SECURED			
Short-term running facilities under Islamic mode	21.1	544,148	1,935,735
Short-term borrowing under Islamic Export Refinance Scheme and others	21.1 & 21.2	3,394,440	2,434,911
		3,938,588	4,370,646

- 21.1** Short term Islamic and conventional finance facilities are available from various banks under profit arrangements, amounting to Rs. 10,500 million (Islamic Rs. 8,000 million & Conventional Rs. 2,500 million) (2023: Rs. 8,050 million). These facilities have various maturity dates up to 31 July 2025. These arrangements are secured against a pari passu charge of hypothecation on stock-in-trade and trade receivables with minimum 16.7% margin. These facilities other than Islamic Export Refinance Facility, carry profit ranging from 1 month KIBOR + 0.1% to 3 month KIBOR + 0.35%. The aggregate amount of these facilities which has not been utilized as at reporting date was Rs. 6,562 million (2023: Rs. 3,680 million).
- 21.2** The Company has availed Islamic Export Refinance Facility under Part II amounting to Rs. 2,894 million (2023: Rs. 2,434 million) under the Export Financing Scheme of the State Bank of Pakistan (SBP). This also includes loan from an Islamic bank at KIBOR rate amounting to Rs. 500 million. 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 14.5% to 19% per annum (2023: 19.2% to 20.0% per annum).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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22. CONTINGENCIES AND COMMITMENTS

22.1 Legal contingencies and others cases

22.1.1 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.

22.1.2 Octroi levies amounting to 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.

22.1.3 On June 4, 2021, the SHC through its judgment upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Cess) promulgated retrospectively with effect from July 1, 1994 as valid and declaring it within the competence of provincial legislature. The company filed a petition against the judgment before the Honorable Supreme Court of Pakistan (SCP) challenging the SHC judgement. In September 2021, the SCP suspended the Judgement of SHC along with the recovery of Cess. Management in consultation with its legal advisor is confident that ultimate outcome of the case will come in its favour.

22.2 Tax contingencies

22.2.1 In the year 2009, the Company received notices from the sales tax authorities demanding payment of Rs. 233.42million (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.

22.2.2 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

- 22.2.3** 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.
- 22.2.4** The Deputy Commissioner Inland Revenue (DCIR) passed an Order against the Company, whereby sales tax demand of Rs. 5.6 million has been raised on account of input sales tax claimed by the Company for the tax periods from July 2018 to September 2019. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals). 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.
- 22.2.5** Income tax contingencies are disclosed in note 32.5 to these financial statements.

22.3 Commitments

- 22.3.1** Commitments for capital expenditure as at 30 September 2024 aggregated Rs. 64.124 million (2023: Rs. 209.16million).
- 22.3.2** Commitments under letters of credit for stock-in-trade and stores and spares as at 30 September 2024 amounted to Rs. 1,335.611 million (2023: Rs. 3,295 million).
- 22.3.3** Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 30 September 2024 amounted to Rs. 821.969 million (2023: Rs. 667 million). This includes guarantee amounting to Rs. 555 millions (2023: Rs. 394 million) provided to Excise and Taxation department in respect of infrastructure cess (as detailed in note 22.1.3)
- 22.3.4** The Company has provided post dated cheques amounting to Rs. 6,405.892 million (2023: Rs. 8,566 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.

23.	SALES - net	Note	Textile Effects (TE)		Packaging Technologies		Total	
			30 September	30 September	30 September	30 September	30 September	30 September
			2024	2023	2024	2023	2024	2023
----- (Rupees in '000) -----								
	Sales							
	Local	23.1	19,194,803	23,526,009	4,214,498	4,095,570	23,409,301	27,621,579
	Export		5,124,095	7,266,053	-	12,468	5,124,095	7,278,521
	Total revenue		24,318,898	30,792,062	4,214,498	4,108,038	28,533,396	34,900,100
	Trade discounts and rebates		(822,596)	(1,027,994)	(4,466)	(15,711)	(827,062)	(1,043,705)
	Sales tax		(2,292,808)	(3,220,578)	(640,403)	(623,084)	(2,933,211)	(3,843,662)
			(3,115,404)	(4,248,572)	(644,869)	(638,795)	(3,760,273)	(4,887,367)
	Sales - net		21,203,494	26,543,490	3,569,629	3,469,243	24,773,123	30,012,733

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

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24. COST OF GOODS SOLD	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Raw and packing materials consumed		17,420,496	20,404,974
Stores, spares and supplies consumed		176,774	145,020
Fuel and power		640,924	384,314
Salaries, wages and benefits	24.1	608,413	507,780
Outside service charges		404,566	339,041
Depreciation	4.2	238,360	233,513
Insurance		59,423	36,605
Repairs and maintenance		48,878	51,669
Traveling and entertainment		16,354	3,959
Rent, rates and taxes		9,701	6,750
Printing and stationery		6,152	5,110
Communication		3,736	2,404
Legal and professional charges		140	2,129
Opening stock of work-in-process	6	188,807	330,871
Closing stock of work-in-process	6	(567,523)	(188,807)
Cost of goods manufactured		19,255,201	22,265,332
Opening stock of finished goods		1,072,872	619,233
Finished goods purchased		1,156,494	736,233
Included under distribution and marketing expenses:			
Cost of samples issued	25	(7,362)	(2,176)
Cost of shortages and breakages	25	(172)	(793)
Closing stock of finished goods	6	(1,205,411)	(1,072,872)
		20,271,622	22,544,957

24.1 Salaries, wages and benefits include Rs. 11.74 million and Rs. 21.54 million (2023: Rs. 13.31 million and Rs. 15.45 million) in respect of defined benefit scheme and defined contribution plan respectively.

25. DISTRIBUTION AND MARKETING EXPENSES	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Royalty		1,175,662	1,460,180
Outward freight and handling		939,529	996,520
Salaries and benefits	25.1	436,712	324,427
Outside service charges		104,305	85,182
Traveling and entertainment		69,659	19,158
Supplies, printing and stationery		55,769	32,417
Fuel and power		44,285	28,952
Depreciation	4.2	37,067	35,263
Insurance		33,796	27,463
Business event participation		31,541	10,487
Rent, rates and taxes		27,207	21,795
Repairs and maintenance		10,975	13,127
Samples issued	24	7,362	2,176
Communication		6,231	5,285
Fees and subscription		1,453	1,886
Legal and professional charges		846	60
Shortages and breakages	24	172	793
Books and periodicals		25	39
		2,982,596	3,065,210

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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- 25.1** Salaries and benefits include Rs. 8.23 million and Rs. 16.80 million (2023: Rs. 6.60 million and Rs. 9.87 million) in respect of defined benefit scheme and defined contribution plan respectively.

26. ADMINISTRATIVE EXPENSES	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Outside service charges		394,773	363,950
Salaries and benefits	26.1	367,647	257,761
Repairs and maintenance		33,616	30,466
Depreciation	4.2	35,440	26,843
Communication		18,745	4,175
Traveling and entertainment		14,657	8,003
Printing and stationery		14,252	11,256
Legal and professional charges		13,800	41,633
Fees and subscription		8,956	9,240
Fuel and power		7,801	5,319
Rent, rates and taxes		3,023	2,366
Insurance		3,038	2,479
Books and periodicals		135	4,122
		915,883	767,613

- 26.1** Salaries and benefits include Rs. 1.52 million and Rs. 16.5 million (2023: Rs. 6.76 million and Rs. 7.8 million) in respect of defined benefit scheme and defined contribution plan respectively.

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.

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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 2024 and 30 September 2023 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 2024 and 30 September 2023. The following significant assumptions have been used for valuation of this scheme:

Financial assumptions

	2024	2023
a) Expected rate of increase in salary level	9.0%	9.0%
b) Discount rate	12.8%	17.3%
c) Expected return on plan assets	12.8%	17.3%
d) Price inflation	8.5%	8.0%

Demographic assumptions

Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Low	Low

27.1.3 Amounts recognised in the statement of financial position:

	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Present value of defined benefit obligation	27.1.4	1,617,336	1,016,060
Less: Fair value of plan assets	27.1.5	(1,432,223)	(1,072,181)
		185,113	(56,121)

27.1.4 Movement in present value of defined benefit obligation:

Obligation at beginning of the year	1,016,060	981,615
Current service cost	34,437	32,150
Interest cost	164,586	131,219
Benefits paid	(51,876)	(104,600)
Remeasurement loss / (gain)	454,129	(24,324)
Obligation at end of the year	1,617,336	1,016,060

27.1.5 Movement in fair value of plan assets:

Fair value at beginning of the year	1,072,181	1,006,619
Return on plan assets	177,525	136,782
Company contributions	37,332	57,282
Benefits paid	(51,876)	(104,600)
Remeasurement gain / (loss)	197,061	(23,902)
Fair value at end of the year	1,432,223	1,072,181

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For the year ended 30 September 2024

27.1.6 Movement in the net defined benefit (liability) / asset	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Opening balance	56,121	25,004
Net periodic cost for the year	(21,498)	(26,587)
Contribution paid during the year	37,332	57,282
Re-measurements recognised in other comprehensive income during the year	(257,068)	422
Closing balance	<u>(185,113)</u>	<u>56,121</u>

27.1.7 Amounts recognised in statement of profit or loss and other comprehensive income:

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

Component of defined benefit costs recognised in statement of profit or loss and other comprehensive income	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
- Current service cost	34,437	32,150
- Net interest	(12,939)	(5,563)
	<u>21,498</u>	<u>26,587</u>
Component of defined benefit costs (re-measurement) recognised in other comprehensive income		
Loss / (Gain) due to change in experience adjustments	454,129	(24,324)
Actuarial (gain) / loss on fair value of plan assets during the year	(197,061)	23,902
Net re-measurement recognised in other comprehensive income	<u>257,068</u>	<u>(422)</u>
Total defined benefit cost recognised in statement of profit or loss and other comprehensive income	<u>278,566</u>	<u>26,165</u>

27.1.8 Actual return on plan assets during the year was Rs. 19.535 million (2023: Rs. 112.88 million).

27.1.9 Sensitivity analysis

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

	2024		
	Change in assumption	Percentage change	Impact of (decrease) / increase (Rupees in '000)
Increase by 50 basis points	Discount rate	+ 0.5%	(30,198)
Decrease by 50 basis points	Discount rate	- 0.5%	31,366

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.

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The comparative figures of sensitivity analysis are as follows::

	Change in assumption	2023	
		Percentage change	Impact of (decrease) / increase (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

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 2024		30 September 2023	
	(Rupees in 000) (Un-audited)	Percentage composition	(Rupees in '000) (Un-audited)	Percentage composition
Sukuks	150,000	10.47%	150,000	13.99%
Term deposit certificates	50,000	3.49%	284,000	26.49%
Mutual funds	1,010,614	70.56%	447,375	41.73%
Direct equity	220,343	15.39%	171,065	15.95%
Cash	1,266	0.09%	19,741	1.84%
	1,432,223	100.00%	1,072,181	100.00%

27.1.12 As per the actuarial recommendations, the expected return on plan assets was taken as 12.8% (2023: 17.5%), 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. 79.38 million in the financial statements for the year ending 30 September 2025.

27.2 Defined contribution plan - Employees Provident Fund

27.2.1 During the year, an amount of Rs. 54.84 million (2023: Rs. 33.17 million) has been charged to profit or loss in respect of the Company's contributions towards employees provident fund.

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

27.3 Defined benefit plan - Long service awards

27.3.1 Salient features

This represents long service awards operated by the Company for eligible employees. The Company's obligation is determined by the Archroma Group's globally appointed actuary using projected unit credit method.

Discount rate fluctuation

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

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27.3.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at 30 September 2024 and 30 September 2023 by the Archroma Group on global basis. The information provided in notes 27.3.2 to 27.3.6 has been obtained from the actuarial valuation carried out as at 30 September 2024 and 30 September 2023. The following significant assumptions have been used for valuation of this scheme:

Financial assumptions

- a) Discount rate
b) Price inflation

2024	2023
13.50%	17.30%
7.50%	8.00%

Demographic assumptions

- Mortality rate
Rates of employee turnover

SLIC (2001-05)	SLIC (2001-05)
Low	Low

27.3.3 Amounts recognised in the statement of financial position

Present value of defined benefit obligation

30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
15,158	10,414

27.3.4 Movement in present value of defined benefit obligation

Obligation as at 1 October
Current service cost
Interest cost
Benefits paid
Remeasurement loss
Obligation as at 30 September

10,414	11,164
656	685
1,710	1,293
(2,327)	(3,110)
4,705	382
15,158	10,414

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 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Component of defined benefit costs recognised in statement of profit or loss and other comprehensive Income		
- Current service cost	656	685
- Net interest	1,710	1,293
Net charge recognised in profit or loss	2,366	1,978
Component of defined benefit costs (re-measurement) recognised in other comprehensive income		
Actuarial loss on defined benefit obligation for the year	4,705	382
Net re-measurement recognised in profit or loss	4,705	382
Total defined benefit (cost) recognised in profit or loss and other comprehensive income	7,071	2,360

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27.3.6 Based on actuarial advice, the Company intends to charge an amount of Rs. 2.726 million in the financial statements for the year ending 30 September 2025.

28. OTHER EXPENSES	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Workers' Profit Participation Fund	18.4	-	120,640
Workers' Welfare Fund		10,316	48,895
Auditors' remuneration	28.1	6,725	5,765
Donations	28.2	2,755	3,798
Others		-	1,574
		19,796	180,672

28.1 Auditors' remuneration

Annual audit fee	5,228	4,405
Fee for half yearly review	650	650
Special certifications and sundry services	75	350
Out of pocket expenses and others	772	360
	6,725	5,765

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.

29. OTHER INCOME	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Indenting commission - net of payment of Rs.68.743 million (2023: Rs.13.363 million)		152,460	23,859
Sale of scrap		20,596	19,010
Gain on disposal of operating property, plant and equipment		230	167
		173,286	43,036

30. FINANCE COSTS

Exchange (gain) / loss		(32,136)	619,544
Interest on Workers' Profit Participation Fund	18.4	1,771	2,274
Mark-up on:			
- Lease obligations		66,998	56,578
- Short-term running finances	30.1	704,069	205,607
- Export refinance facility	30.2	457,506	349,397
Bank charges		26,098	28,875
		1,224,306	1,262,275

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

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

31. MINIMUM AND FINAL TAXES	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Minimum taxes	31.1	220,670	-
Final tax	31.2	78,000	72,022
	32.1	298,670	72,022

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31.1 This represents minimum taxes payable under section 113, 148 and 154 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.

31.2 This represents final taxes paid under section 154 and 154(A) of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.

31.3	Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account	Note	30 September 2024 (Rupees in '000)	Restated 30 September 2023 (Rupees in '000)
	Current tax liability as per applicable tax laws	31 & 32	33,674	996,602
	Portion of current tax liability as per tax laws, representing income tax under IAS 12		264,996	(924,580)
	Portion of current tax liability as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		(298,670)	(72,022)
	Difference		-	-

32. INCOME TAX

Current		-	913,088
Deferred		(264,996)	11,492
	32.1	(264,996)	924,580

32.1	Relationship between income, minimum and final tax expense and accounting profit	30 September 2024 (Effective tax rate %)	30 September 2023	30 September 2024	30 September 2023
	(Loss) / profit before levies and income tax			(512,778)	2,240,984
	Minimum and final taxes			298,670	72,022
	Current tax			-	913,088
	Deferred tax			(264,996)	11,492
				33,674	996,602
	Tax on accounting profit	29.00	29.00	(148,706)	649,885
	Tax effect of super tax	0.00	17.36	-	388,943
	Impact of reduced rate	(25.40)	(2.47)	130,269	(55,262)
	Tax effect of change in rate	(5.15)	0.00	26,397	-
	Tax effect of items that are not deductible in determining taxable profit - permanent differences	(5.03)	0.72	25,798	16,199
	Others	0.02	(0.14)	(84)	(3,163)
		(6.57)	44.47	33,674	996,602

32.2 The Company has filed a constitutional petition with the High Court of Sindh (HCS) challenging the vires of section 4C of the Income tax Ordinance, 2001 relating to Super Tax for TY 2022. Petitions are allowed on the ground that such tax cannot be imposed on retrospectively as tax levied on past and closed transactions. As per the order of the HCS, the Company has submitted Bank Guarantee of Rs. 287 million to the Nazir of the HCS against the disputed amount of super tax for the tax year 2022. The Supreme Court of Pakistan vide its interim order dated 16 February 2023 has required payment of super tax @4% amounting to Rs. 115 million till the matter is finally decided by the Supreme Court of Pakistan.

The Company filed a constitutional petition in the High Court of Islamabad challenging the vires of Section 4C of the Income Tax Ordinance, 2001 relating to TY 2023. 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 FBR has filed an intra-court appeal against the said order.

32.3 Income tax assessments of the Company have been submitted up to and including tax year 2024 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.

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For the year ended 30 September 2024

32.4 Taxation - net	Note	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Tax payable at beginning of the year		208,173	381,423
Tax and levies adjustment on account of amalgamation of Archroma Chemicals Pakistan (Private) Limited	1.2	(22,450)	-
Minimum, final and income tax payments / adjustments made during the year		(611,577)	(1,158,360)
		(425,854)	(776,937)
Less: Income tax	32	-	913,088
Less : Minimum and final taxes	31	298,670	72,022
		298,670	985,110
Tax (refundable) / payable at end of the year		(127,184)	208,173

32.5 Description of tax proceedings

Name of the court, agency or authority	Description of the factual basis of the proceedings and relief sought	Principal parties	Date instituted
Appellate Tribunal Inland Revenue (ATIR)	For the tax year 2011, the Company was selected for tax audit under Section 177 of the Income Tax Ordinance, 2001 (the Ordinance). The Deputy Commissioner Inland Revenue (DCIR) had passed an order that amended the assessment under section 122(4) of the Ordinance 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. However, the company has paid Rs. 40 million against the order. 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 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. 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
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 demanding 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. The Company has filled 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
Appellate Tribunal Inland Revenue (ATIR)	The Income tax return for tax year 2018 was selected for audit under section 214D of the Income Tax Ordinance, 2001. The audit proceedings have been completed and ACIR passed an order demanding Rs. 102 Million, wherein certain additions and disallowances were made. The management filed an appeal against the aforementioned order before the CIR (A). The Company has filled an appeal before ATIR on issues decided by CIR(A) against the Company.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	24 November 2021

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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 2019 was selected for audit under section 214D of the Income Tax Ordinance, 2001. The audit proceedings have been completed and ACIR passed an order demanding Rs. 125 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. The Company has filled an appeal before 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)	The Income tax return for tax year 2020 was selected for audit under section 214D of the Income Tax Ordinance, 2001. The audit proceedings have been completed and ACIR passed an order demanding Rs. 218 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. The Company has filled an appeal before ATIR on issues decided by CIR(A) against the Company.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	29 December 2022
Commissioner Inland Revenue Appeals (CIRA)	The Income tax return for tax year 2022 was selected for audit under section 214D of the Income Tax Ordinance, 2001. The audit proceedings have been completed and ACIR passed an order demanding Rs. 978 million, wherein certain additions and disallowances were made. The management filed an appeal against the aforementioned order before the CIR(A).	The Assistant Commissioner Inland Revenue (ACIR) and the Company	27 November 2023
Appellate Tribunal Inland Revenue (ATIR)	The DCIR has passed orders under Section 161(1A) / 205 of the Income Tax Ordinance, 2001 and created a demand including default surcharge and penalty for the tax years 2016 and 2018. The Company has filed appeals against the said orders before the CIR(A). The CIR(A) has arbitrarily confirmed the entire orders of the DCIR. The Company has preferred appeal before the ATIR which is pending for adjudication.	The Deputy Commissioner Inland Revenue (DCIR) and the Company	26 January 2022 and 25 June 2024

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.

33. EARNINGS PER SHARE (BASIC AND DILUTED)	Note	30 September 2024	30 September 2023
		(Rupees in '000)	(Rupees in '000)
33.1 Basic			
(Loss) / profit after taxation attributable to ordinary shareholders		(546,452)	1,244,382
		(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	13.2	34,563,341	34,117,881
		(Rupees)	
(Loss) / earnings per share		(15.81)	36.47
33.2 Diluted			

There were no convertible dilutive potential ordinary shares in issue as at 30 September 2024 and 30 September 2023.

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For the year ended 30 September 2024

34. SEGMENT INFORMATION

	Textile Effects (TE)		Packaging Technologies (PT)		Total	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	----- (Rupees in '000) -----					
Net revenue from contracts with customers	21,203,494	26,543,490	3,569,629	3,469,243	24,773,123	30,012,733
Segment results based on 'management approach'	428,697	2,932,603	287,887	747,111	716,584	3,679,714
Other operating expenses - WPPF and WWF					(10,316)	(169,535)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					5,260	(6,920)
Operating profit					711,528	3,503,259
Finance costs					(1,224,306)	(1,262,275)
(Loss) / profit before levies and income tax					(512,778)	2,240,984
34.1 Segment assets	10,539,599	14,389,495	1,260,801	2,198,283	11,800,400	16,587,778
Unallocated					2,502,830	3,858,599
					14,303,230	20,446,377
34.2 Segment liabilities	5,233,082	8,096,084	716,991	987,126	5,950,073	9,083,210
Unallocated					4,575,589	7,029,037
					10,525,662	16,112,247
34.3 Capital expenditures	643,553	196,360	851	339	644,404	196,699
Unallocated					1,075	(83,011)
					645,479	113,688
34.4 Depreciation	308,498	273,722	269	142	308,767	273,864
Unallocated					2,100	21,755
					310,867	295,619

34.5 Geographical information

Note
30 September
2024
(Rupees in '000)

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

Domestic sales	23,409,301	27,621,579
Export sales	5,124,095	7,278,521
	28,533,396	34,900,100

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The Company exports its products to numerous countries.

34.6 As at 30 September 2024 and 30 September 2023, all non-current assets of the Company are located in Pakistan.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

- 34.8** 14.68% and 10.04% (collectively 24.72%) of the Company's gross revenue from contracts with customers for the year ended 30 September 2024 {(2023: 26.25% and 14.25% (collectively 40.5%)} were made to two distributors. The segment wise sales to these two distributors is as follows:

	Textile Effects (TE)		Packaging Technologies (PT)		Total	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	----- % -----					
Customer 1	14.68	26.25	-	-	14.68	26.25
Customer 2	10.04	14.25	-	-	10.04	14.25
Total %	24.72	40.50	-	-	24.72	40.50

35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Directors / Non Executive Directors		Executives		Total	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	----- (Rupees in '000) -----							
Short-term employee benefits								
Managerial remuneration (including and leave pay)	59,530	46,537	53,400	41,508	464,656	378,751	577,586	466,796
Fees (note 35.3)	-	-	1,680	1,800	-	-	1,680	1,800
Bonus	7,002	-	5,269	932	21,691	8,120	33,962	9,052
Housing and utilities	23,200	17,784	25,021	18,925	207,057	162,958	255,278	199,667
Medical	250	461	274	147	10,233	7,360	10,757	7,968
Post employment benefits								
Retirement benefits	13,851	12,059	10,474	8,625	88,738	76,360	113,063	97,044
	103,833	76,841	96,118	71,937	792,375	633,549	992,326	782,327
Number of person(s)	1	1	7	7	126	129	134	137

- 35.2** 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.

- 35.3** The meeting fees is paid to three (2023: three) non-executive directors.

36. 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:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

Name of related party	Nature of relationship	Nature of transactions	Aggregate% of shareholding	30 September	30 September
				2024	2023
				----- (Rupees in '000) -----	
Archroma Textiles GmbH, Switzerland	Parent / Holding Company	Dividend	75%	-	511,771
Archroma Management GmbH, Switzerland	Associated Company	Purchases and services	N/A	636,190	598,723
		Royalty expenses		1,175,662	1,460,180
		Indenting commission		51,576	24,905
Archroma Turkey Chemical Industry and Trade	Associated Company	Purchases	N/A	5,273	-
		Revenue		1,504,939	3,495,711
Archroma Singapore, Pte Ltd	Associated Company	Purchases	N/A	815,055	463,316
		Revenue		42,164	79,757
		Export commission		-	-
		Indenting commission		164,745	10,436
Archroma Textile Mexico S.De	Associated Company	Purchases	N/A	135,491	116,793
		Revenue		2,151	11,785
Archroma (Thailand) Company Limited	Associated Company	Purchases	N/A	7,635	1,186
		Revenue		364,077	493,045
		Indenting commission		3,199	1,730
PT Archroma Indonesia	Associated Company	Purchases	N/A	42,346	20,210
		Revenue		22,942	17,094
		Indenting commission		1,685	-
Archroma Germany GmbH	Associated Company	Revenue	N/A	-	1,251
Archroma Tianjin Ltd	Associated Company	Purchases	N/A	-	15,387
Spice Industria Quimica	Associated Company	Purchases	N/A	1,838	-
		Revenue		-	1,854
PT Archroma Specialties Indonesia	Associated Company	Revenue	N/A	-	8,686
Archroma Chemical China Limited	Associated Company	Revenue	N/A	62,467	148,864
Archroma Peru S.A.	Associated Company	Revenue	N/A	20,411	27,085
Archroma Iberica, S.L.	Associated Company	Revenue	N/A	124,439	168,637
Archroma Japan KK	Associated Company	Revenue	N/A	75,524	64,932
Archroma U.S	Associated Company	Purchases	N/A	8,775	10,294

Name of related party	Nature of Relationship	Nature of transactions	Aggregate% of Shareholding	30 September	30 September
				2024	2023
				----- (Rupees in '000) -----	
Swiss Business Council	Common directorship	Subscription	N/A	130	110
Audit Oversight Board	Common directorship	Subscription	N/A	-	50
Jubilee Life Insurance Company Limited	Common directorship	Insurance	N/A	59,956	49,714
Chief Executive and Directors	Key management personnel	Remuneration - note 35.1	N/A	199,951	148,778
Executives	Key management personnel	Proceeds from disposal of property, plant and equipment	N/A	774	-
Archroma Management GmbH, Switzerland	Associated Company	Receivable		13,867	14,558
		Payable	N/A	483,953	913,790
Archroma Turkey Chemical Industry and Trade	Associated Company	Receivable	N/A	159,540	944,666
		Payable		5,202	-
Archroma Singapore, Pte Ltd	Associated Company	Receivable	N/A	67,662	804
		Payable		113,170	320,431
Archroma Textile Mexico S.De	Associated Company	Receivable	N/A	-	4,813
		Payable		98,420	46,724
Archroma (Thailand) Company Limited	Associated Company	Receivable	N/A	108,525	168,121
		Payable		5,869	-
PT Archroma Indonesia	Associated Company	Receivable	N/A	-	3,073
		Payable		-	4,796
PT Archroma Specialties Indonesia	Associated Company	Receivable	N/A	10,203	1,778
		Payable		16,665	-
Archroma Chemical China Limited	Associated Company	Receivable	N/A	11,876	34,809
Archroma Peru S.A.	Associated Company	Receivable	N/A	-	9,668
Archroma U.S	Associated Company	Payable	N/A	847	4,853
Archroma Japan KK	Associated Company	Receivable	N/A	18,855	24,717

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37. CAPACITY AND PRODUCTION	30 September 2024	30 September 2023
	(Tonnes)	
Actual production	<u>51,140</u>	<u>58,536</u>
The installed capacity is indeterminable because of multi-product plants involving varying processes of manufacture.		
The Company's production was according to market demand.		
38. NUMBER OF EMPLOYEES	30 September 2024	30 September 2023
	(Number of employees)	
Number of employees of the Company at the year end	<u>261</u>	<u>253</u>
Average number of employees of the Company during the year	<u>257</u>	<u>256</u>
39. WORKING CAPITAL CHANGES	30 September 2024	30 September 2023
	(Rupees in '000)	
Decrease / (increase) in current assets		
Stores and spares	(6,573)	(10,913)
Stock-in-trade	2,046,844	(2,770,115)
Trade receivables	4,305,962	(4,480,293)
Advances	(1,707)	(10,010)
Trade deposits and short-term prepayments	62,615	(45,633)
Other receivables	(114,162)	3,780
Tax refunds from government - sales tax	459,512	(508,360)
	<u>6,752,491</u>	<u>(7,821,544)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	(4,584,015)	4,598,828
	<u>2,168,476</u>	<u>(3,222,716)</u>
40. CASH AND CASH EQUIVALENTS	30 September 2024	30 September 2023
	(Rupees in '000)	
Cash and cash equivalents included in the statement of cash flow comprise of the following statement of financial position amounts:		
	Note	(Rupees in '000)
Cash and bank balances	12	315,376
Short-term running facilities under Islamic mode	21.1	(1,935,735)
		<u>(1,620,359)</u>

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41. DISCLOSURE FOR ALL SHARES ISLAMIC INDEX

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

Description	Explanation	30 September 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
i) Loans and advances obtained as per Islamic mode	Disclosed in note 17 & 21		
ii) Relationship with banks having Islamic windows	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		<u>159,303</u>	<u>315,101</u>

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

42.1 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.

	2024		Fair value		
	Carrying amount		Level 1	Level 2	Level 3
	Amortised cost	Other financial liabilities			
	----- (Rupees in '000) -----				
Financial assets not measured at fair value					
Deposits	32,749	-			
Trade receivables	4,977,952	-			
Other receivables	139,165	-			
Cash and bank balances	159,529	-			
	<u>5,309,395</u>	<u>-</u>			
Other financial liabilities at amortised cost					
Lease liabilities	-	142,639			
Liabilities against diminishing musharika financing	-	201,419			
Short-term borrowings	-	3,938,588			
Mark-up accrued	-	164,577			
Unclaimed dividend	-	90,313			
Unpaid dividend	-	-			
Trade and other payables	-	5,622,476			
	<u>-</u>	<u>10,160,012</u>			

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	Carrying amount		2023		
	Amortised cost	Other financial liabilities	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----				
Financial assets not measured at fair value					
Deposits	59,410	-			
Trade receivables	9,312,865	-			
Other receivables	25,003	-			
Cash and bank balances	315,376	-			
	<u>9,712,654</u>	<u>-</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			
Unclaimed dividend	-	90,891			
Unpaid dividend	-	511,771			
Trade and other payables	-	10,160,958			
	<u>-</u>	<u>15,634,858</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.

42.2 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:

42.2.1 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. 159.3 million (2023 Rs. 315.1 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 counterparties 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

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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 (2023: 5) customers which constitute 36.81% (2023: 55.58%) of the Company's trade receivables.

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

	30 September 2024	30 September 2023
	(Rupees in '000)	(Rupees in '000)
Due from customers		
Direct customers	3,456,836	6,246,310
Distributors	1,744,276	2,363,040
	5,201,112	8,609,350
Less: Impairment loss on trade receivables	(532,159)	(487,175)
	4,668,953	8,122,175
Related parties	308,999	1,190,690
	4,977,952	9,312,865

Out of the total trade receivables including related parties of Rs. 5,551.10 million (2023: Rs. 9,800.04 million), the Company has made an allowance for impairment loss amounting to Rs. 532.159 million (2023: Rs. 487.175 million)

42.2.2 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 2024				
	Carrying amount	Contractual cash flows	Less than one month	Upto one year	More than one year
	(Rupees in '000)				
Financial liabilities					
Trade and other payables	5,655,787	5,622,476	-	5,622,476	-
Unclaimed dividend	90,313	90,313	90,313	-	-
Unpaid dividend	-	-	-	-	-
Mark-up accrued	164,577	164,577	164,577	-	-
Short term borrowings	3,938,588	3,938,588	544,148	3,394,440	-
Lease liabilities	142,639	200,956	-	24,130	176,826
Liabilities against diminishing musharika financing	201,419	279,159	-	96,424	182,735
	10,193,323	10,296,069	799,038	9,137,470	359,561
	30 September 2023				
	Carrying amount	Contractual cash flows	Less than one month	Upto one year	More than one year
	(Rupees in '000)				
Financial liabilities					
Trade and other payables	10,160,958	10,160,958	-	10,160,958	-
Unclaimed dividend	90,891	90,891	90,891	-	-
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	204,367	-	23,573	180,794
Liabilities against diminishing musharika financing	190,745	276,128	-	89,674	186,454
	15,634,858	15,782,171	1,361,766	14,053,157	367,248

42.2.3 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 2024

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 2024			
	(USD '000)	(EUR '000)	(CHF '000)	(RMB '000)
Trade and other receivables	2,254	-	-	-
Trade payables	(3,843)	(99)	-	(32,405)
Other payables	-	-	-	-
Net foreign currency exposure	<u>(1,589)</u>	<u>(99)</u>	<u>-</u>	<u>(32,405)</u>
Spot rate as at 30 September 2024	277.95	310.05	329.97	39.61
Equivalent USD - US Dollar	(1,589)	(110)	-	(4,618)
Total exposure in US Dollar	<u>(6,317)</u>			
	30 September 2023			
	(USD '000)	(EUR '000)	(CHF '000)	(RMB '000)
Trade and other receivables	6,073	-	-	-
Trade payables	(13,440)	(74)	(3)	(94,251)
Other payables	-	-	-	-
Net foreign currency exposure	<u>(7,367)</u>	<u>(74)</u>	<u>(3)</u>	<u>(94,251)</u>
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	<u>(20,342)</u>			

At 30 September 2024, 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. 63.17 million (2023: Rs. 203.42 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 2023.

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 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Variable rate instruments		
Financial assets	105,627	90,892
Financial liabilities	(888,206)	(2,126,480)
	<u>(782,579)</u>	<u>(2,035,588)</u>

Fair value sensitivity analysis for fixed rate instruments

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

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. 7.83 million (2023: Rs. 20.36 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 2023. The sensitivity analysis is not actual indicator of impact owing to movement in future interest rate.

iii) Other price risk

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

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

	2024					Total
	Long term loan	Other short term borrowings	Unclaimed Dividend	Diminishing Musharika Liabilities	Lease Liabilities	
	----- (Rupees in '000) -----					
Balance as at 1 October 2023	-	2,434,911	602,662	190,745	142,437	3,370,755
Changes from financing cash flows						
Repayment of loan and borrowing	-	(1,540,471)	-	-	-	(1,540,471)
Proceeds from loan and borrowing	-	2,500,000	-	-	-	2,500,000
Dividend paid	-	-	(512,349)	-	-	(512,349)
Payments against lease liabilities	-	-	-	-	(23,641)	(23,641)
Financing against diminishing musharika finance - net	-	-	-	(140,878)	-	(140,878)
Total changes from financing activities	-	959,529	(512,349)	(140,878)	(23,641)	282,661
Liability related other changes						
Mark-up expense - net (note 42.3.1)	-	-	-	43,155	23,843	66,998
Additions	-	-	-	108,397	-	108,397
Total liability related other changes	-	-	-	151,552	23,843	175,395
Balance as at 30 September 2024	-	3,394,440	90,313	201,419	142,639	3,828,811
	----- (Rupees in '000) -----					
	2023					
	Long term loan	Other short term borrowings	Unclaimed Dividend	Diminishing Musharika 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
Changes from financing cash flows						
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	-	-	-	(148,800)	-	(148,800)
Total changes from financing activities	(42,633)	759,160	(168,126)	(148,800)	(32,121)	367,480
Liability related other changes						
Mark-up expense - net (note 42.3.1)	-	-	-	91,077	17,809	108,886
Additions	-	-	-	84,228	31,920	116,148
Dividend declared	-	-	682,358	-	-	682,358
Total liability related other changes	-	-	682,358	175,305	49,729	907,392
Balance as at 30 September 2023	-	2,434,911	602,662	190,745	142,437	3,370,755

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 September 2024

42.3.1 Mark-up expense on long term loan and short-term borrowings aggregating to Rs. 1,163.346 million (2023: Rs.550 million) have been classified as operating activities in the statement of cash flows.

43. 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 2024 (Rupees in '000)	30 September 2023 (Rupees in '000)
Debt to equity ratio		
Total interest bearing debt	4,282,646	4,703,828
Less: Cash and bank balances	(159,529)	(315,376)
Net interest bearing debt	4,123,117	4,388,452
Equity	3,777,568	4,334,130
Debt to equity (in times)	1.09	1.01
Current ratio		
Current assets	11,657,170	18,475,145
Current liabilities	10,065,048	15,772,066
Current ratio	1.16:1	1.17:1

44. DATE OF AUTHORISATION

These financial statements were authorised for issue on 31 October 2024 by the Board of Directors of the Company.



Mujtaba Rahim
Chief Executive Officer



Naveed Kamil
Director



Irfan Chawala
Director and Chief Financial Officer

Stakeholders Information

11





PATTERN OF SHAREHOLDING

AS AT 30 SEPTEMBER 2024

NO OF SHAREHOLDERS	FROM	TO	TOTAL SHARES
678	1	100	25,821
497	101	500	139,384
213	501	1,000	167,360
361	1,001	5,000	841,901
104	5,001	10,000	751,138
25	10,001	15,000	303,219
17	15,001	20,000	304,485
10	20,001	25,000	222,154
8	25,001	30,000	223,280
1	30,001	35,000	32,500
4	35,001	40,000	156,386
3	40,001	45,000	125,938
2	45,001	50,000	98,900
2	50,001	55,000	106,500
1	60,001	65,000	60,050
3	65,001	70,000	202,950
1	75,001	80,000	78,887
1	80,001	85,000	80,800
1	95,001	100,000	100,000
2	145,001	150,000	300,000
1	170,001	175,000	174,600
2	175,001	180,000	356,693
1	255,001	260,000	255,550
1	385,001	390,000	389,850
1	810,001	815,000	812,000
1	820,001	825,000	823,857
1	1,395,001	1,400,000	1,395,146
1	26,030,001	26,035,000	26,033,992
1,943			34,563,341

SNO.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	3	1,301	0.00
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	2	26,033,993	75.32
3	NIT and ICP	1	700	0.00
4	Banks, Development Financial Institutions,	3	176,387	0.51
5	Insurance Companies	2	1,079,407	3.12
6	Modarabas and Mutual Funds	9	1,719,216	4.97
7	Share holders holding 10%	1	26,033,992	75.32
8	General Public :			
	a. local	1,831	4,775,446	13.82
	b .Foreign	-	-	-
9	Others	92	776,891	2.25
	Total (excluding : share holders holding 10%)	1,943	34,563,341	100.00

PATTERN OF SHAREHOLDING

AS AT 30 SEPTEMBER 2024

SNO.	Shareholders Category	No. of Shares Held
Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)		
1	MRS. YASMIN HABIB PEERMOHAMMAD	1
2	SHAHID GHAFAR	500
3	MUHAMMAD IRFAN HUSAIN CHAWALA	800
	TOTAL >>	1,301
Associated Companies, Undertakings and related Parties (to be confirm by Company)		
1	ARCHROMA PAPER GMBH	1
2	ARCHROMA TEXTILES GMBH	26,033,992
	TOTAL >>	26,033,993
NIT and ICP		
1	NATIONAL BANK OF PAKISTAN	700
	TOTAL >>	700
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	GHAF LIMITED	255,550
	TOTAL >>	1,079,407
Modarabas and Mutual Funds		
1	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	179,287
2	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	5,900
3	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	37,500
4	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	32,500
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	1,395,146
8	CDC - TRUSTEE MCB PAKISTAN DIVIDEND YIELD PLAN	20,283
9	CDC - TRUSTEE ALHOF-DIVIDEND STRATEGY PLAN	12,100
	TOTAL >>	1,719,216

PATTERN OF SHAREHOLDING

AS AT 30 SEPTEMBER 2024

SNO.	Shareholders Category	No. of Shares Held
	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	WYETH PAKISTAN DC PENSION FUND	800
7	PFIZER PAKISTAN DC PENSION FUND	4,624
8	TRUSTEE - IBM SEMEA EMPLOYEES PROVIDENT FUND	7,950
9	UNILEVER PAKISTAN LIMITED NON-MANAGEMENT STAFF GRATUITY FUND	2,429
10	THE UNION PAKISTAN PROVIDENT FUND	10,205
11	UNILEVER PAKISTAN DC PENSION FUND (SUB FUND A)	12,800
12	UNILEVER PAKISTAN DC PENSION FUND (SUB FUND B)	6,500
13	UNILEVER PENSION PLAN	780
14	TRUSTEE-RAFHAN BEST FOODS EMPLOYEES PROVIDENT FUND	2,210
15	TRUSTEE PAK TOBACCO CO LTD EMPLOYEES GRATUITY FUND(1383-4)	7,600
16	TRUSTEE PAK TOBACCO CO LTD STAFF DEF CONTRI PEN FD (1384-1)	13,500
17	TRUSTEE PAK TOBACCO CO LTD STAFF PENSION FUND [1390-2]	52,791
18	TRUSTEE-SHELL PAKISTAN DC PENSION FUND	3,200
19	TRUSTEE-SHELL PAKISTAN MANAGEMENT STAFF PENSION FUND	16,550
20	AUTOMATE INDUSTRIES (PRIVATE) LIMITED	30,000
21	Y.S. SECURITIES & SERVICES (PVT) LTD.	125
22	KIRAN FOUNDATION	950
23	KHOJA (PIRHAJ) SHIA ISNA ASHARI JAMAT	268
24	TRUSTEES LOTTE CHEMICAL PAKISTAN MNGT STAFF GRATUITY FUND	6,300
25	TRUSTEES LOTTE CHEMICAL PAKISTAN NON MGN STAFF G.FUND	85
26	TRUSTEES LOTTE CHEMICAL PAKISTAN MNG STAFF PROVIDENT FUND	5,900
27	TRUSTEES LOTTE CHEMICAL PAKISTAN MGT.STAFF DEF. CONT. S.FUND	5,800
28	TECHNOLOGY LINKS (PVT.) LIMITED	6,100
29	FREEDOM ENTERPRISES (PVT) LTD	1,257
30	MAGNUS INVESTMENTS LIMITED	9,713
31	TRUSTEES OF MAGNUS INVESTMENT ADVISORS LTD. EMPL. PROV. FUND	350
32	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	177,406
33	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	6,225
34	GLOBE MANagements (PRIVATE) LIMITED	7,650
35	AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	250
36	TRUSTEES OF FRIENDS EDUCATIONAL AND MEDICAL TRUST	7,300
37	AL-ABBAS EDUCATIONAL AND WELFARE SOCIETY	4,800
38	MERIN (PRIVATE) LIMITED	1,000
39	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	16,700
40	NH HOLDINGS (PVT) LTD	153
41	NH SECURITIES (PVT) LIMITED.	263
42	MAPLE LEAF CAPITAL LIMITED	1
43	IRFAN MAZHAR SECURITIES (PVT) LTD.	2,500
44	ORIENTAL SECURITIES (PVT) LTD.	3,000
45	KHAYYAM SECURITIES (PVT.) LIMITED	250

PATTERN OF SHAREHOLDING

AS AT 30 SEPTEMBER 2024

SNO.	Shareholders Category	No. of Shares Held
46	SHERMAN SECURITIES (PRIVATE) LIMITED	1
47	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	211
48	GHULAMAN-E-ABBAS EDUCATIONAL AND MEDICAL TRUST	1,073
49	TOPLINE ASSOCIATE (PRIVATE.) LIMITED	15,000
50	BRR FINANCIAL SERVICES (PVT.) LIMITED	2,000
51	MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	1,250
52	AL-AMEEN TRADING CORPORATION (PRIVATE) LIMITED	3,000
53	MIANSONS TEXTILES (PRIVATE) LIMITED	500
54	MERIN (PRIVATE) LIMITED	5,900
55	TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND	10,000
56	PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND-DC SHARIAH	5,600
57	KHAADI (SMC-PVT.) LIMITED EMPLOYEES PROVIDENT FUND	2,350
58	SANOFI-AVENTIS PAKISTAN EMPLOYEES GRATUITY FUND	6,000
59	SANOFI-AVENTIS PAKISTAN EMPLOYEES PROVIDENT FUND	7,900
60	ATCO LABORATORIES LIMITED EMP. PROVIDENT FUND TRUST	7,100
61	GLAXOSMITHKLINE PAK. LTD. EMPLOYEES GRATUITY FUND	22,203
62	SMITHKLINE & FRENCH OF PAKISTAN LTD. PROVIDENT FUND	3,700
63	PAKISTAN REFINERY LIMITED MANAGEMENT STAFF GRATUITY FUND	3,200
64	PAKISTAN REFINERY LTD MANAGEMENT STAFF PENSION FUND	13,600
65	PAKISTAN REFINERY LIMITED PROVIDENT FUND	6,100
66	ENGRO CORPORATION LIMITED PROVIDENT FUND	16,000
67	WYETH EMPLOYEES PROVIDENT FUND	800
68	GLAXOSMITHKLINE CONSUMER HEALTHCARE PAK. LTD. EMPLOYEES G.F	1,788
69	GLAXOSMITHKLINE CONSUMER HEALTHCARE PAK LTD EMP. PROV. FUND	2,350
70	HPSL GRATUITY FUND	3,350
71	HPSL PENSION FUND	5,900
72	HPSL PROVIDENT FUND	670
73	PAKISTAN REFINERY LIMITED WORKMEN PENSION FUND	1,350
74	UNILEVER EMPLOYEES EDUCATION FOUNDATION	2,850
75	THE HUB POWER COMPANY LIMITED STAFF GRATUITY FUND	2,600
76	FAUJI FERTILIZER BIN QASIM LIMITED EMPLOYEES GRATUITY FUND	9,850
77	FAUJI FERTILIZER BIN QASIM LIMITED PROVIDENT FUND	16,600
78	SYSTEMS LIMITED EMPLOYEES PROVIDENT FUND	29,250
79	TAPAL HOLDINGS (PRIVATE) LIMITED	48,900
80	INTERNATIONAL INDUST. LTD EMPLOYEES PROVIDENT FUND	3,700
81	INTERNATIONAL INDUST. LTD EMPLOYEES GRATUITY FUND	5,150
82	INTERNATIONAL STEELS LTD EMPLOYEES GRATUITY FUND	2,750
83	INTERNATIONAL STEELS LTD EMPLOYEES PROVIDENT FUND	2,050
84	INDUS MOTOR COMPANY LTD EMPLOYEES PROVIDENT FUND	12,050
85	INDUS MOTOR COMPANY LIMITED EMPLOYEES PENSION FUND	5,800
86	ENGRO CORP LTD MPT EMPLOYEES DEF CONT GRATUITY FUND	12,296
87	FIKREES (PRIVATE) LIMITED	100
88	KTRADE SECURITIES LIMITED	1
89	CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	15,300
90	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	20,500
91	MRA SECURITIES LIMITED - MF	402
92	MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED	1,000
	TOTAL >>	776,891

NOTICE OF MEETING

NOTICE is hereby given that the Twenty-Ninth 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, 26 December 2024 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 year ended 30 September 2024 along with the Chairperson's Review, Directors' and Auditors' report thereon.

In accordance with Section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following web link and QR enabled code:

<https://archroma.com.pk/Investors-Information/Annual Report>.

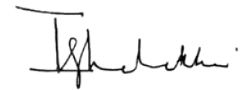


2. To approve appointment of external auditors for the year 2025 and to fix their remuneration. The Members are hereby notified that the Board Audit Committee and Board of Directors have recommended the name of retiring Auditors M/s. KPMG Taseer Hadi & Co. Chartered Accountants for re-appointment as Auditors' of the Company

ANY OTHER BUSINESS

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

By order of the Board



M. Irfan Lakhani
Company Secretary

Karachi: 31 October 2024

NOTES:

1. Closure of Share Transfer Books

- (i) The share transfer books of the Company will remain closed from 19 December 2024 to 26 December 2024 (both days inclusive) and transfers received and found in order by the Company's Registrars, M/s. FAMCO Share Registration Services (Pvt) Limited, 8-F, Near to Hotel Faran, Nursery Block 6, P.E.C.H.S Shahrah-e-Faisal, Karachi at the close of business on 18 December 2024 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 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 Computrized National Identity Card (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. In the case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
- f. The proxy shall produce his original CNIC or original valid passport at the time of the Meeting.

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 CNIC or Passport at the time of attending the meeting.

The Company will be providing the facility to shareholders who wish to attend the Annual General Meeting electronically. Such Shareholders 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 24 December 2024.

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

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

Participants can join the meeting via video link beginning at 09:30 a.m., with the proceedings scheduled to commence at 10:00 a.m.

4. 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 47 of the companies regulations, 2024, all CDC and shareholders are requested to provide their email addresses and cell phone numbers incorporated / updated in their physical folio or CDC Account.

5. Submission of CNIC and NTN Not Provided Earlier

As per the requirement if your CNIC number is not available in the company's 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 Share Registration Services (Pvt) Limited.

In compliance with regulatory directives issued from time to time, members who have not yet provided their 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 Share Registration Services (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 NTN (for corporate entities).

6. 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 active email address & cell number 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 Share Registration Services (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.

7. Transmission of Annual Reports via QR Enabled Code And E-mail

As permitted by SECP vide S.R.O 389(I)2023 dated March 21,2023, shareholders in their Annual General Meeting held on December 28, 2023 have authorized the Company to circulate annual audited financial statements through QR enabled code and weblink (<https://archroma.com.pk/Investors-Information/Annual-Report>) instead of circulating the same through CD / DVD / USB.

8. Registration in CCDR web portal of CDC (Mandatory)

Central Depository Company (CDC) has developed Centralized Cash Dividend Register (“CCDR”), on e-Services 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 to all such information is provided to the respective shareholders including details of Income Tax / Zakat deduction etc. (if any) and the net amount credited into their bank accounts.

The Shareholders are requested to registrar themselves on CDC's e-services Portal <https://csp.cdcaccess.com.pk> to avail the facility.

9. 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 of unclaimed dividend 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.

10. Deposit of Physical Shares into CDC Account

As per Section 72 of the Companies Act, 2017 (Act) every existing listed company is 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 date of commencement of the Act i.e. May 30, 2017. Further, SECP vide its letter dated March 26, 2021 has advised Companies to comply with the requirements of Section 72 of the Act and encourage shareholders to convert their shares into 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, which will facilitate them in many ways, including safe custody and sale of shares at any time they want.

11. 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 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 on Website

The audited financial statements of the Company for the year ended 30 September 2024 have been made available on the Company's website www.archroma.com.pk.

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

BCR CRITERIA

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شیئر ہولڈنگ کا پیٹرن:

کمپنیز ایکٹ 2017 کی شق (f) 227(2) کے تحت مطلوب، 30 ستمبر 2024 تک شیئر ہولڈنگ کا ایک اسٹیٹمنٹ اس رپورٹ کیساتھ منسلک ہے۔

اعتراف:

بورڈ اس انتہائی مشکل سال کے دوران بہترین کارکردگی کیلئے تمام ملازمین کو سراہنا اور اعتراف کرنا چاہتا ہے اور مستقبل میں مزید کامیابیاں حاصل کرنے کیلئے ان چیلنجوں پر قابو پانے کیلئے ان کے مسلسل تعاون کا منتظر ہے۔

بورڈ کی جانب سے، ہم قابل شیئر ہولڈرز، صارفین، سپلائرز، کسٹمریکٹرز، بینکرز اور دیگر اسٹیک ہولڈرز کی حمایت، ٹرسٹ اور اعتماد کیلئے ان کا تہہ دل سے شکریہ ادا کرنا چاہتے ہیں۔

بورڈ کی جانب سے

عرفان چاہ والا
سی ایف او / ڈائریکٹر

مجتبیٰ رحیم
چیف ایگزیکٹو آفیسر

کراچی

31 اکتوبر 2024

بعد کے واقعات:

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان ہونے والی کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی میٹریل تبدیلیاں یا وعدے نہیں تھے۔

حصول اور انضمام:

ہئٹس مین ٹیکسٹائل اینفیکٹس کے کاروبار کے عالمی حصول اور ہئٹس مین ٹیکسٹائل اینفیکٹس پاکستان (پرائیویٹ) لمیٹڈ کے مقامی حصول کے بند ہونے کے بعد اب کمپنی کی ہولڈنگ کمپنی کی ذریعہ آرکروما ٹیکسٹائل پاکستان (پرائیویٹ) لمیٹڈ، یعنی آرکروما ٹیکسٹائل GmbH، کمپنی نے آرکروما پاکستان (پرائیویٹ) لمیٹڈ، پہلے ہئٹس مین ٹیکسٹائل اینفیکٹس پاکستان (پرائیویٹ) لمیٹڈ کو کمپنی کے اندر اور اس میں ضم کر کے عمل شروع کیا۔

کمپنی کے بورڈ آف ڈائریکٹرز نے 27 اپریل 2023 کو ہونے والے اپنے اجلاس میں آکسیم آف اریٹمنٹ کی منظوری دی، جسے بعد ازاں 23 جون 2023 کو ہونے والے غیر معمولی اجلاس عام میں ممبران نے منظور کیا اور بعد ازاں ہائی کورٹ آف سندھ کی جانب سے 31 اکتوبر 2023 کو اس کی منظوری دی گئی۔

آرکروما ٹیکسٹائل پاکستان (پرائیویٹ) لمیٹڈ کے تمام اثاثوں، واجبات اور ذمہ داریوں پر مشتمل مکمل انڈر ٹیکینگ، یعنی سابقہ ہئٹس مین ٹیکسٹائل اینفیکٹس پاکستان (پرائیویٹ) لمیٹڈ اب کیم اکتوبر 2023 سے کمپنی کیساتھ ضم ہو گئی ہے۔

مذکورہ بالا پر غور کرنے پر، کمپنی نے آرکروما ٹیکسٹائل پاکستان (پرائیویٹ) لمیٹڈ یعنی سابقہ ہئٹس مین ٹیکسٹائل اینفیکٹس پاکستان (پرائیویٹ) لمیٹڈ کے شیئرز ہولڈرز کو تقریباً 0.0455 کمپنی کے شیئرز کے عوض، تناسب کی بنیاد پر 445,460 شیئرز جاری کئے۔

ویب سائٹ:

ہمارے تمام اسٹیک ہولڈرز اور عام لوگ آرکروما پاکستان لمیٹڈ کی ویب سائٹ www.archroma.com.pk وزٹ کر سکتے ہیں، جس میں سرمایہ کاروں کیلئے متعلقہ معلومات پر مشتمل ایک مخصوص سیکشن ہے۔

ای میل:

archroma.pakistan@archroma.com

مالی گوشوارے اور آڈیٹرز:

کمپنی کے مالیاتی گوشواروں کا آڈٹ اور منظوری، آڈیٹرز میسرز KPMG تا شیر ہادی اینڈ کمپنی کے ذریعہ بغیر کوآپٹیکیشن کیا گیا ہے۔ موجودہ آڈیٹرز میسرز KPMG تا شیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو جائیں گے اور اہل ہونے کی باعث، کمپنی کے ایکسٹرنل آڈیٹرز کے طور پر دوبارہ تقرری کیلئے خود کو پیش کر چکے ہیں۔

بورڈ نے میسرز KPMG تا شیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو مالی سال 2024 کیلئے بطور ایکسٹرنل آڈیٹرز مقرر کرنے کی سفارش کی ہے، جو آئندہ 29 ویں سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط ہے۔

کلیدی آپریٹنگ اور مالیاتی ڈیٹا:

پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا صفحہ 152 پر ظاہر کیا گیا ہے۔

بورڈ کی تشخیص:

لیدر شپ (کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019) کے تحت مطلوب، بورڈ سالانہ بنیادوں پر اپنی کارکردگی کا خود جائزہ لیتا ہے، تشخیص میں ایگزیکٹو ڈائریکٹرز، آزاد ڈائریکٹرز اور بورڈ کی ذیلی کمیٹیوں کی کارکردگی کا جائزہ بھی شامل ہے، ڈائریکٹرز کا یقین ہے کہ مقررہ اہداف اور اہداف کے عوض بورڈ کی کارکردگی کے مؤثر ہونے کا جائزہ لینے کیلئے مسلسل تشخیص بہت ضروری ہے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت مطلوب ہے، آرکرو 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 مؤثر ہونے کیلئے کمپنی کیلئے مقرر کردہ مقاصد کے تناظر میں توقعات کے عوض ناپا اور بیچ مارک کیا جائے۔

بورڈ نے 30 ستمبر 2024 کو ختم ہونے والے سال کیلئے اپنی سالانہ خود تشخیص مکمل کر لی ہے، سال کیلئے منظور شدہ معیار کی بنیاد پر گریجویٹ اور پراویڈنٹ فنڈز کی مجموعی کارکردگی تسلی بخش تھی۔

گریجویٹ اور پراویڈنٹ فنڈز:

30 ستمبر 2024 کو غیر آڈٹ شدہ مالیاتی گوشواروں اور 30 ستمبر 2023 کے آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر گریجویٹ اور پراویڈنٹ فنڈز کی سرمایہ کاری کی قدر درج ذیل ہے۔

2024	2023	
(بلین میں روپے)		
1,445	1,072	گریجویٹ فنڈ
1,075	772	ایسٹیل پراویڈنٹ فنڈ

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

ریلیٹڈ پارٹی ٹرانزیکشنز:

سال کے دوران، کمپنی نے ریلیٹڈ پارٹی ٹرانزیکشنز بھی کی ہیں ان ٹرانزیکشنز کی تفصیلات نوٹ 36 میں اس میں منسلک مالی گوشواروں میں ظاہر کی گئی ہیں۔

ڈیفالٹ آف پیمائش، قرض / قرض ٹیکس اور ڈیویڈنڈ:

بہترین کاروباری طریقوں کی پابندی کرتے ہوئے، کمپنی واجب الادا رقم کی ادائیگی کے شیڈول کی پابندی کرتی ہے، مزید برآں، زیر جائزہ مالی سال کے دوران یا اس کے اختتام پر ٹیکس، ڈیویڈنڈ اور لیویز کی مد میں کوئی ادائیگی واجب الادا یا باقی نہیں تھی۔

انٹرنل کنٹرولز:

کمپنی ایک مضبوط انٹرنل کنٹرول سسٹم کو برقرار رکھتی ہے جو کسی بھی میٹریل 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 میں نگرانی کی مجموعی ذمہ داری قبول کرتا ہے، رسک مینجمنٹ اور انٹرنل کنٹرول کے عمل کو کمپنی کے اثاثوں کی حفاظت اور کمپنی کو درپیش ابھرتے ہوئے خطرات کو مناسب طریقے سے حل کرنے اور یا کم کرنے کیلئے ڈیزائن کیا گیا ہے، رسک مینجمنٹ سسٹم سے متعلق جامع تفصیلات کمپنی کے مالی گوشواروں میں الگ سے ظاہر کی گئی ہیں۔

ہولڈنگ کمپنی:

آرکرو مائیکسٹائل GmbH گلوں اور خصوصی کیمیکلز کا عالمی متنوع فراہم کنندہ ہے، جو ٹیکسٹائل، پیکچینگ اور کاغذ اور کونکر، چمکنے والی اشیاء اور تعمیراتی کیمیکلز کی مارکیٹوں کو پیش کرتا ہے، پرائلن، سوئٹزر لینڈ میں ہیڈ کوارٹر، کمپنی ایک انتہائی مربوط، کسٹمر فوکسڈ پیٹ فارم چلاتی ہے جو 90 سے زیادہ ممالک میں خصوصی کارکردگی اور کرسٹو ایوشن فراہم کرتی ہے، آرکرو 41 سے زیادہ ممالک میں 4000 ملازمین اور 30 پروڈکشن سائٹس کیساتھ کام کرتی ہے۔

عہدہ	ڈائریکٹر کا نام
چیئر پرسن (آزاد ڈائریکٹر)	محترمہ یاسمین پیر محمد
ممبر (ایگزیکٹو ڈائریکٹر)	جناب مجتبیٰ رحیم
ممبر (نان۔ ایگزیکٹو ڈائریکٹر)	جناب پیٹرک ویرائیس

بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت:

زیر جائزہ سال کے دوران بورڈ اور کمیٹیوں کے اجلاس منعقد کئے گئے اور ہر ڈائریکٹر کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام	عہدہ	بورڈ آف ڈائریکٹرز-4 اجلاس میں شرکت	آڈٹ کمیٹی-4 اجلاس میں شرکت	1-HR-R اجلاس میں شرکت
ڈاکٹر لالہ رخ اعجاز	آزاد	2	2	1
مجتبیٰ رحیم	ایگزیکٹو	4	-	1
عرفان چاہ والا	ایگزیکٹو	4	4	-
تھامس بوچر (متبادل: نوید کمال)	نان۔ ایگزیکٹو	3	3	-
پیٹرک ویرائیس	نان۔ ایگزیکٹو	1	-	-
وکٹر گارشا	نان۔ ایگزیکٹو	-	-	-
پیٹرک ویرائیس (متبادل: نوید کمال)	نان۔ ایگزیکٹو	1	1	1
تھامس بوچر	نان۔ ایگزیکٹو	-	-	-
ایم وقار عارف	نان۔ ایگزیکٹو	2	2	-
شاہد غفار	آزاد	4	4	-
یاسمین پیر محمد	آزاد	4	-	-

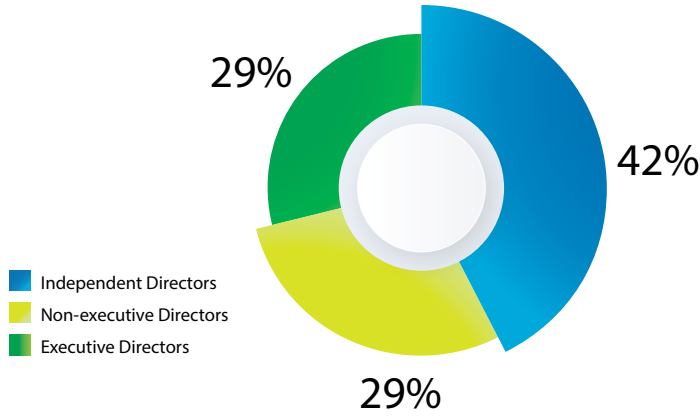
غیر حاضری کی رخصت ان ڈائریکٹرز کو دی گئی جو اجلاس میں شرکت نہیں کر سکے اور ان کی نمائندگی ان کے متعلقہ متبادل کے ذریعے کی گئی۔

ڈائریکٹروں کا تربیتی پروگرام:

ڈائریکٹرز کا تربیتی پروگرام بورڈ کو اپنا کردار ادا کرنے اور کمپنی کی کارکردگی میں حقیقی تبدیلی لانے میں مدد کرتا ہے، کمپنی، ایگزیکٹو (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، 6 ڈائریکٹرز پہلے ہی ڈائریکٹرز کا تربیتی پروگرام کامیابی سے مکمل کر چکے ہیں۔

نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی:

بورڈ آف ڈائریکٹرز کے پاس نان۔ ایگزیکٹو اور آزاد ڈائریکٹرز کیلئے ایک منظور شدہ ”معاوضہ پالیسی“ ہے، جس میں کہا گیا ہے کہ بورڈ آف ڈائریکٹرز، یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کیلئے ڈائریکٹرز کا معاوضہ وقتاً فوقتاً بورڈ آف ڈائریکٹرز کے ذریعے طے اور منظور کیا جائیگا۔



ڈائریکٹرز کی کل تعداد:

05	(a) مرد
02	(b) خواتین
07	

ترتیب:

03	(i) آزاد ڈائریکٹرز
02	(ii) نان ایگزیکٹو ڈائریکٹرز
02	(iii) ایگزیکٹو ڈائریکٹرز
07	

بورڈ کے چیئر پرسن اور سی ای او کے عہدے دو مختلف افراد کے پاس ہیں

بورڈ آف ڈائریکٹرز کی کمیٹیاں:

کمپنی کا بورڈ آف ڈائریکٹرز، کمپنی کے کاموں اور معاملات کی ایک مستعد اور موثر انداز میں، اور قابل اطلاق قوانین، قواعد و ضوابط کے مطابق نگرانی کرتا ہے، بورڈ نے اپنے کاموں میں بورڈ کی مدد کیلئے دو کمیٹیاں تشکیل دی ہیں، یہ کمیٹیاں اپنے متعلقہ حدود سے متعلق اہم معاملات پر غور کرتی ہیں اور حتمی فیصلہ سازی کیلئے 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 تھی، بورڈ کی آڈٹ کمیٹی اس وقت درج ذیل ڈائریکٹرز پر مشتمل ہے:

ڈائریکٹر کا نام	عہدہ
جناب شاہد غفار	چیئر مین (آزاد ڈائریکٹر)
ڈاکٹر لالہ رخ اجاز	ممبر (آزاد ڈائریکٹر)
جناب پیٹرک ویرائیس	ممبر (نان-ایگزیکٹو ڈائریکٹر)

آڈٹ کمیٹی کی ٹرم آف ریفرنس وہ ہیں جیسا کہ کوڈ آف کارپوریٹ گورننس میں بیان کیا گیا ہے، اسکے علاوہ، آڈٹ کمیٹی مالی گوشواروں کی درستی اور اندرونی کنٹرول کے موثر ہونے کے بارے میں خود کو مطمئن کرنے کیلئے کوئی بھی معلومات اور وضاحت طلب کرنے کیلئے آزاد ہے۔

کمیٹی نے ہر سہ ماہی میں کم از کم ایک بار ملاقات کی تاکہ کمیٹی کے کاروبار کے حوالے سے مالیاتی گوشواروں اور کسی بھی اہم فیصلہ کن ایریا کا جائزہ لیا جاسکے، آڈٹ کمیٹی مالیاتی گوشواروں کی منظوری کیلئے بورڈ کی اپنی سفارشات دیتی ہے جس کی CEO، CFO اور ایسا کرنے کیلئے مجاز ڈائریکٹر کی جانب سے توثیق کی جاتی ہے۔

ہیومن ریسورس اور معاضہ (HR&R) کمیٹی:

بورڈ نے کوڈ آف کارپوریٹ گورننس کے مطابق HR&R کمیٹی بھی تشکیل دی ہے، کمیٹی کی شرائط اور ریفرنس، جیسا کہ کوڈ آف کارپوریٹ گورننس میں درج ہے، شامل ہیں لیکن اسی حد تک محدود نہیں، بورڈ کی (HR&R) کمیٹی فی الحال درج ذیل ڈائریکٹرز پر مشتمل ہے:

کمپنی ایک واضح تنظیمی ڈھانچہ کو برقرار رکھتی ہے جس میں اتھارٹی چین کی اچھی طرح سے وضاحت کی گئی ہے، سینئر مینجمنٹ طریقہ کار کو نافذ کرنے، رسک کی نگرانی اور مختلف کنٹرولز کے موثر ہونے کا اندازہ لگانے کیلئے ذمہ دار ہے۔

کمپنی ایک مضبوط انٹرنل ریسک مینجمنٹ (ERM) فریم ورک کو استعمال کرنا جاری رکھے ہوئے ہے، جو آرگنائزیشن کے اندر اس بات کو یقینی بنانے کیلئے مربوط ہے کہ رسک کی شناخت، تشخیص، اور ان کا ازالہ کیا جاسکے، تمام نمایاں کئے گئے رسک کو ان کے اثرات، امکانات اور اوقات کے مطابق ترجیح دی جاتی ہے، اس کے مطابق تدارکاتی اقدامات وضع کئے جاتے ہیں۔

کمپنی کے رسک مینجمنٹ فلسفہ، گورننس، اور کلیدی رسک اور مواقع پر ایک تفصیلی رپورٹ سالانہ رپورٹ کے 63 سے 74 صفحات پر دستیاب ہے۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل:

کمپنی نے کوڈ آف کارپوریٹ گورننس کے تمام تقاضوں کی تعمیل کی ہے، جیسا کہ فہرست سازی کے ضوابط کی ضرورت ہے، اس کے مطابق، ڈائریکٹرز درج ذیل کی تصدیق کرتے ہوئے مسرت محسوس کرتے ہیں:

- کمپنی کی انظامیہ کی جانب سے تیار کردہ مالیاتی بیانات، اسکے موجودہ معاملات، اس کے آپریشن کا نتیجہ، کیش فلوز اور ایکویٹی میں تبدیلیاں۔
- کمپنی کی بکس آف آڈٹس کو یقین رکھا گیا ہے۔
- کمپنی کے مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- اکاؤنٹنگ اور رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہے، کمپنی کے مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے اور وہاں سے کسی بھی ڈیپارچر کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔
- کمپنی کے انٹرنل کنٹرول کے نظام کا ڈیزائن موثر ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- جاری تشویش کے حوالے سے کمپنی کی صلاحیت پر کوئی شک نہیں ہے۔
- پچھلے 6 سالوں کا کلیدی آپریشننگ اور مالیاتی ڈیٹا خلاصہ شکل میں مالی بیانات کے صفحہ 152 پر منسلک کیا گیا ہے۔
- بقایا ٹیکس اور لیویز کو منسلک آڈٹ شدہ مالیاتی گوشواروں میں مناسب طور پر ظاہر کیا گیا ہے اور کارپوریٹ گورننس کے بہترین طریقوں سے کوئی میٹریل ڈیپارچر نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔

اخلاقیات اور کاروباری طرز عمل کا بیان (ضابطہ اخلاق)

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

آپ کی کمپنی کے تمام ملازمین کیلئے کمپنی کے ضابطہ اخلاق کے ایک آن لائن ترقیتی میٹن میں شرکت لازمی تقاضا بھی ہے، تربیت کے اختتام پر تمام کامیاب شرکاء کو تکمیل کا سرٹیفکیٹ پیش کیا جاتا ہے۔

بورڈ میں تبدیلیاں:

28 مارچ 2024 کو ہونے والے غیر معمولی اجلاس عام میں سینئر ہولڈرز نے سات ڈائریکٹرز، ممبرز قہاس بوچر، پیٹرک ویرا نیس، بھتیجی رحیم، عرفان چاولا، شاہد غفار، ڈاکٹر لالہ رخ اجاز اور یاسین بیڑھ کو یکم اپریل 2024 سے شروع ہونے والے تین سال کی مدت کیلئے انتخاب کیا۔

زیر جائزہ سال کے دوران، جناب قہاس بوچر کے استعفیٰ پر ایک عام اسمبلی خالی ہوئی جسے جناب ڈاکٹر گارشاہ کی تقرری سے پر کیا گیا۔

بورڈ نے ممبر کو خوش آمدید کہتا ہے اور سکدوش ہونے والے ممبر کے گراں قدر تعاون کو سراہتا ہے۔

بورڈ کی تشکیل:

کمپنی کے پاس ایک انتہائی موثر بورڈ موجود ہے، جس میں صنف، بنیادی اہلیت، مہارت، علم اور تجربہ کا متنوع امتزاج ہے، بورڈ کی تشکیل مکمل طور پر لکھنوی (کوڈ آف کارپوریٹ گورننس) کے ضوابط 2019 کی ضروریات کے مطابق ہے، جولائی اداروں پر لاگو ہوتا ہے جو کہ ذیل میں دیا گیا ہے:



تنوع، مساوات اور شمولیت:

آرکرو مختلف نسلی پس منظر، ثقافتوں، مذاہب، عمروں، معذور یوں، نسلوں، جنسی شناخت، عالمی نقطہ نظر اور جنس کے ساتھ مل کر کام کرنے والے تمام افراد کے وقار، رازداری اور ذاتی حقوق کو تسلیم کرتا ہے۔ کمپنی کا مقصد ہے:

- ایک ایسا ماحول پیدا کریں جس میں انفرادی اختلافات اور ہمارے تمام ملازمین کے تعاون کو فروغ دیا جائے، پہچانا جائے اور ان کی قدر کی جائے۔
- کام کرنے کا ایسا ماحول بنائیں جو سب کیلئے وقت اور احترام کو فروغ دے، جہاں کسی قسم کی دھمکی، دھونس یا ایذا رسانی کو برداشت نہ کیا جائے۔
- اس بات کو یقینی بنائیں کہ تربیت، ترقی اور ترقی کے مواقع سب کیلئے دستیاب ہوں۔
- اس بات کو یقینی بنانے کیلئے ملازمت کے درخواست دہندگان اور ملازمین کیساتھ برابری کی بنیاد پر سلوک کیا جائے۔ ملازمت کے تمام طریقوں اور طریقہ کار کا باقاعدگی سے جائزہ لیا جائے۔
- تنوع کی پالیسی کی خلاف ورزیوں کا پیچیدگی سے نوٹس لیا جائے اور ضرورت پڑنے پر تادیبی کارروائی کی جائے۔

کمپنی تمام متعلقہ قوانین اور ضوابط کی پابندی کرتی ہے، اہم روزگار کی پوائنٹس پر منظم تشکیص کے ذریعے تعلیم کو یقینی بناتی ہے، بشمول:

- ☐ ملازمت پر رکھنا: نئے ملازمین کی خدمات حاصل کرتے وقت صنفی مساوات کو یقینی بنانے کیلئے سخت، غیر امتیازی تشکیص کے معیار کا نفاذ۔
- ☐ سالانہ تنخواہ کے جائزے: تنخواہ کے جائزے ہر سال منصفانہ معیار پر تہمتی سے عمل پیرا ہوتے ہوئے کئے جاتے ہیں، اس بات کو یقینی بناتے ہوئے کہ کوئی بھی ایڈجسٹمنٹ صنفی تعصب سے پاک ہو۔
- ☐ کیریئر کی ترقی: شفاف اور منصفانہ معیار کا استعمال کرتے ہوئے کردار کی تبدیلیوں اور ترقیوں کا اندازہ، تمام ملازمت کو ترقی کے یکساں مواقع فراہم کرنا۔

آرکرو اپنے تنخواہ کے طریقوں میں شفافیت کیلئے پرعزم ہے اور اپنے تمام ملازمین کیلئے یکساں مواقع فراہم کرنے کے اپنے عزم میں ثابت قدم ہے۔

رиск مینجمنٹ:

آرکرو ماپوری کمپنی میں ایک مضبوط رиск مینجمنٹ کیلئے پرعزم ہے اور اسے ہر سطح پر لاگو کیا جاتا ہے، آپ کی کمپنی سمجھتی ہے کہ خطرات تمام کاروبار کیلئے موروثی ہوتے ہیں، اس لئے وہ موجودہ اور ممکنہ خطرات کو سمجھ کر اور ان کا نظم کر کے پائیدار قدر پیدا کرنے کی کوشش کرتی ہے۔ ساتھ ہی، ایسے مواقع کی بھی نشاندہی کی جاتی ہے کہ آکر روم کے اسٹریٹجک مقاصد کے حصول میں معاون ہوتے ہیں، کمپنی کے پاس ایک مضبوط کاروباری تسلسل کا منصوبہ ہے جس میں کسی بھی غیر یقینی صورت حال کی صورت میں اٹھائے جانے والے حالات اور اقدامات پر روشنی ڈالی گئی ہے۔

بورڈ آف ڈائریکٹرز کے پاس رиск مینجمنٹ کے عمل اور اندرونی کنٹرول کے طریقہ کار کی نگرانی کی مجموعی ذمہ داری ہے، یہ پریسیڈنٹس اور بورڈ آڈٹ کمیٹی کے ذریعے سالانہ جائزہ لیا جاتا ہے، شناخت شدہ رиск جو ممکنہ طور پر کمپنی کے اسٹریٹجک، آپریشنل، مالی، اور/یا تعلیم کے مقاصد کے حصول کو متاثر کر سکتے ہیں، انہوں کی حفاظت، کمپنی کو ممکنہ خطرات سے نمٹنے، اور کاروبار کے تسلسل کو یقینی بنانے کیلئے بروقت کارروائی کیلئے بورڈ اور سینئر انتظامیہ کو فوری طور پر اطلاع دی جاتی ہے۔

اس مقصد کیلئے، کمپنی نے تین GRI ستونوں، ماحولیات، سماجی اور گورننس (ESG) اور SDGs کے انضمام کیساتھ ساتھ ہمارے مادی موضوعات کے مطابق ایک پائیداری کا فریم ورک تیار کیا ہے، فی الحال ہمارے پائیداری کے مقاصد کی ایک وسیع نظر ثانی، بشمول SDGs پر مزید گہرا غوطہ لگانا جاری ہے، اس کے اسٹریٹجک سائیکل (2024 سے) کا مقصد معاشرے اور سیارے پر کمپنی کے مثبت اثرات کو بڑھانے اور اپنے صارفین کیلئے نئے پائیدار حل فراہم کرنے کیلئے ہر ESG ستون کے اہداف پر نظر ثانی اور مضبوط کرنا ہے۔

اپنی سالانہ رپورٹ کے حصے کے طور پر، کمپنی پائیداری کی ایک تفصیلی رپورٹ شائع کرتی ہے جس میں پائیداری کے خطرات اور تخفیف کی حکمت عملی شامل ہے۔

حفاظت، صحت اور ماحولیات:

صحت، حفاظت اور ماحولیات (SHE) پر ایک مضبوط فوکس آپ کی کمپنی کے تمام آپریشنز کا مرکز ہے، قائم کردہ SHE رہنما خطوط پر مبنی سے عمل کرتے ہوئے، آپ کی کمپنی اپنے ملازمین، شہکاروں، اور اس کی کاروباری سرگرمیوں میں شامل تمام اسٹیک ہولڈرز کیلئے کام کرنے کے محفوظ ماحول کو یقینی بنانے کیلئے وقف ہے، کمپنی اپنے سائنس پر موجود اسٹیک ہولڈرز اور جن کیونٹیز میں کام کرتی ہے، دونوں کیلئے صحت اور حفاظت کے اعلیٰ ترین معیارات کو برقرار رکھتی ہے۔

آرکرو ماسٹرنیٹ کا نیڈ لائسنز، خطرات کی شناخت، رسک اسسمنٹ، جاب سیفٹی تجزیہ، ملازمین کی شمولیت اور حفاظت، صحت اور فلاح و بہبود کے حوالے سے قائدانہ والیگی کا موثر نفاذ آرکرو پاکستان کو محفوظ ترین جگہ اور حادثے سے پاک کام کی جگہ کو نہ صرف ہمارے ملازمین، بلکہ وزیٹرز، شہکاروں اور پڑوسی کمیونٹی کیلئے بھی نیکو بل ٹارگٹ لوسٹ ٹائم ایکٹیوٹس (LTA) کو حاصل کرنے میں بھی اپنا حصہ ڈال رہے ہیں۔

SHE آگاہی بڑھانے اور ذاتی اور عمل کی حفاظت میں مسلسل بہتری کے کچھ کوفروغ دینے کیلئے، تمام اہم اور غیر معمول کے کاموں کیلئے جاب سیفٹی کا تجزیہ اور رسک اسسمنٹ کئے جاتے ہیں، مزید برآں، باقاعدگی سے SHE بات چیت اور گہرائی سے آگاہی کے سیشنز کی فراہمی نے حفاظتی کچھ کومزید تقویہ بخشی، ایک ایسے ماحول کوفروغ دیا جہاں اسے ایک اجتماعی ذمہ داری کے طور پر سمجھا جاتا ہے۔

کمپنی حفاظت میں اعلیٰ کارکردگی کی فراہمی جاری رکھے ہوئے ہے، مجموعی طور پر، کمپنی کے کاروبار نے 30 ستمبر 2024 تک تقریباً 7.0 ملین محفوظ اوقات کار کو لاگو کیا۔

سیارہ زمین کو کثیر جیتی جین لائنوں کا سامنا ہے جیسے گلوبل وارمنگ، اوزون کی کمی اور تیزی سے ماحولیاتی انحطاط کی وجہ سے آلودگی، آرکرو ما کا ماننا ہے کہ گلوبل وارمنگ، کاربن فوٹ پرنٹ اور آلودگی کو کم کرنے کیساتھ ساتھ صاف ستھرا ماحول پیدا کرنے کیلئے درخت انتہائی اہم ہیں، ہمارے مینوفیکچرنگ سائٹس جا مشورہ اور لائسنس میں سیکڑوں مختلف درختوں کے ساتھ سرسبز و شاداب ماحول ہماری سبز ماحولیاتی پالیسی کا واضح ثبوت ہے۔

اس کے علاوہ، آپ کی کمپنی نے اپنی پودوں کی سہولیات میں اور اس کے ارد گرد درخت لگانے کی وسیع مہمات کو نافذ کیا ہے، جو پائیدار، ماحول دوست طرز عمل کیلئے مضبوط عزم کا مظاہرہ کرتا ہے، ماحولیاتی ذمہ داری کیلئے بافعال نقطہ نظر ریگولیشنز کی تعمیل سے بالاتر ہے، ایک صحت مند ماحولیاتی نظام اور ایک محفوظ کمیونٹی کوفروغ دیتا ہے، ان اقدامات کے ذریعے، آپ کی کمپنی ماحولیاتی ذمہ دار اور اختراع میں صنعت کی رہنمائی کرتی ہے۔

کمیونٹی ڈیولپمنٹ:

ایک اچھے کارپوریٹ شہری کے طور پر، آرکرو ما جا مشورہ کے آس پاس کی مقامی کمیونٹی کو مدد کرنے اور کمیونٹی کو ان کی اشد ضرورت میں مدد فراہم کرتا ہے، بہتر کی ترقی بھی آپ کی کمپنی کی دلچسپی کا کلیدی شعبہ ہے، کورنگی، کراچی اور آکر و ماسٹرنیٹ ایسی لیسنس میں، ٹیکنالوجی کی تعلیم حاصل کرنے والے طلباء کیلئے سال بھر تعلیمی پروگرام چلتے ہیں، درزی کیلئے تیار کردہ پروگرام بھی ملوں کے ٹیکنیکی عملے کیلئے ان کی مخصوص ضروریات کی بنیاد پر بنائے گئے ہیں، نئے گریجویٹس کیلئے، ایک دو سالہ پروگرام چلتا ہے جس کے ذریعے تجربہ دار بنیادی انتظام فراہم کیا جاتا ہے جس سے وہ ترقی اور کیریئر کی ترقی کے قابل ہوتے ہیں۔

CSR فوکس ایریاز:

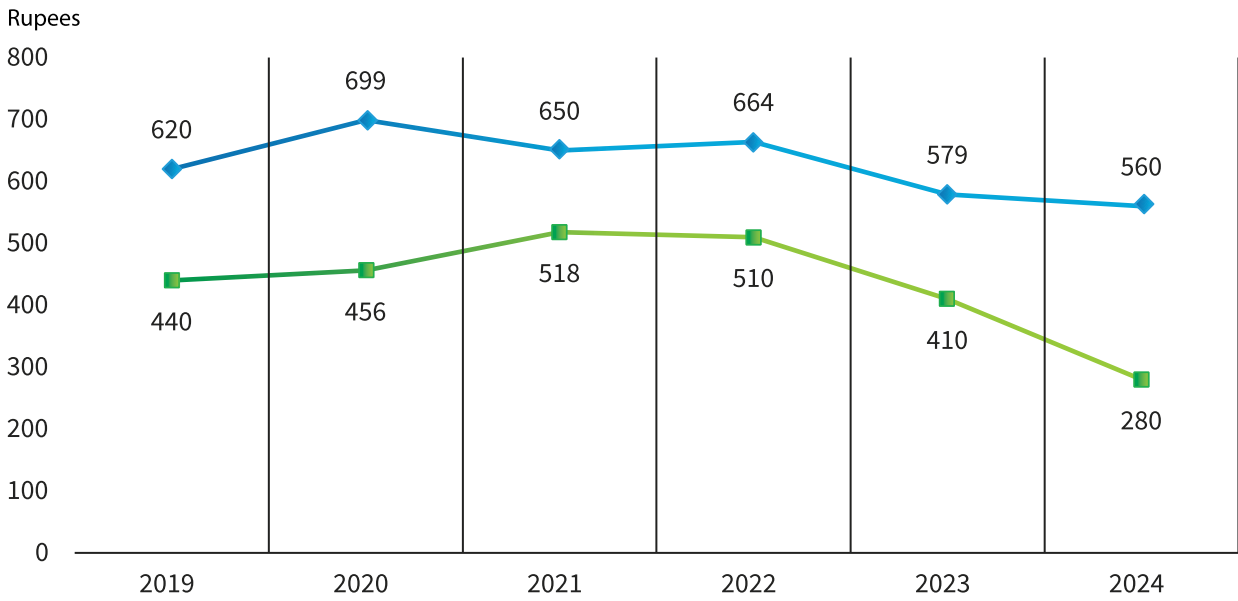
اپنے کمیونٹی پائیزز کے ساتھ مل کر، ہم مندرجہ ذیل چھ اسٹریٹجک ترجیحات کے ذریعے سماجی اثرات مرتب کرتے ہیں:

ڈیویڈنڈ اور اختیاص:

جیسا کہ اس مالیاتی رپورٹ میں تفصیل سے بتایا گیا ہے، کمپنی کو زیر جائزہ سال کیلئے مالی نقصان کا سامنا کرنا پڑا ہے، اس مالیاتی کمپنی کو دیکھتے ہوئے اور ملک کے اندر غیر مستحکم اور غیر یقینی کاروباری ماحول کو دیکھتے ہوئے، کمپنی نے 30 ستمبر 2024 کو ختم ہونے والے مالی سال کیلئے نقد منافع کی سفاری نہیں کی۔

شیر کی قیمت:

زیر جائزہ سال کے دوران، کمپنی کے شیر کی قیمت PKR 560 کی بلند ترین سطح کو چھو گئی جبکہ پاکستان اسٹاک ایکسچینج کے ریڈی بورڈ کوشنر پر سب سے کم ریکارڈ شدہ قیمت PKR 280 تھی۔

**کارپوریٹ سماجی ذمہ داری:**

آرکرو ما پائیدار، اقتصادی اور ماحولیاتی، نیز منصفانہ، کاروباری طریقوں کیلئے اخلاقی ذمہ داری کا حامل ہے، لہذا، کارپوریٹ سماجی ذمہ داری آپ کی کمپنی کے فلسفے کا ایک لازمی جزو ہے، یہ فعال طور پر ہنر کو فروغ دیتا ہے اور ملازمین کی مہارتوں میں سرمایہ کاری کرتا ہے تاکہ موجودہ اور مستقبل کی دونوں ذمہ داریوں کیلئے اعلیٰ سطح کی کارکردگی کو قابل بنایا جاسکے، زیر نظر سال کے دوران آپ کی کمپنی نے CSR لاگت کی رقم 19.8 ملین روپے خرچ کی۔

عطیات:

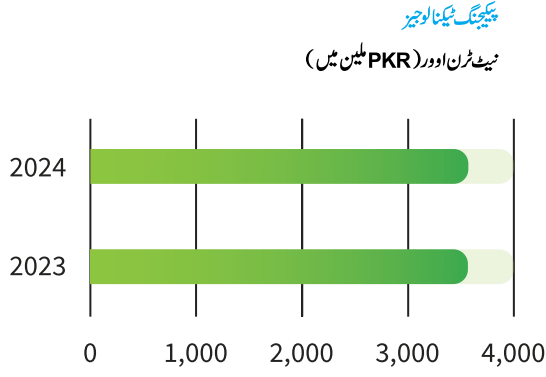
آرکرو ما نے مختلف خیراتی، تعلیمی اور طبی اداروں کو عطیات کے ذریعے مالی مدد فراہم کی، زیر نظر سال کے دوران آپ کی کمپنی نے 2.8 ملین روپے مالیت کی شراکت کی۔

پائیداری:

آرکرو ما اپنی صنعت کی پائیدار تبدیلی کی قیادت کرنے کیلئے پرعزم ہے، ویلیو چین میں شراکت داروں کیساتھ ان کی ضروریات اور توقعات کے مطابق مسلسل منسلک ہو کر، یہ اپنے پورٹ فولیو کو مستقبل کی مارکیٹ کی توقعات کیلئے ایک فعال موافقت فراہم کرتا ہے۔

کمپنی کو پختہ یقین ہے کہ زیادہ پائیدار پروڈکٹ پورٹ فولیو میں ہماری شفٹ کو جاری رکھ کر کمزور خطرات کو موقع میں تبدیل کیا جاسکتا ہے۔

کاروباری آپ ڈیٹ:



پرنسپل کاروباری سرگرمیاں:

کمپنی کی خصوصی طور پر کیمیکلز کی تیاری، فروخت اور انڈسٹریل کاروبار میں مصروف ہے جس میں ڈائ ایل سیسٹمز اور کیمیکلز برائے ٹیکسٹائل، پیپر، پیکجنگ، کوننگ، کنسٹرکشن۔

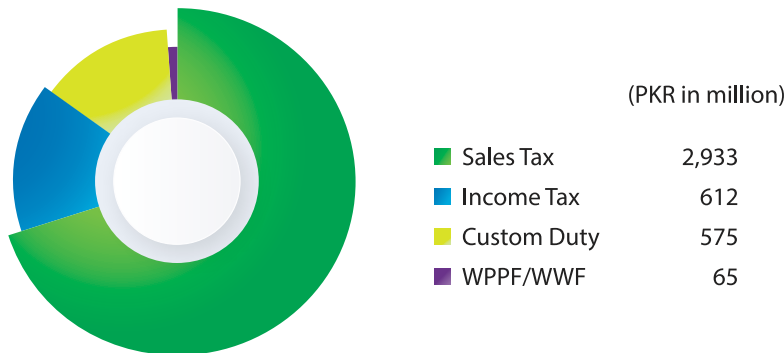
مستقبل کا آؤٹ لک:

عالمی توانائی اور اجناس کی قیمتیں، خام مال کی سپلائی چین اور دستیابی کی صورت حال مشرق وسطیٰ کی جاری صورت حال کی وجہ سے بدستور پیچیدہ ہے، نتیجتاً، پاکستان میں تجارت کے توازن اور غیر ملکی زرمبادلہ کے ذخائر کی صورت حال دباؤ میں رہنے کی توقع ہے اور آنے والے مہینوں میں کاروبار کیلئے مزید چیلنجز پیدا کر سکتے ہیں، تاہم، حال میں I.M.F. کے ساتھ مالیاتی انتظامات کو تہی شکل دی گئی ہے، اور قرض کی بحالی کے پروگرام جو فی الحال کچھ ہمسایہ ممالک کے ساتھ زیر بحث ہیں اور کچھ اصلاحاتی مالیاتی اقدامات پر توجہ سے عمل درآمد جاری ہے، توقع ہے کہ پاکستان کی مجموعی میکرو اکنامک صورت حال میں بہترین میں مثبت کردار ادا کریں گے، جس کے نتیجے میں ملک کی ٹیکسٹائل اور ترقیاتی صنعتوں کیلئے کاروبار کی ترقی میں مدد کی بھی توقع ہے۔

انتظامیہ کو یقین ہے کہ کمپنی کے خالص ورکنگ کیپٹل کی صورت حال کو مزید کنٹرول کرنے کیلئے سخت اقدامات اور مضبوط پروڈیکٹس کی پائپ لائن، ہنٹس مین ٹیکسٹائل اینڈ فیکٹریز کے حصول کے بعد پورٹ فولیو کی توسیع اور کاروباری ترقی کے ذریعے اس کی مارکیٹ میں رسائی بڑھانے اور شیئرز کے ذریعہ کمپنی کے آنے والے مالی سال میں منافع بخش ترقی کے راستے پر واپس آنے کی امید ہے۔

قومی خزانے میں حصہ ڈالنا:

سال کے دوران اگم ٹیکس، ایکسائز ڈیوٹی، سلز ٹیکس اور دیگر سرکاری محصولات کی مد میں حکومتی خزانے میں کمپنی کی مجموعی شراکت 4,185 PKR ملین رہی۔



فی شیئر آمدنی:

بعد از ٹیکس خسارہ 546 ملین رہا (گزشتہ سال منافع 1,244 PKR ملین روپے)۔ 30 ستمبر 2024 کو ختم ہونے والے سال کیلئے فی شیئر نقصان 15.81 روپے رہا۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز، ازراہ سمرٹ، 30 ستمبر 2024 کو ختم ہونے والے سال کیلئے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کر رہے ہیں۔

بزنس کا جائزہ:

آکرکوما کی بڑی کھپت والی منڈیوں یعنی ٹیکسٹائل اور کنسٹرکشن انڈسٹری کی طلب اور کنزیومر سیکٹرز پر جائزہ مالی سال کے دوران ملکی اور غیر ملکی دونوں منڈیوں کیلئے سست رہی۔ یہ بنیادی طور پر ٹیکرو اکنامک اور مالیاتی چیلنجوں کے باعث تھا، روس یوکرین تنازعہ اور مشرق وسطیٰ کے بحرانوں کے بعد ملک نے اب تک کی سب سے زیادہ افراط زر، توانائی اور اجناس کی قیمتوں کا سامنا کیا۔

بڑھتے ہوئے چیلنجنگ ماحول کے باوجود، جیسا کہ اوپر بیان کیا گیا ہے، اور ٹیکسٹائل کی صنعت کیلئے 50% سے کم پیداواری صلاحیت کے استعمال کے باوجود، آپ کی کمپنی پچھلے سال کی خالص فروخت PKR 30,012 ملین روپے کے مقابلے میں 30 ستمبر 2024 کو ختم ہونے والے مالی سال کیلئے PKR 24,773 ملین روپے کی خالص فروخت حاصل کرنے میں کامیاب رہی۔ ٹیکسٹائل اینڈ ٹیکسٹائل کی فروخت گزشتہ سال PKR 26,543 ملین کے مقابلے میں 20% کم PKR 21,203 روپے ہوئی، جب کہ پیکیجنگ ٹیکنالوجی کی فروخت 3% زیادہ تھی اور گزشتہ سال PKR 3,469 ملین کے مقابلے میں PKR 3,570 روپے ہوئی۔

مندرجہ بالا مارکیٹ کے منظر نامے کے پیش نظر، کمپنی کی توجہ، خاص طور پر زینر نظر مالی سال کی دوسری ششماہی کے دوران، نیٹ ورکنگ کیپٹل اور بینک قرضوں کو کم کرنے پر مرکوز رہی۔ زینر نظر مالی سال کے دوران مارکیٹ کی کم طلب اور درآمدی خام مال کی بڑھتی ہوئی لاگت کی وجہ سے کمپنی کے تمام کاروباری طبقات کیلئے مجموعی مارجن سخت دباؤ میں رہے، مزید برآں، بڑھتی ہوئی فروخت اور انتظامیہ کے اخراجات، غیر معمولی طور پر زیادہ قرض لینے کے اخراجات اور رجسٹرڈ اور کارپوریٹ برنس کیلئے ٹیکس کی شرح میں مزید اضافے نے کمپنی کے زینر نظر مالی سال کے نتائج کو بری طرح متاثر کیا اور گزشتہ سال حاصل ہونے والے منافع PKR 1,244 ملین کے مقابلے میں PKR 546 ملین کا نقصان ہوا۔

مالیاتی کارکردگی:

آپ کی کمپنی نے PKR 28,533 ملین کی مجموعی آمدنی حاصل کی جو کہ گزشتہ سال کے PKR 34,900 ملین کی آمدنی کے مقابلے میں 18% کم ہے۔

PKR ہزار میں

تفصیلات	30 ستمبر 24	30 ستمبر 23	تبدیلی %
مجموعی فروخت	28,533,396	34,900,100	(18)
نیٹ فروخت	24,773,123	30,012,733	(17)
مجموعی منافع	4,501,501	7,467,776	(40)
آپریٹنگ منافع	538,242	3,460,223	(84)
(نقصان)/منافع کم از کم، حتمی اور اکٹم سے قبل	(512,778)	2,240,984	(123)
قبل از اکٹم ٹیکس (نقصان)/منافع	(811,448)	2,168,962	(137)
سال کیلئے (نقصان)/نفع	(546,452)	1,244,382	(144)
فی شیئر (PKR) (نقصان)/منافع	(15.81)	36.47	(143)

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 29th Annual General Meeting of the Company to be held on Thursday, 26 December 2024 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 Computerized National Identity Card (CNIC) 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 CNIC numbers must be mentioned on the form, alongwith attested copies of the CNIC or the Passport of the beneficial owner and the proxy.

پراکسی فارم

برائے کرم
فولیو نمبر درج کریں

میں مستی/مسماة _____ ساکن _____

ضلع _____ بحیثیت ممبر _____ لمیٹڈ، مستی/مسماة _____

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

کمپنی کے انیسواں سالانہ اجلاس صبح 10.00 بجے، بتاریخ 26 دسمبر 2024ء بروز جمعرات منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

(ریونیواسٹیٹپ)

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 میٹنگ سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس واقع 1-A/1، سیکٹر 20، کورنگی انڈسٹریل ایریا کورنگی کراچی میں جمع کرادیا جائے۔

۲۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکل 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 میٹنگ میں حاضری کے وقت اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) 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 CNIC نمبر بھی فارم پر درج کرنا ہونگے اس کے علاوہ متعلقہ مالک یا اس کے نائب کے CNIC یا پاسپورٹ کی مصدقہ کاپیاں بھی جمع کرانی ہونگی۔

ARCHROMA WAY TO A SUSTAINABLE WORLD

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