

# / ANNUAL REPORT 2017



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## Purpose

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

## Vision

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

## Mission

We are growing business by leveraging local entrepreneurship and our global organization in a collaborative way. We enable our customers to win in their market, we push limits to outperform and we never give up!

## Proposition

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

# COMPANY INFORMATION

Chairman / Chief Executive Officer	<ul style="list-style-type: none"><li>• Mujtaba Rahim</li></ul>	
Board of Directors	<ul style="list-style-type: none"><li>• Dr S Mubarik Ali</li><li>• Hans Lourens</li><li>• M Veqar Arif</li><li>• Rahat Kaunain Hassan</li><li>• Roland Waibel</li><li>• Thomas Winkler</li></ul>	(Alternate: Naveed Kamil)
Company Secretary	<ul style="list-style-type: none"><li>• M Veqar Arif</li></ul>	
Management Committee	<ul style="list-style-type: none"><li>• Mujtaba Rahim</li><li>• Qazi Naeemuddin</li><li>• Muhammad Altaf</li></ul>	<ul style="list-style-type: none"><li>• M Veqar Arif</li><li>• Naveed Kamil</li><li>• Muhammad Haroon</li></ul>
Audit Committee	<ul style="list-style-type: none"><li>• Dr S Mubarik Ali</li><li>• Hans Lourens</li><li>• Rahat Kaunain Hassan</li><li>• M Irfan Lakhani</li></ul>	<ul style="list-style-type: none"><li>- Chairman (Alternate: Naveed Kamil)</li><li>- Secretary</li></ul>
Human Resources and Remuneration Committee	<ul style="list-style-type: none"><li>• Dr S Mubarik Ali</li><li>• Mujtaba Rahim</li><li>• Thomas Winkler</li><li>• Naveed Kamil</li></ul>	<ul style="list-style-type: none"><li>- Chairman</li><li>- Secretary</li></ul>
Bankers	<ul style="list-style-type: none"><li>• Bank Al Habib Limited</li><li>• Habib Bank Limited</li><li>• Meezan Bank Limited</li><li>• National Bank of Pakistan</li><li>• Standard Chartered Bank (Pakistan) Limited</li></ul>	
Auditors	<ul style="list-style-type: none"><li>• KPMG Taseer Hadi &amp; Co. Chartered Accountants</li></ul>	
Legal Advisors	<ul style="list-style-type: none"><li>• RIAA Barker Gillette</li></ul>	
Share Registrars	<ul style="list-style-type: none"><li>• FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi</li></ul>	
Registered Office	<ul style="list-style-type: none"><li>• 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi</li></ul>	
Factories	<ul style="list-style-type: none"><li>• Petaro Road, Jamshoro</li><li>• LX-10, LX-11 Landhi Industrial Area Karachi</li></ul>	
Sales & Marketing Offices	<ul style="list-style-type: none"><li>• Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore</li><li>• Canal Road, Abdullah Pur, Faisalabad</li><li>• House # 78, Block S, Masoom shah road Gulistan Chowk New Multan</li></ul>	
Website	<ul style="list-style-type: none"><li>• <a href="http://www.archroma.com.pk">www.archroma.com.pk</a></li></ul>	
E-mail	<ul style="list-style-type: none"><li>• <a href="mailto:archroma.pakistan@archroma.com">archroma.pakistan@archroma.com</a></li></ul>	



## Brand & Performance Textile Specialties



From fiber to finish, Archroma's Brand & Performance Textile Specialties Business plays a key role throughout the entire textile supply chain, with special chemicals for the pretreatment, dyeing, printing and finishing of textiles. Our product packages enhance the properties of apparel and other textiles in applications as diverse as high fashion, home textiles and special technical textiles. From crease resistance to moisture management as well as repellency, our functional effects provide added-value features to textile manufacturers. Our specialist advisers provide color matching, trend monitoring as well as sector specific concepts, including our ONE WAY sustainability service, to ensure that customers generate greater value from their products.

Our color trends analysis and color matching technology, combined with processing efficiently, help our customers to get their products to market faster. While nanotech effects, environmentally friendlier solutions, and unique concepts add to their ability to stay one step ahead of the competition.

As a leading producer of dyes and chemicals for the textile industry, brands and mills in apparel and fashion, automotive and home textiles, and technical textiles, turn to us to meet their sector's constantly changing specifications.

## Packaging & Paper Specialties



Archroma's Packaging & Paper Specialties Business provides expertise in the management of whiteness, coloration, special coatings and strength for all kind of papers. By combining our focused product range with the application services of our paper experts around the globe, we enhance both the optical and functional properties of paper.

Our key markets are printing and writing copy papers, coated paper and board, recycled papers, newsprint, packaging, and specialized applications.

Our innovative technologies deliver leading-edge and ever more sustainable solutions for paper makers around the world, offering cost-effective product choices and solutions to its customers.

## Coating, Adhesives & Sealants



From paints, adhesives and construction to the textile, leather and paper industries, Archroma's Coating, Adhesives & Sealants Business provides solutions for a wide range of applications. Thanks to our commitment to innovation in polymer emulsions and our technical expertise in application and development, Archroma has supplied industries and consumers worldwide for more than 90 years with tailor-made solutions and sustainable answers. Literally thousands of satisfied customers have been witness to outstanding success of Archroma's Mowilith emulsions since its first patent was obtained in 1912.

Headquartered in Brazil, Sao Paulo, we are a global business unit with production facilities and operations in more than 12 countries. Our local expertise around the world is market orientated to respond to our customers needs.

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

# Chairman's Review



I am pleased to inform you that Financial Year 2016-17 was another year of good performance for Archroma Pakistan Limited.

In a challenging business environment the Company has witnessed positive momentum and reported sales amounted to rupees 13.2 billion for the year. Despite the economic downturn in local market, Company has mitigated the effect by expanding our foot print in global landscape. During the period under review, we transpired that Company was able to increase export sales by 49%.

During the year production facilities of your Company were operated at optimal level to meet the high demand of Company's products. I am confident that your Company is well poised to tap the potential of growing market demand by expanding its capabilities to contribute towards the economy.

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Archroma Pakistan Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended September 30, 2017 the Board's overall performance and effectiveness has been assessed as satisfactory. Improvements are on ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components. The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the Board and its committee meetings. The Board meet every quarter to adequately discharge its responsibilities. The non-executive and independent director are equally involved in important decisions.

Dated: 30 October 2017



Mujtaba Rahim  
Chairman



## Report of the Board of Directors for the year ended 30 September 2017

The Directors are pleased to present their report together with the audited financial statements of the Company for the year ended 30 September 2017.

### Board Changes

Consequent to the resignation of Mr. Zafir Hussain (Alternate: Hans Lourens) from the Board, Mr. Naveed Kamil has been appointed as an Alternate Director in his place with effect from 30 January 2017. There has been no other change in the Board during the year.

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

### Business Overview

Archroma Pakistan Ltd (PSX: ARPL) embodies how a sustainable business and market leader should operate. However, the company has been able to extend its top line robustly in FY17- up by 6 percent year - on - year. Despite of sluggish market conditions due to strong overall decline of textile sector exports (which is the biggest consumer of our products) of the country during the year. Company managed to achieve overall growth in Brand & Performance Textile Specialties segment by 6% which is well contributed by 46% increase in exports as compare to last year. The improvement in top line came from increasing market share. The Management is also laying lot of emphasis on internal efficiencies by improving quality, making determine efforts to reduce the cost of doing the business. Even with cluster of arduous conditions on the business scene, the Company was well managed to combat challenges and put its utmost efforts to "make the best". The Company is well poised to encounter future challenges through various measures including innovation pipeline, planning and controlling costs, operational analysis, expanding product base and prudent financial management. The Company is constantly exploring business development opportunities in landscape to expand our foot print in specialty Chemical Industry.

During the period under review, we continued the ride based on our four pillars of Archroma work culture our ACTS behaviors. They express how everybody in the Company can contribute to sustainable value creation at all times.



**Accountability  
for performance**



**Customers and  
market focus**



**Teamwork and  
collaboration**



**Speed  
and simplicity**

## Future Outlook

The Company was not limiting with merely trying to "make the best" out of a difficult situation but rather took requisite steps to achieve our destiny and to shape our future. We will continue to stick the course we started. Our four pillars of Archroma work culture are part of our course. We want to grow the Company and build the undisputed leader in the industry. That implies doing things differently, sometimes very differently. Through our continuous improvement programs, we are confident to maintain our winning performance by overcoming the challenges.

The Company will strive in mastering the challenges of the coming months as we do believe in continuous evaluation, development and improvement as the cornerstones of our future success.

**"We continuously challenge the status quo in deep belief that we can make our industry sustainable"**

## Principal Business Activities

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

## Risk and Uncertainties

Challenges like drop-in textile exports, energy shortages and other high cost of doing business are the risk associated with Company's operation.

## Internal Controls

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

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

## Sales

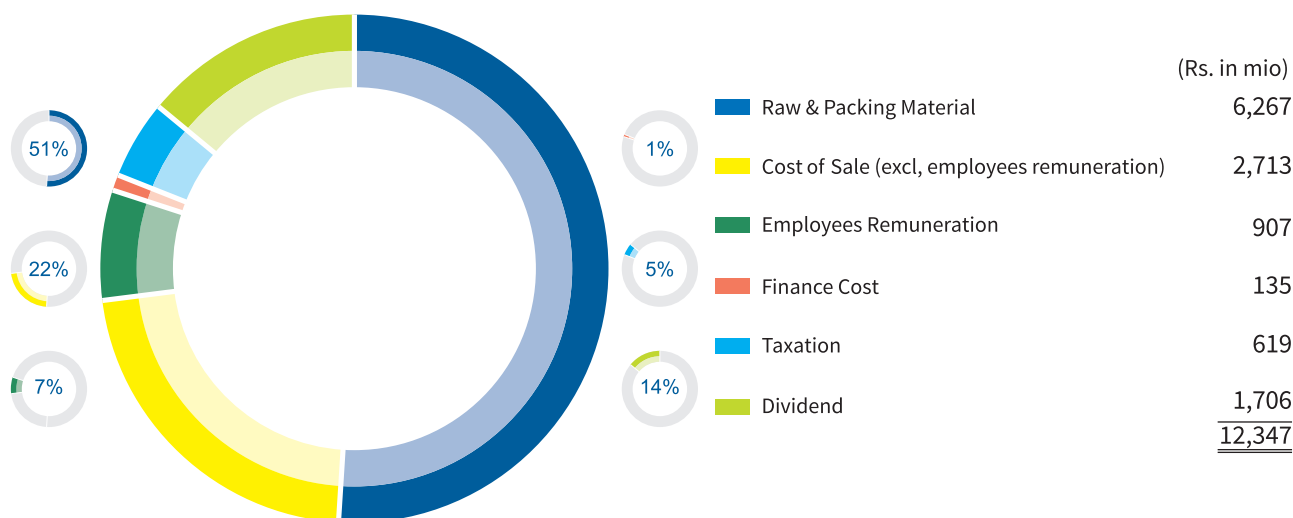
Archroma makes a positive contribution across all segments. From Brand & Performance Textile Specialties to Paper Specialties and Coating, Adhesives & Sealants we are creating powerful new process.

This uptick in sales value for the year under review to Rs. 13.2 billion as compare last year Rs. 12.5 billion

Favorable sales growth recorded in the business line Packaging & Paper Specialties at 36%, Brand & Performance Textile Specialties at 6% and Coating, Adhesives & Sealants at 3%.

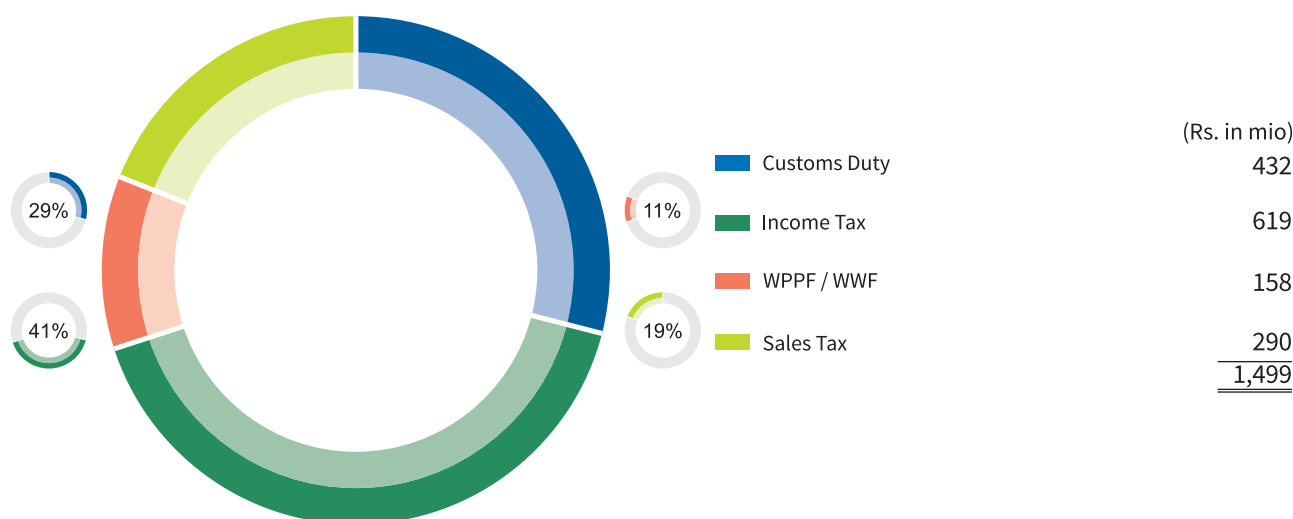


## Distribution of Revenue - 2017



## Contribution to National Exchequer

During the year Company is a noteworthy contributor to the national economy and has contributed Rs. 1,499 mio to the national exchequer on account of sales tax, income tax and other levies. Moreover, valuable foreign exchange to the tune of 1,646 mio was also generated by your Company for the Country from export during the year under review.



## Earnings Per share

The profit for the year stood at Rs. 1,621 million (last year Rs. 1,720 million). On this basis the earnings per share for the year has decrease to Rs. 47.53 as compared to last year's earnings per share of Rs. 50.41.

## Appropriation of Profit

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

(Rupees in mio)

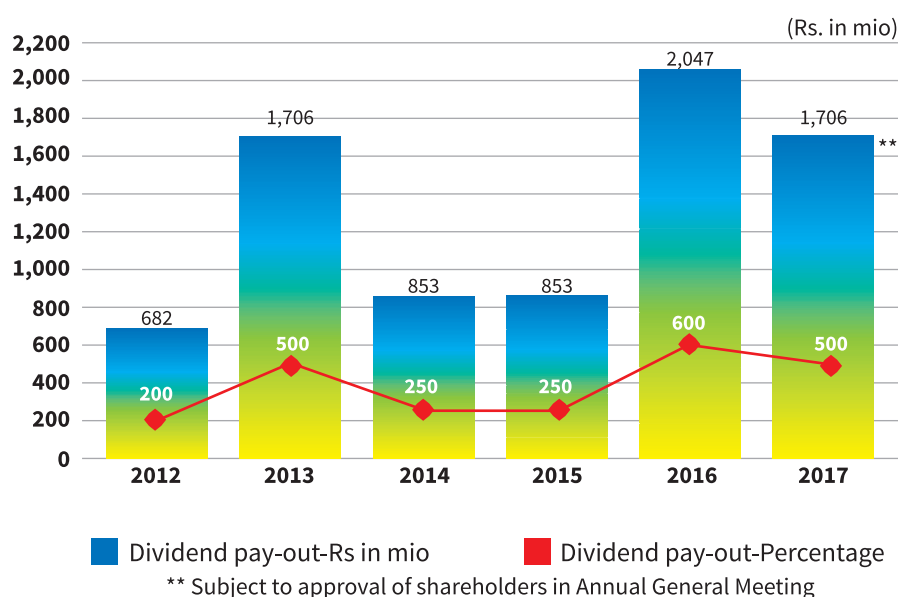
Total comprehensive income for the period	1,677
Unappropriated profit brought forward	191
Profit available for appropriation	1,868

### Appropriation:

Proposed 500% final cash dividend to be paid after approval in the Annual General Meeting	1,706
Transferred to Revenue Reserves	160
Unappropriated profit carried forward	2

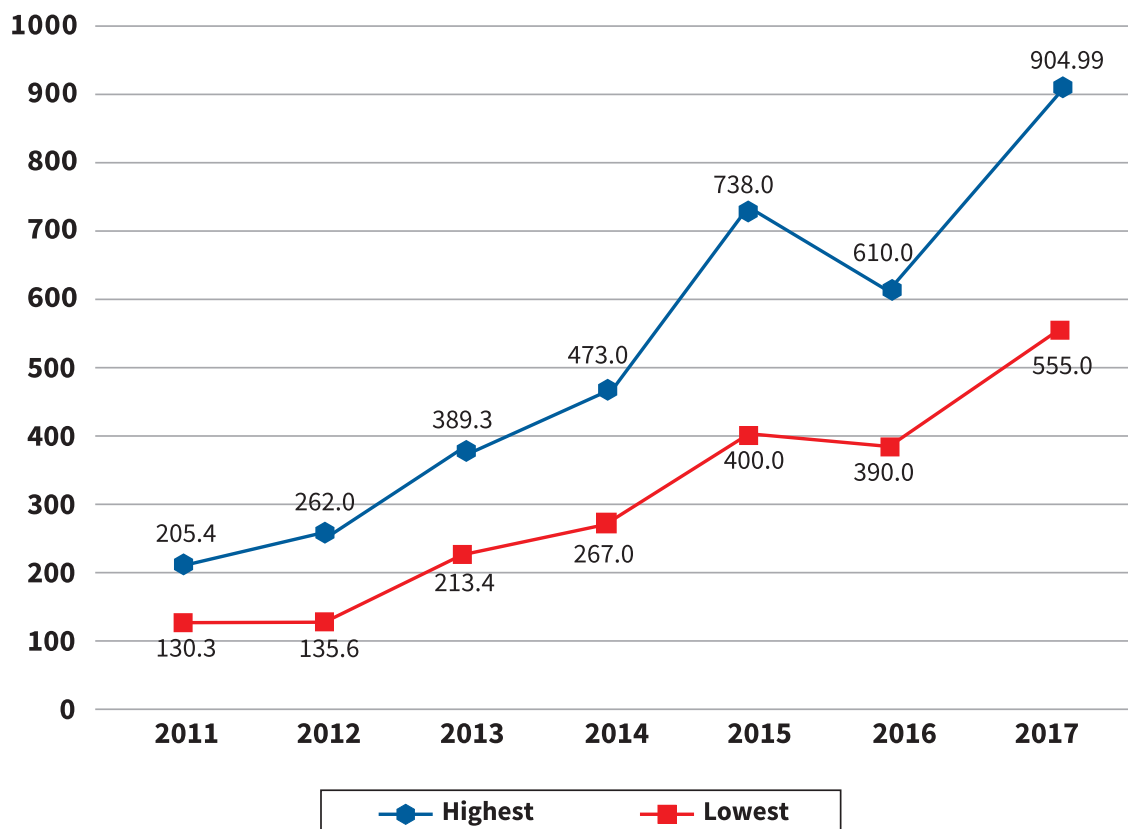
## Dividend

The Board of Directors of the Company at its meeting held on 30 October 2017 has proposed a final cash dividend @ Rs.50/- per share for the year ended 30 September 2017. This approach remain in line with our commitment to consistently return sustainable value to shareholders.



## Share Price

Share price in the stock market moves due to various factors such as Company's performance, general market sentiments, economic events and interest rates etc. The Company's share price has touched the peak of Rs. 904.99 where the lowest recorded price was Rs. 555.00 on the Pakistan Stock Exchange Ready Board quotations.



## Social Contribution.

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

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

## Community Development

We installed a clean water supply line at Jamshoro with which we provide approximately 540,000 liters per day, totally free of cost to neighboring community costing Rs. 2.75 mio approximately per annum to the company.

Filtration plant and supply system built by Archroma Pakistan Limited has a capacity of providing 30,000 gallons drinking water per day to Chakar Khan Village. Water treatment plant providing clean and safe drinking water to about 500 inhabitants.



## Education

Since decades, Archroma Center of Excellence is passing the torch of learning to the next generation. The Company has embarked on the mission to develop skilled-youth through educational and training programs. So far, 177 batches comprising of 5,143 students has been trained by the Archroma. During the period under review, Company has incurred Rs. 6.2 mio for complementary training of students and technicians. Our fruitful collaboration with Amantech has entered into 4th year empowering students of diverse vocations e.g. instrumentation, welding, electrical etc. to receive academic & technical training at our production site at Landhi.



# DIRECTORS REPORT

A Memorandum of Understanding was signed with Mehran University of Engineering, Jamshoro this year for enhancing learning mutual cooperation.



## Health

Archroma signed a Memorandum of Understanding with Indus Hospital Blood Bank, Karachi. A blood donation campaign was held towards this humanitarian cause. Employees volunteered in large numbers and donated blood for critical patients in need.



Health talks are a regular feature. Random and subjective health screening of all staff members being carried out and no occupational abnormality has been found.

Sessions covering preventive measures of serious diseases, personal hygiene, adopting healthy habits etc. are held by Doctors and senior medical practitioners. The presentations are followed by lively discussions and Q & As.

We work diligently towards work place safety to eliminate accidents by behavioral change and shop floor trainings through a program of "12 Life Saving Rules".



## Environment

Our Sustainable Effluent Treatment Plant with Zero Liquid Discharge at Jamshoro site saves "Water", the most precious natural resource by recycling and re-using 80% of water in close loop operation. Our second Effluent Treatment Plant at Landhi also recycles water. No water is wasted as water cycle goes through a well-planned process. The project took investment outlay of Rs. 375 million in 2012.



## Donations

Archroma provided financial support by donations to various charitable, educational & medical organizations. During the period under review our Company donated amount worth Rs. 1.00 million.



# **DIRECTORS REPORT**

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



We have planted hundreds of trees in the vicinity of our sites. Employees actively participate in seasonal Tree Plantation Campaigns thrice a year.



## Others

During the current period we are having, Memorandum of Understanding (MoU) signing with Ethical Affairs, a social platform to develop female entrepreneurship in textile.



Our Chairman & CEO Mr. Mujtaba Rahim and Ms. Shaheen Khan founder, Ethical Affairs Signing the Memorandum of Understanding ( MoU).

Archroma Pakistan Limited is now on board of Global Compact initiated by the United Nations. There are 10 voluntary principles of Global Compact comprising of Human Rights, Labor, Environment and Anti-Corruption.



Our Head HR Mr. Naveed Kamil signed the GC Declaration at Karachi in the presence of Ms. Meng Liu, Head of Asia & Oceania GC and the Swiss Consul General.

## Corporate Governance

The Company has complied with all the requirements of the Code of Corporate Governance as required by the listing regulations.

Accordingly the Directors are pleased to confirm the following:

- The financial statements prepared by the management of the Company, presents fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements of the Company and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of the Company's financial statements.
- The system of internal control of the Company is sound in design and has been effectively implemented and monitored: and
- There are no significant doubts upon the Company's ability to continue as a going concern.
- Key operating and financial data of last six years in summarized form is annexed (page 41).
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

## Statement of Ethics and Business Practices (Code of Conduct)

In order to put in place professional standards and corporate values for promotion of integrity of the Board, senior management and other employees, the Board has disseminated a Code of Conduct, defining therein acceptable and unacceptable behaviors. The same has been placed on the Company's website.

## Directors' Training Program

Board of Directors training helps the Board fulfill its role and make a real difference to a Company's performance. Every Board has a unique role in company oversight including duty to stakeholders. Therefore, keeping the same in mind and the requirements of the code three Directors had already completed Directors training program. In addition one Director meet the criteria of exemption under Code of Corporate Governance.

## Audit Committee

An Audit Committee was set up by the Board since the enforcement of the Code of Corporate Governance. The committee was reconstituted during the year after resignation of Mr. Zafir Hussain (Alternate: Hans Lourens) from the Board, Mr. Naveed Kamil has been appointed as member in his place. Audit committee comprises of three members, all of them are non-executive Directors including the chairman.

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

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

## Human Resource & Remuneration (HR&R) Committee

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

## Attendance of Board and Committee Meetings

During the year under review, meetings held and the attendance of Directors is as under.

Name of Directors	Designation	Board of Directors 4 - Meetings	Audit Committee 4 - Meetings	HR - R 1 - Meeting
		Attended	Attended	Attended
Mr. Mujtaba Rahim	Executive Director	4	-	1
Dr. S. Mubarik Ali	Non-Executive Director	3	3	1
M. Veqar Arif	Executive Director	4	-	-
Roland Waibel	Non-Executive Director	-	-	-
Thomas Winkler	Non-Executive Director	-	-	1
Hans Lourens (Alternate: Zafir Hussain) (Upto 30 January 2017)	Non-Executive Director	1	1	-
Hans Lourens (Alternate: Naveed Kamil) (From 30 January 2017)	Non-Executive Director	3	3	-
Rahat Kunain Hassan	Independent Non-Executive Director	3	3	-

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

## Gratuity and Provident Funds

The value of investments of Gratuity and Provident funds based on the latest audited accounts at 30 June 2017 and at 30 June 2016 are as follows.

	<b>2017</b>	<b>2016</b>
	(Rupees in mio)	
Gratuity Fund	975	773
Employees Provident Fund	674	666

The value of investment includes accrued interest.

## Holding Company

Archroma Textiles S.a.r.l (Archroma) is a global leader providing colors and specialty chemicals. A Company comprises of 3000 employees, 25 Production sites and having a presence in over 35 countries come together in a new Company to better meet customer needs in the local & global markets having registered office located in Luxembourg, headquartered in Reinach, Switzerland.

## Website.

All our stakeholders and general public can visit the Archroma Pakistan Limited's website, [www.archroma.com.pk](http://www.archroma.com.pk), which has a designated section for investors containing relevant information.

## E-mail.

[archroma.pakistan@archroma.com](mailto:archroma.pakistan@archroma.com)

## Subsequent Events.

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

## Financial Statements and Auditors.

The financial statements of the Company have been audited and approved without qualification by the auditors, KPMG Taseer Hadi & Co. Chartered Accountants.

Further, the Auditors KPMG Taseer Hadi & Co. Chartered Accountants are the retiring auditors of the Company and offer their services for re-appointment at a fee to be mutually agreed. They confirmed that they have been given 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 the ICAP. On the

recommendation of the Audit Committee, the Board of Directors proposed their re-appointment by the shareholders at the ensuing Annual General Meeting, as auditors of the Company for the year ending 30 September 2018.

## Key Operating & Financial Data

Key Operating and Financial data for last six years shown on page 41.

## Pattern of Shareholding

A Statement of the pattern of shareholding is shown on page 93.

There was no trading in the shares of the company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year.

## Acknowledgement

The Board thanks all staff members and workers for excellent performance during very difficult times and look forward to achieve further goals in future.

On behalf of the Board, I would like to record my gratitude to extremely valued shareholders, customers, suppliers, contractors, bankers and other stakeholders for their support, trust and confidence. Thanks are also due to all the employees for their loyalty, dedication and hard work which enabled the Company to achieve its objectives.

On behalf of the Board



Mujtaba Rahim  
Chairman and Chief Executive Officer

Karachi: 30th October, 2017



## بورڈ آف ڈائریکٹرز کی رپورٹ برائے سالِ مختتمہ ۳۰ ستمبر ۲۰۱۷

ڈائریکٹرز اپنی رپورٹ کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ برائے سالِ مختتمہ ۳۰ ستمبر ۲۰۱۷ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

### بورڈ میں تبدیلیاں

جناب ظفر حسین (مبادل: ہانس لارنس) کے بورڈ سے استعفیے کے نتیجے میں جناب نوید کامل انکے مقام پر متبادل ڈائریکٹر کے طور پر مقرر ہو گئے ہیں جو ۳۰ جنوری ۲۰۱۷ سے مؤثر ہے۔ اس کے علاوہ رواں برس بورڈ میں اور کوئی تبدیلی نہیں ہوئی ہے۔

یہ بورڈ نئے ممبر کو خوش آمدید کہتا ہے اور جانے والے ممبر کی قابل قدر خدمات کو سراہتا ہے جب وہ بورڈ آف ڈائریکٹرز اور اس کی کمیٹی میں شامل تھے۔

### کاروباری جائزہ

آرکرو پاکستان لمیٹڈ (PSX: ARPL) اس کا منظر ہے کہ کس طرح ایک پائیدار کاروبار اور مارکیٹ لیڈر کو کام کرنا چاہیے۔ بہر حال، کمپنی نے اپنی ٹاپ لائن مضبوطی سے مالی سال ۲۰۱۷ میں 6 فیصد سال بہ سال وسیع کرنے میں کامیاب ہوئی۔ اس کے باوجود کہ رواں سال کے دوران ملک کے ٹیکسٹائل سیکٹر (جو ہماری مصنوعات کا سب سے بڑا صارف ہے) کی برآمدات میں زبردست مجموعی زوال کی وجہ سے مارکیٹ کی صورت حال سست ہو چکی تھی۔ کمپنی نے برانڈ اینڈ پرفارمنس ٹیکسٹائل اسپیشلائز میں 6 فیصد سے مجموعی بڑھوتی حاصل کی جب کہ گزشتہ سال کی نسبت برآمدات میں 46 فیصد اضافہ ہوا۔ ٹاپ لائن میں بہتری مارکیٹ شیئر میں اضافے کی وجہ سے آئی۔ انتظامیہ معیار کو بہتر بنا کر کاروبار کرنے کی لاگت کم کرنے کی مخصوص کوششوں کے ذریعے اندرونی استعداد کار پر بھی توجہ مرکوز کر رہی ہے۔ حتیٰ کہ کاروباری منظر نامے پر انتہائی سخت حالات کے ساتھ بھی کمپنی نے چیلنجز کا سامنا کیا اور بہترین کارکردگی دکھانے کے لیے ہر ممکن کوشش کی۔ آپکی کمپنی مستقبل کے چیلنجز سے متعدد اقدامات کے ذریعے نبرد آزما ہونے کے لیے پوری طرح تیار ہے جس میں اختراعات کا سلسلہ، منصوبہ بندی اور لاگتوں کو قابو کرنا، کام کا تجربہ، مصنوعاتی بنیاد میں پھیلاؤ اور محتاط مالیاتی انتظام شامل ہیں۔ یہ کمپنی مسلسل دور دور تک کاروبار کی ترقی کے مواقع تلاش کر رہی ہے تاکہ کیمیکل انڈسٹری میں اپنے نقوش وسیع کر سکے۔

زیر جائزہ مدت کے دوران ہم آرکرو ما کے اپنے چارستونوں پر مشتمل کام کے ماحول، اپنے ACTS طرز عمل پر بدستور چلتے رہے۔ یہ بتاتے ہیں کہ کمپنی میں کس طرح ہر شخص ہر لمحے پائیدار قدر والی تخلیق میں اپنا کردار ادا کر سکتا ہے۔



اختساب برائے کارکردگی



کسٹمرز اور مارکیٹ پر توجہ



ٹیم ورک اور اشتراک



رفتار اور سادگی

یہ کمپنی محض ایک مشکل صورتحال میں 'بہترین کارکردگی دکھانے' کی کوشش تک محدود نہیں بلکہ اپنی تقدیر کے حصول اور اپنے مستقبل کی صورت گری کرنے کے لیے مطلوبہ اقدام اٹھا رہی ہے۔ ہم نے اپنے نکالے ہوئے راستے پر کاربند رہیں گے۔ ہمارے آرکرو ماورک کلچر کے چار ستون ہمارے رہنما ہیں۔ ہم کمپنی کو مزید آگے بڑھانا اور انڈسٹری میں اسے ایک غیر متنازعہ لیڈر کی صورت دینا چاہتے ہیں۔ اس کے لیے مختلف طریقوں سے کام کرنا پڑتا ہے اور کبھی کبھی بہت زیادہ مختلف طریقے سے۔ بہتری کے اپنے مستقل پروگراموں کے ذریعے ہمیں یقین ہے کہ چیلنجز پر قابو پا کر اپنی فاتحانہ کارکردگی کو برقرار رکھیں گے۔

آنے والے مہینوں میں یہ کمپنی چیلنجز سے نبرد آزما رہے گی جیسا کہ ہم مسلسل تجزیے ترقی اور بہتری پر یقین رکھتے ہیں اور یہی ہماری آئندہ کامیابی کے سنگ بنیاد ہیں۔  
”ہم مسلسل اسٹیس کو کوچنگ کرتے رہتے ہیں اس گہرے یقین کے ساتھ کہ ہم اپنی انڈسٹری کو پائیدار بنا سکتے ہیں۔“

## بنیادی کاروباری سرگرمیاں

آرکرو پاکستان لمیٹڈ خاص کیمیائی شعبوں کے میدان میں مصروف عمل ہے جیسے کہ کیمیکل ڈائزاسلفٹ، کوئنگ ایڈھیسو اور سیلنٹر مینوفیکچرنگ، فروخت اور انڈینٹ برنس۔

## خطرات اور غیر یقینی صورتحال

ٹیکسٹائل کی برآمد میں کمی، بجلی کا شارٹ فال اور لاگت میں اضافہ ایسے مسائل ہیں جو کمپنی کے آپریشن میں خطرات سے منسلک ہیں۔

## اندرونی کنٹرول

کمپنی کے معاملات ترتیب کے ساتھ چلانے، اس کے اثاثوں کی حفاظت کرنے اور اس کے ریکارڈ کے اعتبار اور درستی کو برقرار رکھنے کے لیے کمپنی نے ایک موثر نظام بنایا ہے۔ انتظامیہ کی نگرانی اور جائزے انٹرنل کنٹرولز کے سسٹم کے اہم عناصر ہیں۔ انتظامیہ نے مفصل معائنے اور خصوصی تجزیوں کا کام انٹرنل آڈیٹرز کے سپرد کیا ہے۔

یہ بورڈ کمپنی کے مالیاتی معاملات اور پوزیشن کا جائزہ عبوری اکاؤنٹس رپورٹ، پروفائل فورکاسٹس اور دیگر مالیاتی و شماریاتی اطلاعات کے ذریعے مستقل بنیادوں پر وقتاً فوقتاً لیتا ہے۔ بجٹ کنٹرول کا جائزہ مستعمل ہے اور بورڈ متغیر مواد کا جائزہ لیتا اور وضاحت طلب کرتا ہے۔

## سیلنز

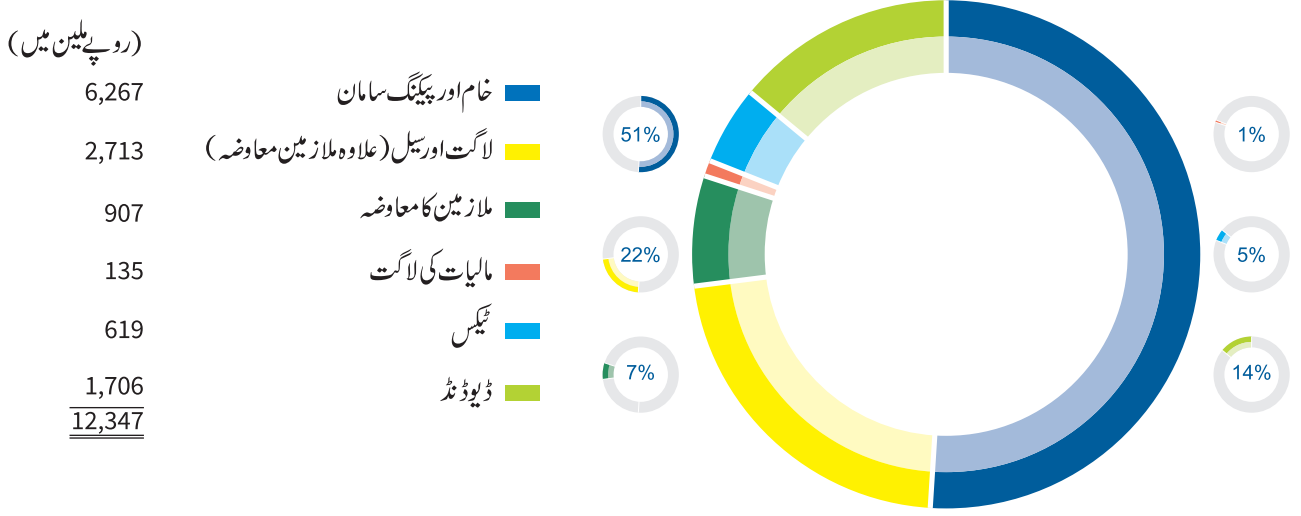
آرکرو مانے تمام شعبوں میں مثبت کارکردگی دکھائی ہے۔ برانڈ اینڈ پرفارمنس ٹیکسٹائل اسپیشلائز سے لے کر پیپر اسپیشلائز اور کوئنگ ایڈھیسو ز اور سیلینٹس تک ہم طاقتور اور نیا سلسلہ تشکیل دے رہے ہیں۔

زیر جائزہ سال کے لیے سیلنز میں یہ چڑھاؤ گزشتہ سال کے 12.5 بلین روپے کے مقابلے میں 13.2 بلین روپے ہے۔

پسندیدہ سیلنز گروتھ پیکنگ اینڈ پیپر اسپیشلائز کے کاروبار میں 36 فیصد، برانڈ اینڈ پرفارمنس ٹیکسٹائل اسپیشلائز میں 6 فیصد اور کوئنگ ایڈھیسو ز اینڈ سیلینٹس میں 3 فیصد ریکارڈ کی گئی۔

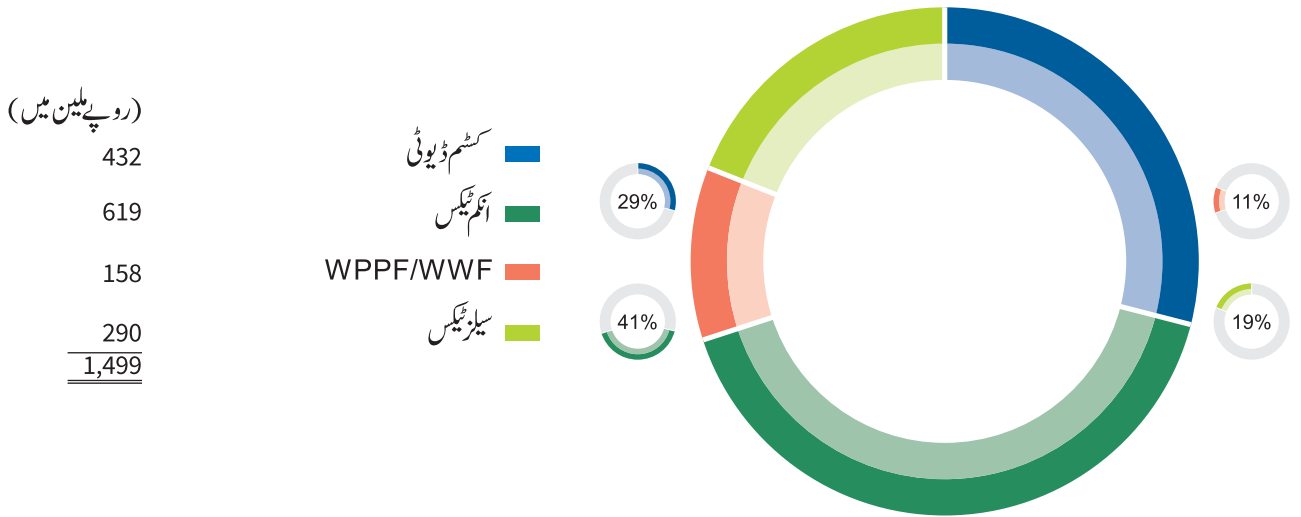
# ڈائریکٹرز رپورٹ

## آمدن کی تقسیم



## قومی خزانے میں حصہ

سال کے دوران کمپنی نے قومی معیشت میں ایک قابل ذکر حصہ ادا کیا اور سیلز ٹیکس، انکم ٹیکس اور دیگر محصولات کی مد میں قومی خزانے میں 1,499 ملین روپے ادا کیے۔ مزید یہ کہ آپ کی کمپنی نے زیر جائزہ سال کے دوران درآمد سے ملک کے لیے 1,646 ملین روپے کا قابل قدر بیرونی زرمبادلہ پیدا کیا۔



## فی حصص منافع

سال کے لیے منافع 1,621 ملین روپے رہا (گزشتہ سال 1,720 ملین روپے)۔ اس بنیاد پر سال کے لیے فی حصص منافع گزشتہ سال کے منافع فی حصہ 50.41 روپے سے کم ہو کر 47.53 روپے رہا۔

## منافع کی مد بندی

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

(روپے ملین میں)

1,677

191

1,868

مدت کے لیے کل مجموعی انکم

غیر مد بند منافع سامنے لایا گیا

منافع دستیاب برائے مد بندی

مد بندی:

1,706

160

2

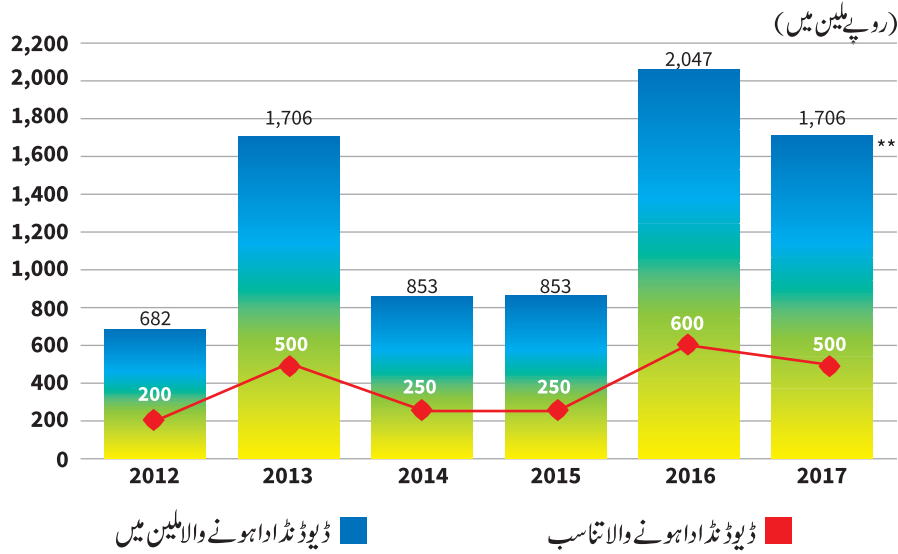
مجوزہ 500 فیصد حتمی نقد ڈیوڈنڈ سالانہ اجلاس عام میں منظوری کے بعد قابل ادائیگی

ریونیوزڈ خارجہ کو منتقل شدہ

غیر مد بند منافع سامنے لایا گیا

## ڈیوڈنڈ

کمپنی کے بورڈ آف ڈائریکٹرز نے ۳۰ اکتوبر ۲۰۱۷ کو منعقدہ اجلاس میں ۳۰ ستمبر ۲۰۱۷ کو ختم ہونے والے سال کے لیے فی حصص 50 روپے حتمی نقد ڈیوڈنڈ تجویز کیا ہے۔ یہی سوچ ہمارے عزم کے ساتھ ساتھ چلتی ہے کہ حصص مالکان کو تسلسل سے پائیدار ویلڈ لوٹاتے رہیں۔

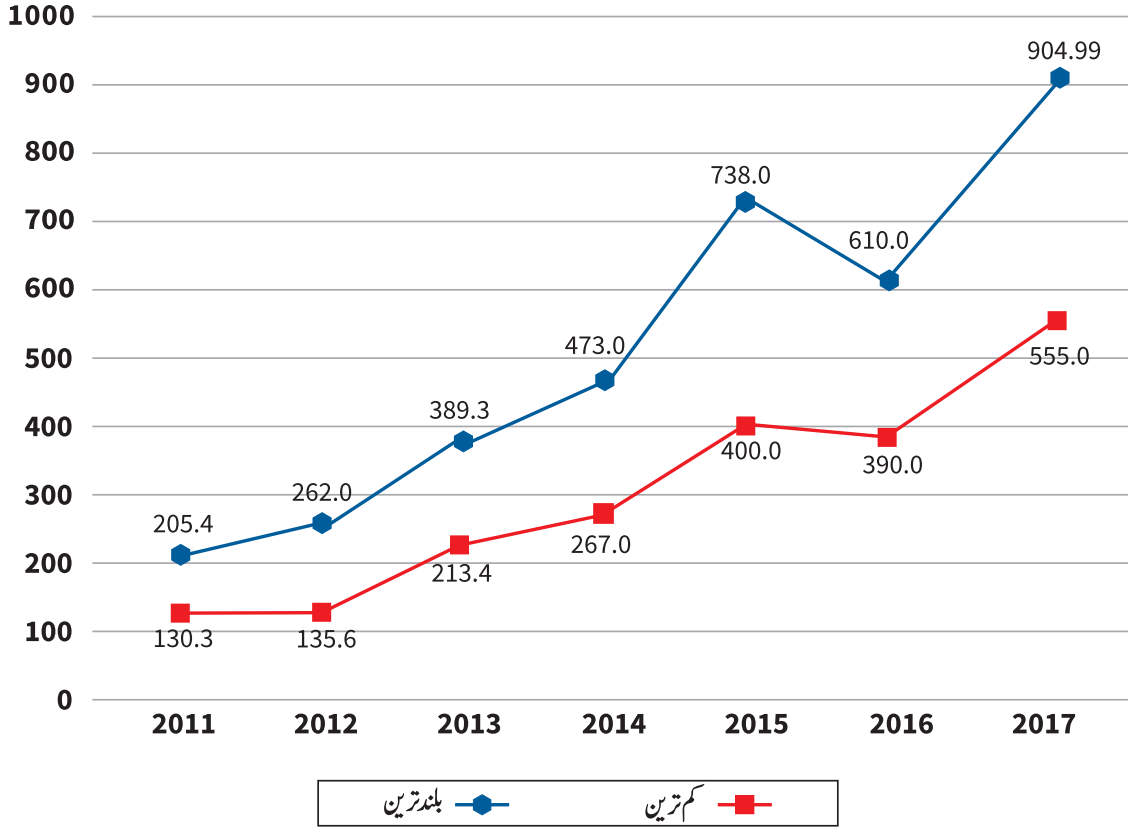


\*\* سالانہ اجلاس عام میں حصص مالکان کی منظوری سے مشروط

# ڈائریکٹرز رپورٹ

## حصص کی قیمت

اسٹاک مارکیٹ میں حصص کی قیمت مختلف عوامل کی وجہ سے حرکت کرتی ہے جیسا کہ کمپنی کی کارکردگی، عام مارکیٹ کی کیفیات، اقتصادی واقعات اور شرح منافع وغیرہ۔ کمپنی کے حصص کی قیمت نے 904.99 روپے کی بلند سطح کو چھوا اور پاکستان اسٹاک ایکسچینج ریڈی بورڈ کے مطابق کم ترین قیمت 555.00 تھی۔



## سماجی کردار

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

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

# ڈائریکٹر رپورٹ

## طبقاتی تعمیر

ہم نے جامشورو میں صاف پانی کی سپلائی لائن ڈالی جس سے ہم آس پاس کی کمیونٹی کو بالکل مفت روزانہ تقریباً 540,000 لیٹر پانی فراہم کر رہے ہیں، جس پر کمپنی کی سالانہ لاگت تقریباً 2.75 ملین روپے ہے۔

آکرکروما پاکستان لمیٹڈ کی جانب سے تعمیر کردہ فلٹریشن پلانٹ اور سپلائی کا نظام جو کہ چاکر خان گاؤں کو ہر روز 30,000 گیلن پینے کا پانی فراہم کرنے کی صلاحیت رکھتا ہے، جو تقریباً 500 باشندوں کو صاف اور محفوظ پانی فراہم کر رہا ہے۔



## تعلیم

کئی عشروں سے آکرکروما سینٹر آف ایگزیکیوٹو ایگزیکیوٹو کی مشعل منتقل کرتا آ رہا ہے۔ کمپنی تعلیمی اور تربیتی پروگرامز کے ذریعے نئی ہنرمند نسل تیار کرنے کے مشن پر لگی ہوئی ہے۔ چنانچہ آکرکروما 5,143 طلبہ پر مشتمل 177 بچوں کی تربیت کر چکی ہے۔ زیر جائزہ سال کے دوران کمپنی طلبہ اور ٹیکنیشنز کی اعزازی ٹریننگ پر 6.2 ملین روپے خرچ کر چکی ہے۔ Amantech کے ساتھ ہمارا شمارا اشتراک چوتھے سال میں داخل ہو چکا ہے اور مختلف پیشوں کے طلبہ کو با اختیار بنارہا ہے مثلاً استعمال آلات، ویلڈنگ، الیکٹریکل وغیرہ تاکہ لائڈھی میں ہماری پروڈکشن سائٹ پر اکیڈمک اور ٹیکنیکل تربیت حاصل کر سکیں۔





رواں سال مہراں یونیورسٹی آف انجینئرنگ، جالمشورو کے ساتھ باہمی تعلیمی تعاون بڑھانے کے لیے ایک مفاہمتی یادداشت پر دستخط کیے گئے۔



## صحت

آکر رومانے اسپتال کے بلڈ بینک کراچی کے ساتھ ایک مفاہمتی یادداشت پر دستخط کیے۔ اس انسانی مقصد کے تحت خون کے عطیے کی مہم چلائی گئی۔ ملازمین نے بڑی تعداد میں رضا کارانہ خدمات انجام دیں اور تشویشناک حالت والے مریضوں کے لیے خون کا عطیہ دیا۔



صحت کے حوالے سے گفتگو ایک باقاعدہ خصوصیت ہے۔ ہم تمام اسٹاف ممبرز کی صحت کے لیے رینڈم اور مخصوص اسکریننگ کا اہتمام کرتے ہیں اور ہم نے کوئی پیشہ ورانہ نقص نہیں پایا۔

خطرناک بیماریوں سے بچاؤ کی تدابیر پرنسپل ہائین اور صحت مند عادتیں اپنانے جیسے موضوعات پر سیشنز کا ڈاکٹروں اور سینئر میڈیکل پریکٹیشنرز کی نگرانی میں انعقاد کیا گیا۔ معلومات کی فراہمی کے بعد گفتگو اور سوال جواب بھی ہوئے۔

ہم کام کی جگہ پر تحفظ کے سلسلے میں رویہ جاتی تبدیلی اور ایک پروگرام ”زندگی بچانے کے بارہ اصول“ کے ذریعے شاپ فلور ٹریننگ کی مدد سے تندرہی سے کام کرتے ہیں تاکہ حادثات ختم ہوں۔

## ماحول

جامشور سائنٹ پریزیرو لیکو نیڈ اخراج کے ساتھ ہمارا پائیدار ایفلوینٹ ٹریٹمنٹ پلانٹ کلوز لوپ آپریشن میں 80 فیصد پانی کی ری سائیکلنگ اور دوبارہ استعمال کے ذریعے پانی بچاتا ہے جو نہایت انمول قدری ذریعہ ہے۔ لائڈھی پر ہمارا دوسرا ایفلوینٹ ٹریٹمنٹ پلانٹ بھی پانی کی ری سائیکل کرتا ہے۔ پانی ایک انتہائی منظم طریقہ کار کے تحت ری سائیکل کیا جاتا ہے اس لیے پانی بالکل بھی ضائع نہیں ہوتا۔ اس منصوبے پر 2012 میں 375 ملین روپے خرچ آیا۔



## عطیات

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

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



ہم نے اپنی سائٹ کے آس پاس سینکڑوں درخت لگائے ہیں۔ ملازمین سال میں تین مرتبہ موسمی درخت لگاؤ مہم میں سرگرمی سے حصہ لیتے ہیں۔



حالیہ مدت کے دوران ہم نے آتھکل افیئر کے ساتھ ایک مفاہمتی یادداشت (MoU) پر دستخط کیے جو ٹیکسٹائل میں خواتین کی کاروباری سرگرمی پیدا کرنے کا ایک سماجی پلیٹ فارم ہے۔



ہمارے چیئرمین اور سی ای او مجتبیٰ رحیم اور آتھکل افیئرز کی بانی شاہین خان مفاہمتی یادداشت پر دستخط کر رہے ہیں

آکرکرو پاکستان لمیٹڈ اب اقوام متحدہ کے گلوبل کومپیکٹ میں شامل ہو چکی ہے۔ اس عالمی معاہدے میں انسانی حقوق، لیبر، ماحول اور اینٹی کرپشن پر مشتمل دس رضا کارانہ اصول ہیں۔



ہمارے ایچ آر ہیڈ نوید کمال کراچی میں ایشیا اینڈ اوشینیا جی سی کی سربراہ منگ لیو اور سوئس قونسل جنرل کی موجودگی میں جی سی اعلیٰے پر دستخط کر رہے ہیں



# ڈائریکٹرز رپورٹ

## کارپوریٹ گورننس

کمپنی نے کوڈ آف کارپوریٹ گورننس کے تمام شرائط جیسا کہ لسٹنگ ریگولیشنز کی شرط ہے، تعمیل کی ہے۔

اس کے مطابق ڈائریکٹرز مندرجہ ذیل امور کی تصدیق کرتے ہیں:

☆ کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشواروں میں، اس کے معاملات کی نوعیت، آپریشنز کا نتیجہ، کیش فلو اور ایکویٹی میں تبدیلیاں سب شفاف طریقے سے پیش کیے گئے ہیں۔

☆ کمپنی کے اکاؤنٹ کے درست گوشوارے مرتب کیے جاتے ہیں۔

☆ کمپنی کے مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیاں تسلسل کے ساتھ کام میں لائی گئیں اور حساب کتاب کے اندازے معقول اور محتاط فیصلے کی بنیاد پر کیے گئے ہیں۔

☆ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS)، جیسا کہ پاکستان میں قابل اطلاق ہیں، کی کمپنی کے مالیاتی گوشوارے تیار کرنے میں تعمیل کی گئی ہے۔

☆ کمپنی کا اندرونی کنٹرول سسٹم ڈیزائن میں مضبوط ہے اور اس کا اطلاق اور نگرانی مؤثر طریقے سے کی گئی ہے: اور

☆ کمپنی کی کاروبار چلانے اور منافع کمانے کی صلاحیت پر کوئی اہم شبہات نہیں ہیں۔

☆ گزشتہ چھ سال کا اہم آپریٹنگ اور فنانشل ڈیٹا تلخیص کی صورت میں منسلک ہے (صفحہ 41)۔

☆ کارپوریٹ گورننس، جیسا کہ لسٹنگ ریگولیشنز میں بیان کیے گئے ہیں، کے بہترین طریقوں سے کوئی انحراف نہیں کیا گیا ہے۔

## اخلاقیات اور کاروباری طریقوں (ضابطہ اخلاق) کا بیان

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

## ڈائریکٹرز ٹریننگ پروگرام

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

# ڈائریکٹرز رپورٹ

## آڈٹ کمیٹی

بورڈ نے کوڈ آف کارپوریٹ گورننس کے نفاذ کے ساتھ ہی ایک آڈٹ کمیٹی تشکیل دے دی تھی۔ یہ کمیٹی سال کے دوران جناب ظفر حسین کی (متبادل: ہانس لارنس) بورڈ سے استعفیٰ کے بعد دوبارہ تشکیل دی گئی تھی اور ان کی جگہ جناب نوید کامل کو بطور ممبر تعینات کیا جا چکا ہے۔ آڈٹ کمیٹی تین ممبرز پر مشتمل ہے، چیرمین سمیت یہ سب نان ایگزیکٹو ڈائریکٹرز ہیں۔ آڈٹ کمیٹی کی حدود وہی ہیں جو کارپوریٹ گورننس کے ضابطے میں متعین ہیں۔ اس کے علاوہ یہ آڈٹ کمیٹی مالیاتی گوشواروں اور اندرونی کنٹرولز کے سلسلے میں خود کو مطمئن کرنے کے لیے کوئی بھی تفصیلات اور وضاحت مانگنے میں آزاد ہے۔

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

## انسانی وسائل اور اجرت (HR&R) کمیٹی

بورڈ نے کارپوریٹ گورننس کے ضابطے کے مطابق HR&R کمیٹی بھی تشکیل دی ہے جو تین ڈائریکٹرز پر مشتمل ہے۔ اس کمیٹی کی شرائط و حدود میں وہی شامل ہیں لیکن صرف انہی تک محدود نہیں ہیں جو کوڈ آف کارپوریٹ گورننس میں مذکور ہیں۔ زیر جائزہ مدت کے دوران مندرجہ ذیل کے مطابق اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی حاضری یہ رہی:

## بورڈ اور کمیٹی کے اجلاسوں میں حاضری

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

ڈائریکٹرز کے نام	عہدہ	بورڈ آف ڈائریکٹرز 4-اجلاس	آڈٹ کمیٹی 4-اجلاس	HR-R 1-اجلاس
مجیبی رحیم	ایگزیکٹو ڈائریکٹر	4	-	1
ڈاکٹر ایس مبارک علی	نان ایگزیکٹو ڈائریکٹر	3	3	1
ایم وقار عارف	ایگزیکٹو ڈائریکٹر	4	-	-
رولاند ویٹیل	نان ایگزیکٹو ڈائریکٹر	-	-	-
تھامس ڈنکر	نان ایگزیکٹو ڈائریکٹر	-	-	1
ہانس لارنس (متبادل: ظفر حسین) (۳۰ جنوری ۲۰۱۷ تک)	نان ایگزیکٹو ڈائریکٹر	1	1	-
ہانس لارنس (تبادل: نوید کامل) (۳۰ جنوری ۲۰۱۷ سے)	نان ایگزیکٹو ڈائریکٹر	3	3	-
راحت کوئین حسن	آزاد نان ایگزیکٹو ڈائریکٹر	3	3	-

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



# ڈائریکٹرز رپورٹ

## گریجویٹ اور پراویڈنٹ فنڈ

گریجویٹ اور پراویڈنٹ فنڈ کی سرمایہ کاری کی ویلیو کا انحصار تازہ آڈٹ شدہ اکاؤنٹس پر ۳۰ جنوری ۲۰۱۷ اور ۳۰ جون ۲۰۱۶ پر مندرجہ ذیل کے مطابق ہے:

2016 2017

(روپے ملین میں)

773

975

666

674

گریجویٹ فنڈ

ملازمین کا پراویڈنٹ فنڈ

سرمایہ کاری کی ویلیو میں حاصل شدہ منافع شامل ہے۔

## ہولڈنگ کمپنی

آرکرو مائیکسٹائل ایس۔ اے۔ آر۔ ایل (آرکروما) ایک عالمی لیڈر ہے جو رنگ فراہم کرتی ہے اور کیمیکلز میں تخصیص رکھتی ہے۔ ایک کمپنی جو 3000 ملازمین، 25 پروڈکشن سائٹس پر مشتمل ہے اور 35 ممالک میں موجود ہے، ایک نئی کمپنی کی صورت میں سامنے آئی ہے تاکہ مقامی اور عالمی مارکیٹوں میں کسٹمر کی ضرورتوں کو بہتر طریقے سے پورا کر سکے اس کارجسٹرڈ آفس لگومبرگ میں، ہیڈ کوارٹر Reinach، سوئٹزرلینڈ میں واقع ہے۔

## ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عوام الناس آرکروما پاکستان لمیٹڈ کی ویب سائٹ [www.archroma.com.pk](http://www.archroma.com.pk) پر وزٹ کر سکتے ہیں، جس پر سرمایہ کاروں کے لیے متعلقہ معلومات کے ساتھ مخصوص سیکشن دستیاب ہے۔

## ای میل

[archroma.pakistan@archroma.com](mailto:archroma.pakistan@archroma.com)

## واقعات مابعد

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

## مالیاتی گوشوارے اور آڈیٹرز

کمپنی کے مالیاتی گوشوارے KPMG تاثیر ہادی اینڈ کو۔ چارٹرڈ اکاؤنٹینٹس کے آڈیٹرز نے بغیر کسی تبدیلی آڈٹ کیے اور ان کی تصدیق کی۔

مزید یہ کہ KPMG تاثیر ہادی اینڈ کو۔ چارٹرڈ اکاؤنٹینٹس کے آڈیٹرز کمپنی کے ریٹائر ہونے والے آڈیٹرز ہیں اور باہمی رضامندی سے ایک فیس پر دوبارہ تقرری کے لیا نہیں ہوں نے اپنی خدمات پیش کیں۔ انہوں نے تصدیق کرائی کے انہیں دی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان

بخش ریٹنگ ملی ہیں اور فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی ضابطہ اخلاق پر ہدایات کے عین مطابق ہے، جیسا کہ ICAP نے اختیار کیے ہوئے ہیں۔ بورڈ کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے آئندہ سالانہ اجلاس عام میں حصص مالکان کے ذریعے، ۳۰ ستمبر ۲۰۱۷ کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تعیناتی کی تجویز دی ہے۔

## اہم آپریٹنگ اور فنانشل ڈیٹا

گزشتہ چھ سال کے لیے اہم آپریٹنگ اور فنانشل ڈیٹا صفحہ نمبر 41 پر دکھایا گیا ہے۔

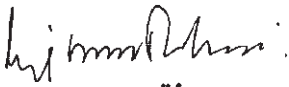
## حصص کی ملکیت کا نمونہ

حصص کی ملکیت کے نمونے کا ایک اسٹیٹمنٹ صفحہ نمبر 93 پر دکھایا گیا ہے۔ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے ازواج اور چھوٹے بچوں نے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں کی۔

## اعتراف

یہ بورڈ تمام اسٹاف ممبرز اور ورکرز کا نہایت مشکل حالات کے دوران شاندار کارکردگی دکھانے پر شکریہ ادا کرتا ہے اور مستقبل میں مزید اہداف کے حصول کی امید رکھتا ہے۔ بورڈ کی جانب سے میں نہایت قابل قدر حصص مالکان، کسٹمرز، سپلائرز، کنٹریکٹرز، بینکرز اور دیگر اسٹیک ہولڈرز کا ان کے تعاون، اعتماد اور بھروسے کے لیے شکریہ ادا کرنا چاہتا ہوں۔ تمام ملازمین کی وفاداری، اخلاص اور سخت محنت کے لیے ان کا بھی شکریہ جن کی وجہ سے یہ کمپنی اپنے مقاصد کے حصول میں کامیاب رہی۔

بورڈ کی جانب سے



مجتبیٰ رحیم

چیئرمین اور چیف ایگزیکٹو آفیسر

کراچی: ۳۰ اکتوبر، ۲۰۱۷

# / AWARDS AND ACCREDITATIONS

## Corporate Excellence Award

Archroma Pakistan was presented with the Corporate Excellence Award 2017 in the "Chemical Category" by the Management Association of Pakistan. It is the sixth time in a row that our company has been blessed with the prestigious recognition.

The Award was granted in recognition of Archroma's best practices in all management functions relating to strategic leadership, good governance, finance, marketing techniques, human resource development, industrial peace, environment conservation and corporate social responsibility.



Mr. Mujtaba Rahim, Chief Executive Officer receiving Corporate Excellence Award in February 2017 at Karachi.

## Environmental Excellence Award

Archroma Pakistan received Annual Environment Excellence Award for the year 2017 being amongst the top ten companies excelling in best practices and effective implementation of environmental policies, procedures and guidelines at all its sites. We received this award for the 9th time.



Mr. Mujtaba Rahim, Chief Executive Officer receiving Environmental Excellence Award in August 2017 at Karachi.

# / AWARDS AND ACCREDITATIONS

## Women Corporate Enlistment Award

Gender diversity is one of the focal points within Archroma and it includes providing equal opportunities in career, training and empowering females to excel in their career. In addition to that, Archroma is one of the few organizations in Pakistan that have Women representation on its Board of Directors. As a recognition to this special inclusion initiative Women on Board Pakistan Trust presented Archroma with an appreciation at a high profile meet in Islamabad.



Mr. Veqar Arif, Director receiving commemorative Award in March 2017 at Islamabad.

## Award for Excellence in Women Empowerment

Archroma lays strong emphasis on gender mainstreaming and providing females their due share in decision making within organizational purview. Being the first signatory of Gender Equality Policy of the corporate sector, we have a number of best practices to our credit. Employers Federation of Pakistan recognized our efforts and presented us with the Excellence Award in Women Empowerment.



Ms. Shahana Kaukab receiving the Award in March 2017 at Karachi.

# / AWARDS AND ACCREDITATIONS

## Chief Executive of the Year Award

The efforts of Archroma Pakistan in fostering employee motivation and team work earned our Chief Executive Officer, Mujtaba Rahim, the "Best CEO of the Year Award" for the year 2016 by the Employers Federation of Pakistan. This is second time in a row that we have blessed with the recognition. Leadership acumen of our CEO is ably reflected in strong bondage that holds diverse teams working as a strong unifying force to strengthen Archroma's position as a top performing company in Pakistan.



## Occupational Safety, Health & Environment (OSH&E) Award

Archroma regularly participates in the annual contest organized by the Employers Federation of Pakistan on Universal Safety Day on 28th April. We are also a regular recipient of OSH&E Award Consecutively in a row since last 2 years which is a confirmation of our best practices rigidly followed at production sites.





# AWARDS AND ACCREDITATIONS

## CSR Award - Bio Diversity & Conservation

Archroma Pakistan was conferred with CSR Award in the field of Bio Diversity & Conservation at 9th International CSR Summit held in Islamabad by National Forum for Environment & Health. It was presented in recognition of our continuous efforts towards strengthening environmental standards thru saving natural resources specially water conservation at our Jamshoro and Landhi production sites.

## Employer of the Year Award

The Employers Federation of Pakistan presented the coveted "Employer of the Year Award" for the year 2016 in recognition of Archroma's excellence achieved in all the areas of corporate management relating to human resources, industrial relations, observance of labor standards, best practices in finance, ethical marketing management and maintaining highest standards in environmental protection, occupational health & safety and corporate social responsibility.

## Award on Environment, Health, Safety & Security

Archroma Pakistan won "3rd International Award on Environment, Health, Safety & Security 2017" in the category of "Environmental Risk Assessments (Impact Assessment)" for an outstanding contribution and implementation of Health, Safety & Environment (EHS) best practices, by the jury members from FPAP (Fire Protection Association of Pakistan) and the board of The Professionals Network





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# SIX YEARS AT A GLANCE

	2017	2016	2015	2014	2013	2012
	----- (Rupees '000) -----					
Property, plant and equipment	1,744,273	1,815,404	1,934,400	1,021,329	907,724	1,421,156
Net current assets excluding bank borrowings	5,005,403	4,176,773	4,397,248	4,049,494	3,942,669	3,814,501
Total assets employed	<u>6,749,676</u>	<u>5,992,177</u>	<u>6,331,648</u>	<u>5,070,823</u>	<u>4,850,393</u>	<u>5,235,657</u>
Share capital	341,179	341,179	341,179	341,179	341,179	341,179
Revenue reserves and unappropriated profit	4,676,467	5,046,233	4,291,729	3,837,067	4,509,214	3,289,163
Bank borrowings	1,732,030	604,765	1,698,740	892,577	-	1,605,315
Total funds employed	<u>6,749,676</u>	<u>5,992,177</u>	<u>6,331,648</u>	<u>5,070,823</u>	<u>4,850,393</u>	<u>5,235,657</u>
Net sales	12,242,715	11,350,227	8,828,624	6,872,277	9,620,351	9,859,790
Profit before taxation	2,240,384	2,320,392	1,580,064	1,258,668	2,414,320	1,482,303
Profit after taxation	1,621,473	1,720,031	1,241,982	1,053,408	1,904,814	1,190,226
Cash dividend - %	500	600	250	250	500	200
Earnings per share - Rupees	47.53	50.41	36.40	30.88	55.83	34.89
Break-up value per share - Rupees	147.07	157.91	135.79	122.46	142.2	106.4
Current Ratio	1.78	2.33	1.73	2.27	3.57	1.70
Assets Turnover	1.26	1.31	0.98	1.02	1.48	1.40
Return on Assets %	22.98	26.72	17.47	18.71	37.21	21.05
Return on Equity %	44.65	43.07	34.11	30.12	49.78	40.83
Pay-out Ratio after tax	105.20	119.02	68.68	80.96	89.56	57.32

## Statement of Compliance with the Code of Corporate Governance.

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in chapter 5.19 of Rule Book of Pakistan Stock Exchange Limited (PSX) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of directors. At present the Board includes:

Category	Names
Independent Director	: Rahat Kaunain Hassan
Executive Directors	: Mujtaba Rahim, M Veqar Arif
Non-Executive Directors	: Dr. S. Mubarik Ali, Hans Lourens, Roland Waibel, Thomas Winkler.

The independent directors meets the criteria of independence under clause 5.19 I (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No causal vacancy occurred on the Board during the period.
5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the chairman. The Board met once in every quarter during the year ended 30 September 2017. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Out of seven (7) elected Directors of the company three directors had already completed directors training program. In addition one director meet the criteria of independence under Code of Corporate Governance.
10. The Board had approved appointments of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

# STATEMENT OF COMPLIANCE

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration committee (HR & R committee). It comprises of three members, of whom two are non-executive directors and the chairman of the committee is a non-executive Director.
18. The Board has set up an effective internal audit function. The staff is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and the stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors



MUJTABA RAHIM  
Chairman & Chief Executive Officer

Karachi  
Dated: 30th October, 2017



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

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## **Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Archroma Pakistan Limited** ("the Company") for the year ended 30 September 2017 to comply with the requirements of Listing Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 September 2017.

**Date: 30 October 2017**

**Karachi**

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**





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### **Auditors' Report to the Members**

We have audited the annexed balance sheet of **Archroma Pakistan Limited** ("the Company") as at 30 September 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also include assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, 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 2017 and of the profit, its cash flows and changes in equity for the year then ended; and





KPMG Taseer Hadi & Co.

- d) in our opinion 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.

**Date: 30 October 2017**

**Karachi**

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Moneeza Usman Butt**

# / FINANCIAL STATEMENTS

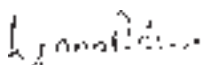


# BALANCE SHEET

As at 30 September 2017

	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property, plant and equipment	5	1,744,273	1,815,404
Long term loans	6	1,791	6,138
Long term deposits		5,387	3,046
Long term prepayments		4,067	1,894
		<b>1,755,518</b>	<b>1,826,482</b>
<b>Current assets</b>			
Stores and spares	7	40,243	32,621
Stock-in-trade	8	2,107,644	1,641,480
Trade debts	9	3,165,832	2,755,252
Loans and advances	10	8,661	10,722
Trade deposits and short-term prepayments	11	59,073	49,322
Other receivables	12	1,954,007	2,003,150
Taxation - net		72,031	27,285
Cash and bank balances	13	587,885	337,515
		<b>7,995,376</b>	<b>6,857,347</b>
<b>TOTAL ASSETS</b>		<b>9,750,894</b>	<b>8,683,829</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	14	341,179	341,179
Revenue reserves		2,808,000	3,248,000
Unappropriated profit		1,868,467	1,798,233
<b>Shareholders' equity</b>		<b>5,017,646</b>	<b>5,387,412</b>
<b>LIABILITIES</b>			
<b>Non - current liabilities</b>			
Deferred taxation - net	15	152,903	113,729
Deferred liabilities	16	13,956	186,892
Liabilities against assets subject to finance lease	17	44,447	51,069
Liabilities against diminishing musharaka finance	18	37,826	-
		<b>249,132</b>	<b>351,690</b>
<b>Current liabilities</b>			
Trade and other payables	19	2,711,450	2,312,853
Mark-up accrued	20	11,262	7,173
Short-term borrowings	21	1,732,030	604,765
Current portion of liabilities against assets subject to finance lease	17	21,933	19,936
Current portion of liabilities against diminishing musharaka finance	18	7,441	-
		<b>4,484,116</b>	<b>2,944,727</b>
		<b>4,733,248</b>	<b>3,296,417</b>
<b>Contingencies and commitments</b>	22		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,750,894</b>	<b>8,683,829</b>

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



Mujtaba Rahim  
Chairman and Chief Executive Officer



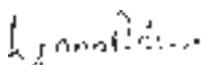
M Veqar Arif  
Director and Chief Financial Officer

# PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2017

	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Sales		13,226,370	12,473,706
Discounts and commission		693,719	667,311
Sales tax		289,936	456,168
		983,655	1,123,479
<b>Net sales</b>	23	<b>12,242,715</b>	11,350,227
Cost of goods sold	24	8,377,749	7,680,189
<b>Gross profit</b>		<b>3,864,966</b>	3,670,038
Distribution and marketing expenses	25	841,291	762,766
Administrative expenses	26	490,662	325,988
Other expenses	29	178,610	186,480
		1,510,563	1,275,234
Other income	30	21,464	53,907
		2,375,867	2,448,711
Finance costs	31	135,483	128,319
<b>Profit before taxation</b>		<b>2,240,384</b>	2,320,392
Taxation - net	32	618,911	600,361
<b>Profit for the year</b>		<b>1,621,473</b>	1,720,031
<b>Other comprehensive income</b>			
<i>Items that will never be reclassified to profit and loss account:</i>			
Remeasurement of post-employment obligations		71,490	(148,484)
Related tax thereon		(15,656)	35,904
		55,834	(112,580)
<b>Total comprehensive income for the year</b>		<b>1,677,307</b>	1,607,451
		(Rupees)	(Rupees)
<b>Earnings per share (basic &amp; diluted)</b>	33	<b>47.53</b>	50.41

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



Mujtaba Rahim  
Chairman and Chief Executive Officer



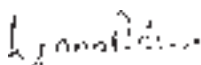
M Veqar Arif  
Director and Chief Financial Officer

# CASH FLOW STATEMENT

For the year ended 30 September 2017

	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	39	2,281,463	2,751,725
Staff gratuity contribution - (paid) / withdrawn		(210,676)	59,897
Other long term employee benefits paid		-	(2,396)
Mark-up paid		(123,663)	(135,656)
Income taxes paid		(640,139)	(649,050)
Movement in long term loans		4,347	8,049
Movement in long term deposits and prepayments		(4,514)	2,040
<b>Net cash generated from operating activities</b>		<b>1,306,818</b>	<b>2,034,609</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(126,619)	(87,604)
Proceeds from disposal of operating fixed assets		4,966	4,933
<b>Net cash used in investing activities</b>		<b>(121,653)</b>	<b>(82,671)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments against finance lease obligations		(17,674)	(24,505)
Payments against diminishing musharaka finance		(5,080)	-
Short-term borrowings - proceeds		500,000	200,000
- repayments		-	(635,000)
Dividend paid		(2,039,306)	(847,497)
<b>Net cash used in financing activities</b>		<b>(1,562,060)</b>	<b>(1,307,002)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(376,895)</b>	<b>644,936</b>
Cash and cash equivalents at the beginning of the year		(267,250)	(912,186)
Cash and cash equivalents at the end of the year	40	<b>(644,145)</b>	<b>(267,250)</b>

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



Mujtaba Rahim  
Chairman and Chief Executive Officer



M Veqar Arif  
Director and Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2017

	Issued, subscribed and paid-up capital	Revenue reserves	Unappro- priated profit	Total
	----- (Rupees in '000) -----			
Balance as at 30 September 2015	341,179	2,983,000	1,308,729	4,632,908
<b>Transactions with owners of the Company - Distribution</b>				
- Final dividend at 250% (i.e. Rs.25 per share) for the year ended 30 September 2015	-	-	(852,947)	(852,947)
Transfer to revenue reserves appropriated subsequent to year end	-	265,000	(265,000)	-
<b>Total comprehensive income for the year ended 30 September 2016</b>				
Profit for the year	-	-	1,720,031	1,720,031
Other comprehensive income - remeasurement of post-employment obligation - net of tax	-	-	(112,580)	(112,580)
	-	-	1,607,451	1,607,451
<b>Balance as at 30 September 2016</b>	<b>341,179</b>	<b>3,248,000</b>	<b>1,798,233</b>	<b>5,387,412</b>
<b>Transactions with owners of the Company - Distribution</b>				
- Final dividend at 600% (i.e. Rs.60 per share) for the year ended 30 September 2016	-	-	(2,047,073)	(2,047,073)
Transfer from revenue reserves appropriated subsequent to year end	-	(440,000)	440,000	-
<b>Total comprehensive income for the year ended 30 September 2017</b>				
Profit for the year	-	-	1,621,473	1,621,473
Other comprehensive income - remeasurement of post-employment obligation - net of tax	-	-	55,834	55,834
	-	-	1,677,307	1,677,307
<b>Balance as at 30 September 2017</b>	<b>341,179</b>	<b>2,808,000</b>	<b>1,868,467</b>	<b>5,017,646</b>

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



Mujtaba Rahim  
Chairman and Chief Executive Officer



M Veqar Arif  
Director and Chief Financial Officer



# **NOTES TO THE FINANCIAL STATEMENTS**

## For the year ended 30 September 2017

### **1. THE COMPANY AND ITS OPERATIONS**

Archroma Pakistan Limited (the Company) is a limited liability company, incorporated and domiciled in Pakistan. The address of its registered office is 1-A/1, Sector 20, Korangi Industrial Area, Karachi, Pakistan. The Company is listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Archroma Textiles S.a.r.l., incorporated in Luxembourg, headquartered in Reinach, Switzerland which holds 75 percent of the share capital of the Company.

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

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions, or directives of the repealed Companies Ordinance, 1984 shall prevail.

#### **2.2 Basis of measurement**

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

#### **2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand Rupee.

#### **2.4 Critical accounting estimates and judgments**

The preparation of these financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of 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 recognised 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.

# **NOTES TO THE FINANCIAL STATEMENTS**

## For the year ended 30 September 2017

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year are set forth below:

- i) estimation of useful lives and residual values of operating fixed assets (notes 4.1 and 5.1);
- ii) estimation in writing down items of stores and spares to their net realisable value (notes 4.3 and note 7);
- iii) estimation in writing down items of stock-in-trade to their net realisable value (notes 4.4 and 8);
- iv) estimation of provision for impairment of trade debts (notes 4.5 and 9);
- v) provision for taxation (notes 4.6 and 32);
- vi) Measurement of defined benefit obligation and other long term employment benefits: key actuarial assumptions (notes 4.11.1b and 27);
- vii) Lease classification (notes 4.17 and 17);
- viii) Recognition and measurement of provisions and contingencies (notes 4.13 and 22).

### **3. STANDARDS, AMENDMENTS AND INTERPRETATIONS**

#### **Standards, amendments or interpretations which became effective during the year**

During the year, certain amendments to standards became effective which did not have material effect on these financial statements.

#### **New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 October 2017. The Company either does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

# **NOTES TO THE FINANCIAL STATEMENTS**

## For the year ended 30 September 2017

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
- IFRS 9 'Financial Instruments' (effective for annual period beginning on or after 1 July 2018). IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. Currently management is assessing the impact that will be resulting from adoption of IFRS 9.
- IFRS 15 'Revenue from Contracts with Customers' (effective for annual period beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Currently management is assessing the impact that will be resulting from adoption of IFRS 15.

# **NOTES TO THE FINANCIAL STATEMENTS**

## For the year ended 30 September 2017

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

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

- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 dated 4 October 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 1 January 2018 requires certain additional disclosures which will be provided in financial statements for the year ending 30 September 2018.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

##### **4.1 Property, plant and equipment**

###### **4.1.1 Operating fixed assets**

###### *Owned assets*

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land and capital work-in-progress which are stated at cost less accumulated impairment losses, if any. Whereas, cost includes expenditures that are directly attributable to the acquisition of the assets. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is charged using the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The cost of leasehold land is amortised equally over the lease period. The asset's residual values and useful lives are reviewed, and adjusted if required, at each balance sheet date.

# **NOTES TO THE FINANCIAL STATEMENTS**

## For the year ended 30 September 2017

Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal. The rates of depreciation are stated in respective note in these financial statements.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account as and when incurred.

Gains / losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account in the year in which they arise.

### *Leased assets*

Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

#### **4.1.2 Capital work-in-progress**

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

#### **4.1.3 Impairment**

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

#### **4.1.4 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalised as part of the cost of that asset.

#### **4.2 Loans, advances and deposits**

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.



# **NOTES TO THE FINANCIAL STATEMENTS**

## For the year ended 30 September 2017

### **4.3 Stores and spares**

Stores and spares are valued at the lower of cost determined on the moving average method and net realisable value. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving stores and spares is determined based on the management's assessment regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

### **4.4 Stock-in-trade**

Stock-in-trade are valued at the lower of cost determined on the moving average method and net realisable value.

Cost of work-in-process and manufactured finished goods comprises cost of direct materials, direct labour and an appropriate portion of production overheads. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving inventories is determined based on management's assessment regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

### **4.5 Trade and other receivables**

Trade and other receivables are carried at original invoice amount less an estimate for doubtful balances which is determined based on review of outstanding amounts and previous repayment patterns. Balances considered bad and irrecoverable are written off when identified.

### **4.6 Taxation**

#### **Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any and taxes paid under Final Tax Regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the period.

#### **Deferred**

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

### 4.7 Financial instruments

#### 4.7.1 Financial assets

##### 4.7.1.1 Classification

Management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets. The financial assets of the Company are categorized as follows:

##### a) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'held for trading'.

##### b) Loans and receivables

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

##### c) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity.

##### d) Available-for-sale financial assets

Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified either as (a) financial assets at fair value through profit or loss (b) loans and receivables (c) held to maturity. Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'.

##### 4.7.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

##### 4.7.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

##### a) 'Financial asset at fair value through profit or loss' and 'available-for-sale'

' Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

# **NOTES TO THE FINANCIAL STATEMENTS**

## For the year ended 30 September 2017

'Available-for-sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

### **b) 'Loans and receivables' and 'held-to-maturity'**

'Loans and receivables' and 'held-to-maturity' financial assets are carried at amortised cost.

#### **4.7.1.4 Impairment**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a equity securities below its cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the profit and loss account.

#### **4.7.1.5 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counterparties

#### **4.7.2 Financial liabilities**

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

#### **4.7.3 Derecognition**

Financial assets are derecognised at the time when the Company's contractual right to the cash flows from the asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control the transferred asset. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

#### **4.7.4 Fair value measurement**

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

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

## For the year ended 30 September 2017

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.

### **4.8 Cash and cash equivalents**

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

### **4.9 Trade and other payables**

Liability for trade and other payables are carried at cost, which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Company.

### **4.10 Borrowings**

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

# **NOTES TO THE FINANCIAL STATEMENTS**

## For the year ended 30 September 2017

### **4.11 Staff benefits**

#### **4.11.1 Retirement benefits**

The Company operates:

- a) an approved contributory provident fund for all eligible employees; and
- b) an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the actual period to the then - net defined benefit liability / (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in the profit and loss account. The latest actuarial valuation was conducted at the balance sheet date by the Archroma group's globally appointed actuary.

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

- c) The Company's net obligation in respect of other long-term employee benefits [i.e. long service award (Jubilee Plan)], other than defined benefit obligation, is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit and loss account in the period in which they arise.

#### **4.11.2 Compensated absences**

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

### **4.12 Foreign currency transactions**

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange approximating those at the balance sheet date. Exchange gains / losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the profit and loss account.

### **4.13 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 balance sheet date and adjusted to reflect the current best estimate.

### **4.14 Proposed dividend and transfer between reserves**

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.



# **NOTES TO THE FINANCIAL STATEMENTS**

## For the year ended 30 September 2017

### **4.15 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recognised as revenue when goods are delivered and invoiced.
- Indenting commission is recognised on receipt of shipment confirmation from suppliers.
- Interest income is accrued on a time apportion basis on the principal outstanding at the rates applicable.
- Miscellaneous income is recognized on receipt basis.

### **4.16 Expenses**

All expenses are recognized in the profit and loss account on accrual basis.

### **4.17 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases including leases under ijarah financing.

Lease payments under finance lease are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized. Payments made under operating leases and ijarah financing (net of any incentives received from the lessor) are charged to profit and loss account on straight line basis over the period of the lease / ijarah term.

### **4.18 Segment reporting**

Operating segments are determined and presented in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components.

The Company has determined operating segments using business units. The business units have been established on the basis of products offered to external customers. The Company's Chief Executive Officer reviews the financial performance of the Company by business units.

In accordance with the Company's internal reports, that are regularly reviewed by the entity's chief operating decision-maker to allocate resources to the segments and assess their performance, function costs (comprising those with respect to finance, procurement, other administration, legal, information technology, human resources, etc.) are allocated to the respective operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

### 5. PROPERTY, PLANT AND EQUIPMENT

Note

30 September  
2017  
(Rs '000)

30 September  
2016  
(Rs '000)

Operating fixed assets  
Capital work-in-progress

5.1

5.4

**1,659,967**  
**84,306**  
**1,744,273**

1,801,858  
13,546  
**1,815,404**

#### 5.1 Operating fixed assets:

30 September 2017									
Freehold land	Leasehold Land	Buildings on Leasehold Land	Buildings on freehold Land	Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total
					Owned	Leased	Owned*	Leased	
(Rupees in '000)									
<b>At 1 October 2016</b>									
Cost	47	392,232	176,880	510,966	2,057,939	522,431	37,304	38,764	3,803,366
Accumulated depreciation	-	(8,511)	(43,408)	(265,533)	(1,220,256)	(408,118)	(14,454)	(28,306)	(2,001,508)
Net book value	47	383,721	133,472	245,433	837,683	114,313	22,850	10,458	1,801,858
<b>Year ended 30 September 2017</b>									
Opening net book value	47	383,721	133,472	245,433	837,683	114,313	22,850	10,458	1,801,858
Additions	-	-	-	1,054	38,223	16,468	-	50,462	119,256
Disposals / write-offs	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	812	-	15,931	16,743
Accumulated depreciation	-	-	-	-	-	(553)	-	(14,675)	(15,228)
	-	-	-	-	-	259	-	1,256	1,515
Depreciation charge for the year		(3,962)	(6,778)	(22,213)	(157,524)	(34,394)	(12,435)	(8,989)	(259,632)
Closing net book value	47	379,759	126,694	224,274	718,382	96,128	10,415	50,675	1,659,967
<b>At 30 September 2017</b>									
Cost	47	392,232	176,880	512,020	2,096,162	538,087	37,304	73,295	3,905,879
Accumulated depreciation	-	(12,473)	(50,186)	(287,746)	(1,377,780)	(441,959)	(26,889)	(22,620)	(2,245,912)
Net book value	47	379,759	126,694	224,274	718,382	96,128	10,415	50,675	1,659,967
Depreciation rate: % per annum	-	1.00%	3.33%	2.5 - 10%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%
30 September 2016									
Freehold land	Leasehold Land	Buildings on Leasehold Land	Buildings on freehold Land	Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total
					Owned	Leased	Owned	Leased	
(Rupees in '000)									
<b>At 1 October 2015</b>									
Cost	47	392,232	159,593	502,469	2,044,407	520,654	27,180	42,437	3,721,187
Accumulated depreciation	-	(4,549)	(37,658)	(243,521)	(1,079,072)	(391,626)	(5,029)	(26,652)	(1,791,861)
Net book value	47	387,683	121,935	258,948	965,335	129,028	22,151	15,785	1,929,326
<b>Year ended 30 September 2016</b>									
Opening net book value	47	387,683	121,935	258,948	965,335	129,028	22,151	15,785	1,929,326
Additions	-	-	17,326	8,497	17,582	30,532	10,124	5,195	123,891
Disposals / write offs:	-	-	39	-	4,050	28,755	-	8,868	41,712
Cost	-	-	(39)	-	(4,050)	(28,460)	-	(5,459)	(38,008)
Accumulated depreciation	-	-	-	-	-	295	-	3,409	3,704
Depreciation charge for the year		(3,962)	(5,789)	(22,012)	(145,234)	(44,952)	(9,425)	(7,113)	(247,655)
Closing net book value	47	383,721	133,472	245,433	837,683	114,313	22,850	10,458	1,801,858
<b>At 30 September 2016</b>									
Cost	47	392,232	176,880	510,966	2,057,939	522,431	37,304	38,764	3,803,366
Accumulated depreciation	-	(8,511)	(43,408)	(265,533)	(1,220,256)	(408,118)	(14,454)	(28,306)	(2,001,508)
Net book value	47	383,721	133,472	245,433	837,683	114,313	22,850	10,458	1,801,858
Depreciation rate: % per annum	-	1.00%	3.33%	2.5 - 10%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%

\* This includes vehicles having original cost of Rs. 50.34 million (2016: Nil) obtained under diminishing musharaka financing from a Modaraba. The title documents of respective vehicles are in the name of the financier and will be transferred in the name of the Company upon final payment under the agreement.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

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

	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Cost of goods sold	24	214,605	212,992
Distribution and marketing expenses	25	24,849	19,993
Administrative expenses	26	20,178	14,670
		<u>259,632</u>	<u>247,655</u>

### 5.3 Details of property, plant and equipment disposed off / written off during the year having book value of Rs.50,000 and above:

Description	Mode of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
----- (Rupees in '000) -----						
Vehicles having book values of Rs 50,000 and above:						
Toyota Corolla xli	Company policy	1,572	1,467	105	131	Sold to ex- employee
Suzuki Cultus VXR	Company policy	985	868	117	252	Sold to ex- employee
Toyota Corolla xli	Company policy	1,680	868	812	1,001	Sold to ex- employee
Suzuki Cultus VXR	Company policy	1,059	388	671	671	Sold to ex- employee
		<u>5,296</u>	<u>3,591</u>	<u>1,705</u>	<u>2,055</u>	

### 5.4 Capital work-in-progress

	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Civil works	-	662
Plant and machinery	69,636	12,884
Equipment	14,670	-
	<u>84,306</u>	<u>13,546</u>

### 6. LONG TERM LOANS

#### Considered good - secured

Due from:

Executives  
Employees

Less: Receivable within one year

6.1  
10

	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Executives	2,969	9,061
Employees	3,104	6,042
	<u>6,073</u>	<u>15,103</u>
Less: Receivable within one year	<u>(4,282)</u>	<u>(8,965)</u>
	<u>1,791</u>	<u>6,138</u>

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

### 6.2 Reconciliation of carrying amount of loans to Executives

	30 September 2017 Executives	30 September 2016 Executives
Opening balance	9,061	18,312
Repayments during the year	(6,092)	(9,251)
Closing balance	<u>2,969</u>	<u>9,061</u>

6.3 The maximum aggregate amount outstanding at the end of any month during the year were Rs. 14.11 million (2016: Rs.25.32 million) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

7. STORES AND SPARES	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Stores		30,994	21,062
Spares		8,742	5,968
In transit		507	5,591
		<u>40,243</u>	<u>32,621</u>
7.1 Provision against slow moving and obsolete stores and spares amounts to Rs. Nil (2016: Rs. 19.91 million) and written off there against amounting to Rs. 19.91 million (2016: Nil).			
8. STOCK-IN-TRADE		30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Raw and packing materials including goods in transit of Rs 252.64 million (2016: Rs 208.58 million)		1,187,285	9,89,137
Work-in-process	24	55,260	49,203
Finished goods including goods in transit of Rs 55.36 million (2016: Rs 49.86 million)	8.1 & 24	865,099	6,03,140
		<u>2,107,644</u>	<u>1,641,480</u>
8.1 This includes imported finished goods amounting to Rs 247.29 million (2016: Rs 152.73 million).			
8.2 Provision against slow moving and obsolete stock amounts to Rs. Nil (2016: Rs. 60.17 million) and written off there against amounting to Rs. 79.84 million (2016: Nil).			
9. TRADE DEBTS		30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Related parties - considered good and secured			
- Archroma Turkey Chemical Industry and Trade Limited Liability Company		7,144	-
- PT Archroma Indonesia		-	2,406
- Archroma (Thailand) Company Limited		29,843	23,746
- Archroma Tianjin Limited		5,478	-
- Archroma Argentina S.A.S		-	1,714
- PT Archroma Specialties Indonesia		4,911	-
- Archroma Textile Mexico		6,697	-
- Archroma Peru S.A.		6,602	6,329
- Archroma Singapore Pte Limited		79,415	56,321
- Archroma India Private Limited		2,774	2,126
- Archroma U.S. Inc		2,447	1,912
- PT Archroma Specialties		-	2,350
		<u>145,311</u>	<u>96,904</u>
Others - considered good:			
- Secured		388,226	135,804
- Unsecured		2,632,295	2,522,544
		<u>3,165,832</u>	<u>2,755,252</u>
Others - considered doubtful		332,348	389,349
		<u>3,498,180</u>	<u>3,144,601</u>
Less: Provision for impairment against trade debts	9.1	(332,348)	(389,349)
		<u>3,165,832</u>	<u>2,755,252</u>
9.1 Reconciliation of provision for impairment against trade debts:			
Opening provision		389,349	390,992
Written-off during the year		(72,996)	(7,229)
Charge for the year		15,995	5,586
Closing provision		<u>332,348</u>	<u>389,349</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

**9.2** The aging of the trade debts receivable from related parties as at the balance sheet date is as under:

	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Not past due		<b>145,311</b>	92,153
Past due 1-60 days		-	4,751
Total		<b>145,311</b>	<b>96,904</b>
<b>10. LOANS AND ADVANCES</b>			
<b>Considered good - secured</b>			
Current portion of loans and advances			
Amounts due from:			
- Executives		<b>2,815</b>	6,488
- Employees		<b>1,467</b>	2,477
	6	<b>4,282</b>	8,965
<b>Considered good - unsecured</b>			
Advances for supplies and services		<b>4,379</b>	1,757
		<b>8,661</b>	<b>10,722</b>
<b>11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
Deposits		<b>31,665</b>	35,990
Short-term prepayments		<b>27,408</b>	13,332
		<b>59,073</b>	<b>49,322</b>
<b>12. OTHER RECEIVABLES</b>			
Due from the Government:			
- Sales tax		<b>1,879,631</b>	1,968,710
- Others (rebates)		<b>2,646</b>	848
		<b>1,882,277</b>	1,969,558
Indenting commission due from:			
- Related parties - group companies	12.1	<b>3,016</b>	1,196
- Others		<b>414</b>	1,180
Receivable from Gratuity fund (related party)	27.1.3	<b>52,677</b>	-
Receivable from Provident fund (related party)		<b>6,620</b>	3,227
Others	12.2	<b>9,003</b>	27,989
		<b>1,954,007</b>	<b>2,003,150</b>

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

	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Archroma Management GmbH	<b>2,345</b>	584
PT Archroma Indonesia	<b>174</b>	34
Archroma India Private Limited	<b>197</b>	195
Archroma (Thailand) Company Limited	<b>300</b>	207
Archroma Hong Kong Private Limited	-	176
	<b>3,016</b>	<b>1,196</b>

**12.1.1** The aging of the indenting commission due from related parties as at the balance sheet date is as under:

	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Not past due	<b>2,543</b>	1,050
Past due more than 1 year	<b>473</b>	146
	<b>3,016</b>	<b>1,196</b>



# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

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

		Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
<b>13. CASH AND BANK BALANCES</b>				
With banks in current accounts			4,955	65,723
Cash in hand			293	1,217
Cheques in hand			582,637	270,575
			<b>587,885</b>	<b>337,515</b>
<b>14. SHARE CAPITAL</b>				
<b>14.1 Authorised capital</b>				
2017	2016			
(Number of shares)				
<b>50,000,000</b>	50,000,000	Ordinary shares of Rs 10 each	<b>500,000</b>	500,000
<b>14.2 Issued, subscribed and paid-up capital</b>				
2017	2016		2017	2016
(Number of shares)			(Rs '000)	(Rs '000)
<b>7,441,639</b>	7,441,639	Ordinary shares of Rs. 10 each issued for consideration other than cash	<b>74,416</b>	74,416
<b>26,676,242</b>	26,676,242	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>266,763</b>	266,763
<b>34,117,881</b>	34,117,881		<b>341,179</b>	341,179
<b>14.3</b>	Archroma Textiles S.a.r.l., Luxembourg held 25,588,533 (2016: 25,588,533) ordinary shares of Rs 10 each at 30 September 2017.			
<b>15. DEFERRED TAXATION - NET</b>			30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Deferred tax liabilities arising on taxable temporary differences:				
Accelerated tax depreciation allowance and others			242,388	288,260
Employees retirement benefits - net			11,631	-
			<b>254,019</b>	288,260
Deferred tax assets arising on deductible temporary differences:				
Provision for impairment against trade debts			73,382	94,144
Provision for slow moving stock and stores & spares			-	18,028
Other long term employee benefits			3,082	2,512
Obligation under finance lease			24,652	17,169
Employees retirement benefits - net			-	42,678
			<b>101,116</b>	174,531
			<b>152,903</b>	<b>113,729</b>
<b>16. DEFERRED LIABILITIES</b>				
Employee retirement benefits			-	176,505
Other long term employee benefits		16.1	13,956	10,387
			<b>13,956</b>	186,892

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

**16.1** This represents long service awards operated by the Company for eligible employees. The Company's obligation is determined by the Archroma group's globally appointed actuary using projected unit credit method. Remeasurement amounting to Rs.3.57 million (2016: Rs. 1.64 million) has been recognised in profit and loss account during the year.

### 17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Not later than one year	26,088	24,944	4,155	5,008	21,933	19,936
Later than one year and not later than five years	48,574	54,214	4,127	3,145	44,447	51,069
	<b>74,662</b>	<b>79,158</b>	<b>8,282</b>	<b>8,153</b>	<b>66,380</b>	<b>71,005</b>
Less: Current portion shown under current liabilities					(21,933)	(19,936)
					<b>44,447</b>	<b>51,069</b>

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

These assets have been leased from various financial institutions under leasing arrangements for three, four and five years as the case may be. After the completion of the term of the lease, the assets will be transferred to the Company upon the payment of 20% or 25% of the cost of the asset.

### 18. LIABILITIES AGAINST DIMINISHING MUSHARAKA FINANCE

	Due within one year		Due after one year but within 5 years		Total	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Principal Repayment	7,441	-	37,826	-	45,267	-
Profit	3,069	-	5,935	-	9,004	-
	<b>10,510</b>	<b>-</b>	<b>43,761</b>	<b>-</b>	<b>54,271</b>	<b>-</b>

During the year, the Company has obtained various vehicles under diminishing musharaka financing arrangement entered into with the Modaraba having various maturity dates up to 18 August 2022 with monthly principal repayments. The financing is secured against the respective vehicles. The rate of profit on the borrowing is 6 months KIBOR + 1% per annum.

### 19. TRADE AND OTHER PAYABLES

	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Creditors		439,149	396,232
Accrued liabilities	19.1	501,638	439,452
Advance from customers		1,836	7,919
Bills payable:			
- Related parties		278,299	280,734
- Others		1,209,746	913,622
Export commission payable to Archroma Management GmbH		295	23,539
Unclaimed dividend		44,790	37,916
Workers' Profit Participation Fund	19.2	33,281	58,615
Workers' Welfare Fund		113,810	109,847
Royalty payable to Archroma Management GmbH		44,953	8,072
Payable to employees cooperative society (related party)	19.3	24,394	20,419
Deduction from employees against vehicles		-	5,520
Others		19,259	10,966
		<b>2,711,450</b>	<b>2,312,853</b>

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

**19.1** Included in accrued liabilities is an amount of Rs 60.0 million (30 September 2016: Rs 52.88 million) in respect of employees compensated absences.

### 19.2 Workers' Profit Participation Fund

	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Opening balance		58,615	39,317
Allocation for the year	29	119,236	124,792
		177,851	164,109
Interest on funds utilised in the Company's business	31	5,346	1,832
		183,197	165,941
Less: Amounts paid to and on behalf of the fund		149,916	107,326
Closing Balance		33,281	58,615

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

### 20. MARK-UP ACCRUED

		30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Mark-up accrued on:			
Short-term finance facilities		10,276	6,261
Short term borrowing under Export Refinance Scheme		986	912
		11,262	7,173

### 21. SHORT-TERM BORROWINGS - SECURED

#### From banking companies

Short-term running facilities under Islamic mode	21.1	705,038	604,765
Short term borrowing under Export Refinance Scheme	21.2	500,000	-
Short term Murabaha Loan	21.3	526,992	-
		1,732,030	604,765

**21.1** Short term running facilities are available under Islamic financing from various banks under profit arrangements, amounting to Rs. 2,800 million (2016: Rs. 2,400 million). These facilities have various maturity dates up to 22 August 2018. These arrangements are secured against a pari passu charge of hypothecation on stock-in-trade and trade debts with minimum 16.67% margin. These facilities carry profit ranging from 1 month KIBOR + 0.75% to 3 months KIBOR + 0.3% per annum calculated on a daily product basis and payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 1,067.97 million (2016: 1,795.24 million).

**21.2** The Company has availed Islamic Export Refinance facility under the Export Financing Scheme of the State Bank of Pakistan (SBP) amounting to Rs. 500 million (2016: Rs. Nil). The profit on the facility is 2.5% per annum.

**21.3** During the year, the Company has availed Commodity Murabaha Loan under short term finance facility from a commercial bank amounting to Rs. 527 million (USD 5 million). The facility matures on 28 March 2018 and is secured against first pari passu joint hypothecation charge over stocks and receivables of the Company. The profit rate on the facility is 6 month KIBOR minus 0.17%.

## For the year ended 30 September 2017

### 22. CONTINGENCIES AND COMMITMENTS

#### 22.1 Contingencies

- 22.1.1** Octroi levies amounting to Rs. 31.32 million are in dispute with a contractor. A petition has been filed by the Company in the Court challenging the above levies which was decided in favor of the Company during the year ended 31 December 2012. However, an appeal has been filed by the counter party which is pending for hearing. As management is confident that the decision will be in favour of the Company, no provision has been made in these financial statements in respect of the aforesaid amount.
- 22.1.2** During the year ended 31 December 2007, damages and compensation case was filed in the Civil Court, Lahore against the Company and one of its affiliates for claim of USD 148,509 and Rs. 41.1 million on account of short supplies and late shipment. The Company acted as an indenting agent for this supply. Management is confident that the matter will be decided in favour of the Company and it will not be exposed to any loss on account of this claim. Accordingly, no provision has been made in these financial statements in respect of this claim.
- 22.1.3** During the year ended 31 December 2009, the Company had received notices from the sales tax authorities demanding payment of Rs 233.42 million on account of sales tax along with the default surcharges on supply of the products to its customers as zero rated by the Company from June 2007 to June 2009. The Company had filed a case in the High Court of Sindh against which the Court has issued decree dated 04 August 2017 in favour of the Company. In the decree the Court has declared that product will be given the benefit of SRO 163(1)/2011; hence, the impugned letters including demands of defendants are illegal which are set aside and the defendants are directed to consider the refund claims of plaintiff within the parameters of the Law. Subsequently, tax authorities has filed an appeal against the Company in the High Court of Sindh against the decree and order issued in the case, which is still pending for hearing. Management expect that the appeal will also be decided in Company's favour. Accordingly alleged demand has not been recognised in these financial statements.
- 22.1.4** During the year ended 2015, the Government of Pakistan passed a new law "Gas Infrastructure Development Cess Act 2015", by virtue of which all prior enactments have been declared infructuous. The said Act levies GIDC at Rs. 200/MMBTU on captive power consumption effective 1 July 2011 and at Rs. 100/MMBTU on industrial connection from the date of passing that Act. Certain companies have obtained a stay order on the retrospective application of the Act from The Honourable High Court of Sindh and also contesting the case. On 26 October 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh and is pending for adjudication. On 31 May 2017, a separate petition filed by another company in the Peshawar High Court challenging the vires of the GIDC Act 2015 was dismissed for the reason that the Act has been passed by the Parliament strictly in accordance with the legislative procedures contained in the Constitution of Pakistan and therefore no procedural defect in the Act which could be made as a ground for its annulment. In view of decision of the High Court of Sindh on applicability of the Act retrospectively, management has therefore not recognised provision approximately amounting to Rs. 48.73 million, pertaining to period from 1 July 2011 to 30 September 2014, in these financial statements with respect to captive power plant installed at Jamshoro.
- 22.1.5** There are certain cases filed by various parties against the former owners of the Company. In case any of such liability materialised, the Clariant Chemical Pakistan (Private) Limited will indemnify the Company against any losses that may arise and accrue to the Company in this regard.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

### 22.2 Commitments

**22.2.1** Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 1.77 million (2016: Rs. 5.98 million). The amounts payable over the next five years are as follows:

Year	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Not later than one year	<b>1,313</b>	3,233
Later than one year but not later than five years	<b>464</b>	2,746
	<b><u>1,777</u></b>	<b><u>5,979</u></b>

**22.2.2** Commitments for rentals under operating lease agreements in respect of rented property amounted to Rs. 60.42 million (2016: Rs. 34.89 million). The amounts payable over the next five years and onwards are as follows:

	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Not later than one year	<b>10,243</b>	7,911
Later than one year but not later than five years	<b>39,738</b>	17,412
Later than five years	<b>10,439</b>	9,564
	<b><u>60,420</u></b>	<b><u>34,887</u></b>

**22.2.3** Commitments for Ijarah rentals in respect of Ijarah transactions amounted to Rs 4.1 million (2016: Rs 15.33 million).

	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Not later than one year	<b>3,723</b>	11,231
Later than one year but not later than five years	<b>377</b>	4,101
	<b><u>4,100</u></b>	<b><u>15,332</u></b>

**22.2.4** Commitments for capital expenditure as at 30 September 2017 aggregated Rs 86.19 million (2016: Rs 0.76 million).

**22.2.5** Commitments under letters of credit for raw materials and spares as at 30 September 2017 amounted to Rs. 686.61 million (2016: Rs. 515.69 million).

**22.2.6** Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 30 September 2017 amounted to Rs 101.22 million (2016: Rs 86.88 million).

**22.2.7** The Company has provided post dated cheques amounting to Rs. 298.88 million (2016: Rs. 153.33 million) in favour of the Collector of Customs and which are, in the normal course of business, to be returned to the Company after fulfilment of certain conditions.



# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

### 23. NET SALES

	Brand & Performance Textile Specialties		Coating, Adhesives & Sealants		Packaging & Paper Specialties		Others		Total	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016
(Rupees in '000)										
<b>Sales</b>										
Local	9,804,442	9,667,072	1,294,670	1,254,032	350,076	285,711	130,738	162,756	11,579,926	11,369,571
Export	1,607,106	1,101,536	-	1,655	39,338	944	-	-	1,646,444	1,104,135
Total sales	11,411,548	10,768,608	1,294,670	1,255,687	389,414	286,655	130,738	162,756	13,226,370	12,473,706
Discounts and commission	680,174	644,196	13,470	22,410	75	705	-	-	693,719	667,311
Sales tax	41,906	220,895	197,154	189,969	50,876	41,545	-	3,759	289,936	456,168
	722,080	865,091	210,624	212,379	50,951	42,250	-	3,759	983,655	1,123,479
<b>Net sales</b>	<b>10,689,468</b>	<b>9,903,517</b>	<b>1,084,046</b>	<b>1,043,308</b>	<b>338,463</b>	<b>244,405</b>	<b>130,738</b>	<b>158,997</b>	<b>12,242,715</b>	<b>11,350,227</b>

### 24. COST OF GOODS SOLD

	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Raw and packing materials consumed		6,266,995	5,557,722
Stores, spares and supplies consumed		50,181	66,272
Salaries, wages and benefits	24.1	376,476	331,701
Outside service charges		207,776	224,191
Fuel and power		135,848	165,595
Legal and professional charges		1,697	1,060
Royalty		86,478	38,716
Traveling and entertainment		4,505	5,303
Communication		2,500	2,763
Rent, rates and taxes		19,675	9,573
Insurance		6,135	7,259
Repairs and maintenance		40,463	50,728
Depreciation	5.2	214,605	212,992
Printing and stationery		6,428	5,362
Miscellaneous		-	1,429
Opening stock of work-in-process		49,203	96,964
Closing stock of work-in-process	8	(55,260)	(49,203)
Cost of goods manufactured		7,413,705	6,728,427
Opening stock of finished goods		603,140	586,613
Finished goods purchased		1,236,207	975,828
Included under distribution and marketing expenses:			
Cost of samples issued	25	(5,720)	(4,546)
Cost of shortages and breakages	25	(718)	(466)
Rebate on exports		(3,766)	(2,527)
Closing stock of finished goods	8	(865,099)	(603,140)
		<b>8,377,749</b>	<b>7,680,189</b>

#### 24.1 Staff retirement benefits

Salaries, wages and benefits include Rs 18.01 million and Rs 10.63 million (2016: Rs 19.22 million and Rs 8.65 million) in respect of defined benefit scheme and defined contribution plan respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

### 25. DISTRIBUTION AND MARKETING EXPENSES

	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Salaries and benefits	25.1	264,125	261,544
Outside service charges		95,198	84,372
Traveling and entertainment		42,096	50,276
Repairs and maintenance		33,951	23,747
Business event participation		16,738	9,217
Rent, rates and taxes		24,218	20,608
Communication		5,866	6,135
Printing and stationery		32,293	26,342
Insurance		7,003	6,063
Legal and professional charges		8,031	11,069
Fuel and power		26,579	20,897
Depreciation	5.2	24,849	19,993
Outward freight and handling		251,270	212,970
Shortages and breakages	24	718	466
Samples issued	24	5,720	4,546
Fees and subscription		2,545	266
Books and periodicals		91	162
Service charges		-	451
Indenting commission expense		-	3,642
		<b>841,291</b>	<b>762,766</b>

#### 25.1 Staff retirement benefits

Salaries and benefits include Rs 17.49 million and Rs 10.26 million (2016: Rs 3.43 million and Rs 5.8 million) in respect of defined benefit scheme and defined contribution plan respectively.

### 26. ADMINISTRATIVE EXPENSES

		30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Salaries and benefits	26.1	268,158	200,051
Outside service charges		148,562	42,049
Traveling and entertainment		6,910	7,825
Repairs and maintenance		9,675	11,884
Rent, rates and taxes		7,925	11,604
Communication		9,374	8,869
Printing and stationery		10,969	12,759
Insurance		955	824
Legal and professional charges		2,597	7,424
Fuel and power		2,982	2,914
Depreciation	5.2	20,178	14,670
Fees and subscription		2,239	2,612
Books and periodicals		138	129
Provision against slow moving stocks		-	2,271
Others		-	103
		<b>490,662</b>	<b>325,988</b>

#### 26.1 Staff retirement benefits

Salaries and benefits include Rs 17.49 million and Rs 10.43 million (2016: Rs 2.82 million and Rs 16.15 million) in respect of defined benefit scheme and defined contribution plan respectively.

# **NOTES TO THE FINANCIAL STATEMENTS**

## For the year ended 30 September 2017

### **27. STAFF RETIREMENT BENEFIT**

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

The Company faces the following risks on account of gratuity fund:

##### **Final salary risks**

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

##### **Asset volatility**

Most assets are invested in risk free investments. However, investments in mutual fund units and term finance certificates are subject to adverse fluctuation as a result of change in market price.

##### **Discount rate fluctuation**

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

##### **Investment risks**

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

##### **Risk of insufficiency of assets**

This is managed by making regular contribution to the Fund as advised by the actuary.

#### **27.1.2 Valuation results**

Actuarial valuation is carried out every year and the latest valuation was carried out as at 30 June 2017 (2016: 30 September 2016) 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 June 2017 (2016: 30 September 2016). The following significant assumptions have been used for valuation of this scheme:

	2017	2016
Financial assumptions		
a) Expected rate of increase in salary level	<b>6.50%</b>	6.50%
b) Discount rate	<b>9.0%</b>	8.0%
c) Expected return on plan assets	<b>13.0%</b>	7.0%
d) Price inflation	<b>6.0%</b>	6.0%
Demographic assumptions		
Mortality rate	<b>SLIC (2001-05)</b>	SLIC (2001-05)
Rates of employee turnover	<b>Low</b>	Low

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

27.1.3 Amounts recognised in the balance sheet:	Note	2017 (Rs '000)	2016 (Rs '000)
Present value of defined benefit obligation	27.1.4	936,407	951,304
Less: Fair value of plan assets	27.1.5	(989,084)	(774,799)
(Surplus) / deficit		(52,677)	176,505
27.1.4 Movement in present value of defined benefit obligation:			
Obligation at the beginning of the year		951,304	765,920
Current service cost		43,055	39,267
Interest cost		71,912	90,176
Benefits paid		(124,613)	(44,964)
Remeasurement gain / loss		(5,251)	100,905
Obligation at the end of the year		936,407	951,304
27.1.5 Movement in fair value of plan assets:			
Fair value at the beginning of the year		774,799	823,261
Return on plan assets		61,984	103,978
Company contributions		210,674	26,542
Amount withdrawn by the Company		-	(86,439)
Benefits paid		(124,613)	(44,964)
Remeasurement gain/loss		66,240	(47,579)
Fair value at the end of the year		989,084	774,799
27.1.6 Movement in the net defined benefit (liability) / asset			
Opening balance		(176,505)	57,341
Net periodic cost for the year		(52,983)	(25,465)
Contribution paid during the year		210,674	26,542
Amount withdrawn by the Company		-	(86,439)
Re-measurements recognized in other comprehensive income during the year		71,491	(148,484)
Closing balance		52,677	(176,505)
27.1.7 Amounts recognised in total comprehensive income:			
The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:		30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
<i>Component of defined benefit costs recognised in profit and loss account</i>			
- Current service cost		43,055	39,267
- Net interest cost / (income)		9,928	(13,802)
Net defined benefit cost recognised in profit and loss account		52,983	25,465
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>			
Actuarial loss / (gain) on defined benefit obligation for the year			
- (Gain) / loss due to change in experience adjustments		50,531	(620)
- (Gain) / loss due to changes in demographic adjustments		-	(227)
- (Gain) / loss due to changes in financial adjustments		(55,781)	101,752
Actuarial (gain) / loss on fair value of plan assets during the year		(66,240)	47,579
Net re-measurement recognised in other comprehensive income		(71,490)	148,484
Total defined benefit cost / (reversal) recognised in profit and loss account and other comprehensive income		(18,507)	173,949

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

**27.1.8** Actual return on plan assets during the year was Rs. 128.22 million (30 September 2016: Rs. 56.40 million).

### 27.1.9 Sensitivity analysis

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

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

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

The comparative figures of sensitivity analysis are as follows:

	2016		
	Change in assumption	Percentage change	Increase / decrease in assumption
		Percentage (%)	(Rupees in '000)
Increase by 50 basis points	Discount rate	+ 0.5%	(28,319)
Decrease by 50 basis points	Discount rate	- 0.5%	29,955

**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 June 2017 (Rs '000) (Un-audited)	30 June 2017 Percentage composition	30 September 2016 (Rs '000) (Un-audited)	30 September 2016 Percentage composition
Term finance certificates	41,802	4.23%	56,141	7.25%
Investments in units of mutual funds	921,679	93.19%	626,822	80.90%
Balances with banks	11,135	1.13%	9,842	1.27%
Others	14,468	1.46%	81,994	10.58%
	<b>989,084</b>	<b>100.00%</b>	<b>774,799</b>	<b>100.00%</b>

**27.1.12** As per the actuarial recommendations, the expected return on plan assets was taken as 13% (2016: 7%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

**27.1.13** Based on actuarial advice, the Company intends to charge an amount of Rs 19.72 million in the financial statements for the year ending 30 September 2018.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

### 28. Defined contribution plan - Employees Provident Fund

During the year an amount of Rs 31.32 million (2016: Rs. 30.6 million) has been charged to the profit and loss account in respect of the Company's contributions towards employees provident fund.

The following information is based upon the latest financial statements of the provident fund as at 30 June 2017 and 30 June 2016.

	30 June 2017 (audited) (Rs '000)	30 June 2016 (audited) (Rs '000)
Size of the fund- (net assets)	<b>668,489</b>	536,853
Cost of investments made	<b>603,352</b>	495,650
Fair value of investments	<b>674,305</b>	536,854
Percentage of investment made	<b>100.87%</b>	100.00%

#### 28.1 The break-up of investments is as follows:

	30 June 2017 (audited) Rupees in '000	30 June 2017 (audited) Percentage	30 June 2016 (audited) Rupees in '000	30 June 2016 (audited) Percentage
Term finance certificates	<b>5,618</b>	<b>0.83%</b>	5,618	1.05%
Investment in units of mutual funds	<b>317,635</b>	<b>47.11%</b>	236,736	44.10%
Equity securities	<b>76,450</b>	<b>11.34%</b>	75,394	14.04%
Sukuk certificates	<b>46,926</b>	<b>6.96%</b>	49,753	9.27%
Government sukuk certificates	<b>192,256</b>	<b>28.51%</b>	121,254	22.59%
Others	<b>12,722</b>	<b>1.89%</b>	14,249	2.65%
Balances with banks	<b>22,698</b>	<b>3.37%</b>	33,850	6.31%
	<b>674,305</b>	<b>100.01%</b>	<b>536,854</b>	<b>100.00%</b>

Investments out of the provident fund have been made in accordance with the provisions of Section 227 of the repealed Companies Ordinance, 1984 (now Section 218 of the Companies Act, 2017) and the rules formulated for the purpose.

### 29. OTHER EXPENSES

	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Auditors' remuneration	29.1	<b>4,015</b>	3,690
Provision for impairment of trade debts		<b>15,995</b>	5,586
Workers' Profit Participation Fund	19.2	<b>119,236</b>	124,792
Workers' Welfare Fund		<b>38,364</b>	49,917
Donations	29.2	<b>1,000</b>	1,000
Others		-	1,495
		<b>178,610</b>	<b>186,480</b>

#### 29.1 Auditors' remuneration

Audit fee	<b>2,585</b>	2,585
Fee for half yearly review	<b>585</b>	585
Special certifications and sundry services	<b>465</b>	140
Out of pocket expenses and others	<b>380</b>	380
	<b>4,015</b>	<b>3,690</b>

#### 29.2 None of the directors or his spouse have any interest in any of the donees.



# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

30. OTHER INCOME	Note	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Income from non-financial assets:			
Indenting commission - net of payment of Rs 1.38 million (2016: Rs 0.99 million)		4,457	2,868
Cost sharing income from BASF Chemicals and Polymers Pakistan (Private) Limited		-	16,398
Sale of scrap		13,556	29,916
Gain on disposal of operating fixed assets		3,451	1,229
Others		-	3,496
		<b>21,464</b>	<b>53,907</b>
31. FINANCE COSTS			
Interest on:			
Workers' Profit Participation Fund	19.2	5,346	1,832
Mark-up on:			
- Finance lease obligation		7,731	4,962
- Short-term running finances		58,456	56,481
- Export refinance facility		8,913	18,093
- Deposits by employees society		1,500	1,700
Exchange loss		16,749	21,203
Bank charges and other costs		36,788	24,048
		<b>135,483</b>	<b>128,319</b>
32. TAXATION - NET			
Current - for the year		645,393	714,078
Current - for prior years		(50,000)	-
Deferred		23,518	(113,717)
		<b>618,911</b>	<b>600,361</b>

32.1 Relationship between income tax expense and accounting profit	30 September 2017 (Effective tax rate %)	30 September 2016 (Effective tax rate %)	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
Profit before taxation			<b>2,240,384</b>	<b>2,320,392</b>
Tax at the enacted tax rate	30.00	31.00	672,115	719,322
Effect of change in tax rate	(0.23)	(0.35)	(5,095)	(8,230)
Tax effect of rebate / credits	(0.18)	(0.22)	(4,122)	(5,150)
Tax effect on exports under Final Tax Regime	(2.79)	(5.52)	(62,570)	(128,092)
Tax effect of Items that are not deductible in determining taxable profit - permanent differences	(0.21)	5.40	(4,799)	125,308
Effect of change in prior years' tax	-	-	-	-
Others including the impact of allocation ratio of NTR and FTR and tax rebates	(0.01)	(4.43)	(214)	(102,797)
	<b>26.58</b>	<b>25.88</b>	<b>595,315</b>	<b>600,361</b>

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

- 32.2** Income tax assessments of the Company have been finalized up to and including tax year 2016 on the basis of the tax return filed under section 120 of the Income Tax Ordinance 2001 (the Ordinance). However, the Commissioner may, at any time during period of five years from the date of filing of return, select the deemed assessment order for audit.

The Company has filed the appeal before the learned Appellate tribunal Inland Revenue (ATIR) against the appellate order passed by the CIR(A) for the tax year 2009. The income tax department has also filed an appeal before the learned ATIR against the decision of the learned CIR(A) on remanding back of issues for certain disallowed expenses. The appeal has been heard by the learned ATIR which remanded back the issues including addition made on account of disallowance of expenses.

Tax year 2011 of the Company was selected for tax audit under Section 177 of the Ordinance. The Deputy Commissioner Inland Revenue (DCIR), Audit Unit-1, Zone-1, Large Taxpayers Unit, Karachi has passed an order dated 21 June 2017 which amended the assessment under section 122(4) of the Ordinance. Demand created under that order amounting to Rs. 40 million has been paid by the Company. However, the Company has preferred an appeal before the CIR-A against the order of DCIR. The appeal is pending adjudication.

Tax year 2013 of the Company was selected for tax audit under Section 177 of the Ordinance by the Commissioner Inland Revenue (CIR), Audit Division, Large Taxpayers Unit, Karachi. The CIR concluded the audit proceedings and passed an order that amended the assessment under section 122 of the Ordinance. The Company has filed appeal against the amended assessment order before the learned Commissioner Inland Revenue (Appeals) [CIR(A)], Karachi. On the appeal filed by the Company, the learned CIR(A) has confirmed the above actions of the CIR. The Company preferred an appeal before the ATIR which is pending for adjudication. The income tax department has also filed an appeal before the learned ATIR against the decision of the learned CIR(A) on remanding back of the issues of certain expenses which were disallowed by taxation authority without considering the details and documentary evidences submitted during the proceedings of the amended assessment for the tax year 2009. Appeal have been heard by the learned ATIR, however, the decision is yet to be received.

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

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

- 32.4** Under Section 5A of the Income Tax Ordinance, 2001 (as amended by the Finance Act 2017), a tax shall be imposed at the rate of 7.5% of the accounting profit before tax on the every public company, other than schedule bank or modaraba, that drives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares to its shareholders.

The Board of Directors intends to avail exemption from levy of such tax by recommending sufficient cash dividend for the year ended 30 September 2017 (refer note 43) for the consideration and approval of the shareholders of the Company in the forthcoming annual general meeting to comply with the above stated requirements. Accordingly, no provision for tax has been recognised in these financial statements for the year ended 30 September 2017 in this regard.

### 33. EARNINGS PER SHARE

#### 33.1 Basic

Profit after taxation attributable to ordinary shareholders

Weighted average number of ordinary shares outstanding during the year

Earnings per share

30 September 2017	30 September 2016
(Rs '000)	(Rs '000)
<b>1,621,473</b>	1,720,031
(Number of shares)	(Number of shares)
<b>34,117,881</b>	34,117,881
(Rupees)	(Rupees)
<b>47.53</b>	50.41

#### 33.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 September 2017 and 30 September 2016.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2017

## 34. SEGMENT INFORMATION

	Brand & Performance Textile Specialties **		Coating, Adhesives & Sealants **		Packaging & Paper Specialties **		*Others		Total	
	30 Sept. 2017	30 Sept. 2016	30 Sept. 2017	30 Sept. 2016	30 Sept. 2017	30 Sept. 2016	30 Sept. 2017	30 Sept. 2016	30 Sept. 2017	30 Sept. 2016
Net sales	10,689,468	9,903,517	1,084,046	1,043,308	338,463	244,405	130,738	158,997	12,242,715	11,350,227
Segment results based on 'management approach'	2,224,855	2,304,530	160,654	201,737	120,368	88,007	23,506	32,018	2,529,383	2,626,292
Other operating expenses - WPPF and WWF									(157,600)	(174,709)
Assets charged to profit and loss for internal reporting purposes based on group guidelines									4,084	(2,872)
<b>Operating profit</b>									2,375,867	2,448,711
Finance costs									(135,483)	(128,319)
<b>Profit before taxation</b>									2,240,384	2,320,392
<b>34.1 Segment assets</b>	6,237,836	6,209,469	579,498	513,031	61,200	58,702	-	-	6,878,534	6,781,202
Unallocated									2,872,360	1,902,627
<b>34.2 Segment liabilities</b>	2,013,696	1,683,433	205,850	143,926	22,791	14,021	-	-	9,750,894	8,683,829
Unallocated									2,242,337	1,841,380
<b>34.3 Fixed capital expenditures</b>	83,673	70,108	2,123	7,542	-	45	-	-	2,490,911	1,455,037
Unallocated									4,733,248	3,296,417
<b>34.4 Depreciation</b>	240,577	229,162	1,029	2,543	-	15	-	-	85,796	77,695
Unallocated									40,823	9,909
									126,619	87,604
									241,606	231,720
									18,026	15,935
									259,632	247,655

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

\*\* During the year, the Parent Company of the Company as part of review of the Group's Strategy have decided to rebrand / rename the business lines / segments. Effective from 1 January 2017, the Company has rebrand / renamed its business lines / segments to align it with the Group. Accordingly the current year segment names as well as comparative segment names are represented with new names. However, there has been no change in the basis of segmentation or the measurement of segment profit since the last audited annual financial statements of the Company as at and for the year ended 30 September 2016

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

### 34.5 Geographical information

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

Domestic sales

Export sales

30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
<b>11,579,926</b>	11,369,571
<b>1,646,444</b>	1,104,135
<b>13,226,370</b>	<b>12,473,706</b>

The Company exports its products to numerous countries.

34.6 As at 30 September 2017, all non-current assets of the Company are located in Pakistan.

34.7 27.94 % and 14.7% (collectively 42.6%) of the Company's gross sales for the year ended 30 September 2017 ((30 September 2016: 25.23% and 12.33% (collectively 37.56%)) were made to two distributors. The segment wise sales to these two distributors is as follows:

	Brand & Performance Textile Specialties		Coating, Adhesives & Sealants		Packaging & Paper Specialties		Total	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Distributor 1	<b>27.94</b>	25.23	-	-	-	-	<b>27.94</b>	25.23
Distributor 2	<b>14.70</b>	12.33	-	-	-	-	<b>14.70</b>	12.33

### 35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives		Total	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	(Rupees in '000)							
<b>Short-term employee benefits</b>								
Managerial remuneration (including leave pay)	<b>26,492</b>	20,857	<b>13,340</b>	10,421	<b>274,668</b>	228,215	<b>314,500</b>	259,493
Bonus	<b>26,258</b>	8,881	<b>4,600</b>	4,299	<b>38,549</b>	36,659	<b>69,407</b>	49,839
Housing and utilities	<b>10,883</b>	10,002	<b>6,244</b>	5,732	<b>135,739</b>	137,363	<b>152,866</b>	153,097
Medical	<b>79</b>	79	<b>104</b>	258	<b>10,829</b>	7,673	<b>11,012</b>	8,010
<b>Post employment benefits</b>								
Retirement benefits	<b>6,276</b>	5,786	<b>3,114</b>	2,891	<b>51,558</b>	52,035	<b>60,948</b>	60,712
	<b>69,988</b>	45,605	<b>27,402</b>	23,601	<b>511,343</b>	461,945	<b>608,733</b>	531,151
Number of persons	<b>1</b>	1	<b>1</b>	1	<b>158</b>	166	<b>160</b>	168

35.1 The remuneration for Executives also includes Rs 16.97 million (2016: Rs 12.92 million) paid to 1 (2016: 1) alternate Director.

35.2 The aggregate amount charged in these financial statements for fee to non-executive directors was Rs 0.13 million (2016: Rs 0.15 million).

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

**35.3** The Chief Executive Officer is provided with free furnished accommodation. In addition, the Chief Executive Officer, Directors and certain Executives are also provided with free use of the Company cars, residential equipment, reimbursement of utilities and club memberships in accordance with their entitlements.

### 36. TRANSACTIONS WITH RELATED PARTIES

	Parent Company		Other Related Parties		Key Management Personnel	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	----- (Rupees in '000) -----					
Sales	-	-	<b>761,035</b>	455,708	-	-
Purchases of goods and machinery	-	-	<b>577,626</b>	600,414	-	-
Indenting commission earned	-	-	<b>5,081</b>	2,362	-	-
Export commission	-	-	<b>9,476</b>	19,625	-	-
Royalty expense	-	-	<b>86,478</b>	13,197	-	-
Other charges	-	-	<b>126,102</b>	104,859	-	-
Dividend paid	<b>1,535,312</b>	639,713	-	-	-	-
Transaction with key management personnel:						
- Salaries, benefits and compensation	-	-	-	-	<b>131,163</b>	87,056
- Post employment benefits	-	-	-	-	<b>15,812</b>	13,081

During the year furniture and fixtures having book value of Rs. Nil and vehicle of Rs. Nil have been disposed of to key management personnel for Rs. 10,000 and Rs. 1.5 million respectively as per Company's policy.

The Company enters into transactions with related parties for the sale of its products, purchase of goods, indenting business and rendering of certain services.

Consideration for purchase and sales of goods and for services is determined with mutual agreement considering the nature and level of such goods and services. In the case of indenting business, the Company acts only as an agent for the supplier for which it receives indenting commission.

In addition, royalty for the use of technical know-how is also paid to Archroma Management GmbH, Reinach, Switzerland on the sales of such branded locally manufactured products as are included in the royalty agreement duly registered with the State Bank of Pakistan.

Balance outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes. All balances are interest free, unsecured and repayable on demand.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.

There are no transactions with key management personnel other than those under their terms of employment. These transactions are disclosed in notes 35 to the financial statements. Particulars of transactions with Workers' Profit Participation Fund and staff retirement benefit funds are disclosed in notes 19.2, 27, 28 and 31 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

<b>37. CAPACITY AND PRODUCTION</b>	Note	<b>30 September 2017 (Tonnes)</b>	<b>30 September 2016 (Tonnes)</b>
Actual production		<b>56,875</b>	56,921
The capacity is indeterminable because of multi-product plants involving varying processes of manufacture.			
The Company's production was according to market demand.			
<b>38. STAFF STRENGTH</b>		<b>2017 No. of employees</b>	<b>2016 No. of employees</b>
Number of employees as at 30 September		<b>286</b>	312
Average number of employees during the year		<b>299</b>	318
<b>39. CASH GENERATED FROM OPERATIONS</b>		<b>30 September 2017 (Rs '000)</b>	<b>30 September 2016 (Rs '000)</b>
Profit before taxation		<b>2,240,384</b>	2,320,392
Adjustments for non-cash charges and other items:			
Depreciation		<b>259,632</b>	247,655
Other employee benefits		<b>3,569</b>	3,302
Provision against doubtful debts		<b>15,995</b>	5,586
Gain on disposal of operating fixed assets		<b>(3,451)</b>	(1,229)
Provision for staff gratuity	27.1.7	<b>52,983</b>	25,465
Interest / mark-up expense		<b>127,752</b>	123,357
Working capital changes	39.1	<b>(415,401)</b>	27,197
		<b>2,281,463</b>	2,751,725
<b>39.1 Working capital changes</b>			
<b>Decrease / (increase) in current assets</b>			
Stores and spares		<b>(7,622)</b>	5,959
Stock-in-trade		<b>(466,164)</b>	68,394
Trade debts		<b>(426,575)</b>	(27,463)
Loans and advances		<b>2,061</b>	5,572
Trade deposits and short-term prepayments		<b>(9,751)</b>	19,077
Other receivables		<b>101,820</b>	15,921
		<b>(806,231)</b>	87,460
<b>Increase in current liabilities</b>			
Trade and other payables - net		<b>390,830</b>	(60,263)
		<b>(415,401)</b>	27,197
<b>40. CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:			
Cash and bank balances	13	<b>587,885</b>	337,515
Short-term running finance facilities	21	<b>(1,232,030)</b>	(604,765)
		<b>(644,145)</b>	(267,250)



# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

### 41. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE MEASUREMENT

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

	Carrying amount		Fair value		
	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
(Rupees in '000)					
<b>Financial assets not measured at fair value</b>					
Loans	6,073	-	-	-	-
Deposits	37,052	-	-	-	-
Trade debts	3,165,832	-	-	-	-
Other receivables	18,207	-	-	-	-
Cash and bank balances	587,885	-	-	-	-
<b>Other financial liabilities at amortised cost</b>					
Liabilities against assets subject to finance lease	-	66,380	-	-	-
Liabilities against diminishing musharaka financing	-	45,267	-	-	-
Short-term borrowings	-	1,732,030	-	-	-
Mark-up accrued	-	11,262	-	-	-
Trade and other payables	-	2,458,676	-	-	-

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

### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to a variety of financial risks namely credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Company is not exposed to any price risk as it does not hold any investments exposed to price risk. The Company has established adequate procedures to manage each of these risks as explained below:

#### 42.1 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from bank balances, cheques in hand, deposits and credit exposures to customers, including trade debts and other receivables. Out of the total financial assets of Rs. 3,815.05 million (2016: Rs 3,180.49 million), the financial assets that are subject to credit risk amounted to Rs 3,275.15 million (2016: Rs 2,931.47 million).

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

The total bank balance of Rs. 4.96 million (2016: Rs 65.72 million) have been placed with banks having short-term credit rating ranging from A1+ to F1. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. 88.25% of cheques in hand reported on balance sheet have been subsequently cleared.

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

Management does not expect to incur losses in other receivable and loans as significant amount in other receivable is due from related parties and also loans to employees which are secured against provident fund balance of respective employees.

The most significant financial asset exposed to credit risk is the trade debts of the Company. For trade debts, individual credit limits are assigned to customers based on the recommendations from respective business unit heads keeping in view their payment history, financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. The concentration of credit risk lies in the top 5 (2016: 5) customers which constitute 55.18% (2016: 47.09%) of the Company's trade debts.

The breakup of amount due from customers other than related parties as disclosed in note 9 to these financial statements is presented below:

	30 September 2017 (Rs '000)	30 September 2016 (Rs '000)
<b>Due from customers other than related parties</b>		
Direct customers	<b>1,830,629</b>	1,793,563
Distributors	<b>1,522,240</b>	1,254,134
	<b>3,352,869</b>	<b>3,047,697</b>

Out of the total trade debts of Rs. 3,498.18 million (2016: Rs. 3,144.6 million), the Company has made a provision for Rs 332.35 million (2016: Rs. 389.35 million) as the amounts being doubtful of recovery from customers. The aging profile of trade debts overdue but not impaired has been as follows:

	30 September 2017 Gross amount	30 September 2017 Impairment	30 September 2016 Gross amount	30 September 2016 Impairment
	(Rupees in '000)			
Not yet Due	<b>2,710,185</b>	-	2,298,708	-
Upto 3 months	<b>394,706</b>	-	409,412	-
3-6 Months	<b>60,942</b>	-	47,132	-
6-12 Months	<b>11,386</b>	<b>11,386</b>	307,780	307,780
Over 1 years	<b>320,961</b>	<b>320,962</b>	81,569	81,569
	<b>3,498,180</b>	<b>332,348</b>	<b>3,144,601</b>	<b>389,349</b>

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

### 42.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the Company's liabilities based on contractual maturities is as follows:

	30 September 2017				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	(Rupees in '000)				
<b>Financial liabilities</b>					
Trade and other payables	2,458,676	-	(2,458,676)	(2,458,676)	-
Mark-up accrued	11,262	-	(11,262)	(11,262)	-
Short term borrowings	1,732,030	(1,732,030)	-	-	-
Liabilities against assets subject to finance lease	66,380	-	(74,662)	(26,088)	(48,574)
Liabilities against diminishing musharaka financing	45,267	-	(45,267)	(7,441)	(37,826)
	<b>4,313,615</b>	<b>(1,732,030)</b>	<b>(2,589,867)</b>	<b>(2,503,467)</b>	<b>(86,400)</b>
	30 September 2016				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	(Rupees in '000)				
<b>Financial liabilities</b>					
Trade and other payables	2,028,105	-	(2,028,105)	(2,028,105)	-
Mark-up accrued	7,173	-	(7,173)	(7,173)	-
Short term borrowings	604,765	(604,765)	-	-	-
Liabilities against assets subject to finance lease	71,005	-	(79,158)	(24,944)	(54,214)
	<b>2,711,048</b>	<b>(604,765)</b>	<b>(2,114,436)</b>	<b>(2,060,222)</b>	<b>(54,214)</b>

### 42.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk.

#### 42.3.1 Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company primarily has foreign currency exposures in US Dollars (USD), Euro and JPY. The details of balances are as follows:

	30 September 2017			
	(USD '000)	(EUR '000)	(CHF '000)	(JPY '000)
Trade and other receivables	4,653	13	-	-
Trade payables	12,874	759	65	6,575
Other payables	415	-	-	-
Net foreign currency exposure	<b>17,942</b>	<b>772</b>	<b>65</b>	<b>6,575</b>
	30 September 2016			
	(USD '000)	(EUR '000)	(CHF '000)	(JPY '000)
Trade debts	2,243	-	-	-
Trade payables	(9,351)	(1,738)	(47)	(4,997)
Other payables	(302)	-	-	-
Net foreign currency exposure	<b>(7,410)</b>	<b>(1,738)</b>	<b>(47)</b>	<b>(4,997)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 September 2017

At 30 September 2017, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollar, Euro and Swiss Franc with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 19.96 million (30 September 2016: Rs 9.92 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 2016.

### 42.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from short and long term borrowings from banks.

At the balance sheet date, the interest rate profile of the Company's interest-bearing financial instrument is:

	Carrying amount 30 September 2017 (Rs '000)	Carrying amount 30 September 2016 (Rs '000)
<b>Fixed rate instruments</b>		
Financial liabilities	-	-
<b>Variable rate instruments</b>		
Financial liabilities	1,843,677	675,770

### 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 profit and loss account.

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and the profit by Rs. 12.91 million (2016: Rs. 4.66 million) with the corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2016. The sensitivity analysis is not actual indicator of impact owing to movement in future interest rate.

### 42.4 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

# **NOTES TO THE FINANCIAL STATEMENTS**

## For the year ended 30 September 2017

### **43. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

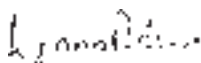
The Board of Directors of the Company in their meeting held on 30 October 2017 has proposed a cash dividend in respect of the year ended 30 September 2017 of Rs. 50/- per share (2016: cash dividend of Rs 60). Further, the Board has also announced appropriation of Rs. 160 million (2016: Rs 440 million) from unappropriated profit to revenue reserves. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 30 September 2017 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending 30 September 2018.

### **44. CORRESPONDING FIGURES**

Corresponding figures have been restated / rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications / restatements in these financial statements.

### **45. DATE OF AUTHORISATION**

These financial statements were authorised for issue on 30 October 2017 by the Board of Directors of the Company.



Mujtaba Rahim  
Chairman and Chief Executive Officer



M Veqar Arif  
Director and Chief Financial Officer

## Notice of Meeting

NOTICE is hereby given that the Twenty-Second Annual General Meeting of Archroma Pakistan Limited will be held at the Company's Registered Office at 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi on Friday, 29 December 2017 at 10:00 a.m. for the purpose of transacting the following business:

### A) ORDINARY BUSINESS

1. To receive and approve the Audited Financial Statements for the Period ended 30 September 2017 alongwith the Directors' Report thereon.
2. To approve final cash dividend @ 500% i.e. (Rs: 50/- per share), as recommended by the Board.
3. To approve appointment of external auditors for the year 2018 and to fix their remuneration. The Audit Committee has recommended the name of Messrs KPMG Taseer Hadi & Co., Chartered Accountants, and the retiring auditors, who have also offered themselves for re-appointment.

### B) SPECIAL BUSINESS

4. To consider, and if thought fit, pass the following as a Special Resolution, with or without modification, for the alteration of the Articles of Association of the Company;

“RESOLVED that, subject to obtaining the requisite permission and clearance, the insertion of the following new Article 58A, appearing after the existing Article 58, in the Articles of Association of the Company be and is hereby approved:

#### Electronic Voting

58A The Company shall comply with the provisions and requirements prescribed under the applicable laws with respect to the use of electronic voting by its members at general meetings. The same shall be deemed to be incorporate in this Article notwithstanding the other provisions of these Articles

of Association including anything contradictory herein. Members may be allowed to appoint members as well as non-members as proxies for purposes of electronic voting to the extent permitted under the applicable laws.

FURTHER RESOLVED that the Company Secretary be and is hereby authorized to take or caused to be taken any and all actions necessary and incidental for the purposes of altering the Articles of Association of the Company, and make necessary filings and complete legal formalities as may be required to implement the aforesaid resolution.”

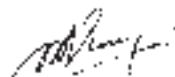
5. To consider dissemination of annual audited accounts of the Company through CD/DVD/USB instead of transmitting the same in the form of printed copies and approve the following resolution as a special Resolution with or without modification.

“RESOLVED” that the Company be and is hereby authorized to circulate the annual balance sheet and profit and loss account, auditors report and director's report etc (“annual audited accounts”) to the shareholders through CD/DVD/USB at their registered addresses in accordance with the SRO 470(I)/2016 dated May 31, 2016 of the Securities and Exchange Commission of Pakistan.

### ANY OTHER BUSINESS

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

By order of the Board



M Veqar Arif  
Director / Company Secretary

Karachi: 30 October 2017



## Notice of Meeting

### NOTES:

1. The Share Transfer Books of the Company will remain closed from 22nd December 2017 to 29th December 2017 (both days inclusive). Transfers received in order by the Company's Share Registrar, M/s. FAMCO Associates (Pvt) Limited, 8-F, Next to Hotel Faran, Nursery, Block- 6, P.E.C.H.S Shahreh-e-Faisal, Karachi, by 21st December 2017 will be in time to entitle the transferees for the dividend and to attend and vote at the Annual General Meeting.
2. A member entitled to attend and vote at the meeting may appoint proxy to attend and vote instead of him/her. A proxy need not be a member of the company. Proxies, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the Meeting.
3. Shareholders who shares are deposited with Central Depository Company (CDC) are requested to bring their Original National Identity Card and account number in CDC for verification.

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

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

In terms of Section 242 of the companies Act 2017 in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank accounts designated by the entitled shareholders. The SECP has initiated e-dividend mechanism through its letter No.8(4) SM/CDC/2008 dated April 05,2013. In order to avail benefits of e-dividend (such as instant credit of dividends, no chances of dividend warrants getting lost in post, undelivered or delivered to the wrong address etc.). Shareholders are hereby advised to provide detail of their bank mandate mentioning all: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address.

In this regard please provide the following information to Company's Share Registrar M/S FAMCO Associates (Pvt) Limited, 8-F Next to Hotel Faran, Nursery Block 6, P.E.C.S, Shahrah-e-Faisal Karachi.

<b>Bank Account Details of Shareholders</b>	
Name of shareholder	
Folio Number	
Title of Bank Account	
Bank Account Number	
Bank's Name	
IBAN Number	
Branch name and full mailing address	
Email Id	
Cell number of shareholder	
Landline number of shareholder, if any	
CNIC No. / Passport Number (in case of foreign shareholder) – Copy attached	
NTN (in case of corporate entity)	

## Notice of Meeting

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

**CDC Shareholders:** You are requested to submit your E-dividend Mandate and CNIC directly to your broker (participant) / CDC.

**Note:** Please provide complete IBAN Number, after checking with your concerned branch to enable electronic credit directly into your bank account.

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.

### **Consent for Electronic Transmission of Audited Financial Statements & Notices (Optional)**

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice for Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notices through e-mail. In order to avail this facility a Standard Request Form is available at the Company's website.

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

- i) Pursuant to the provisions of the Finance Act 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under the income Tax Ordinance have been revised as follows:
  - a) Rate of tax deduction for filer of income tax return 15%
  - b) Rate of tax deduction for non-filer of income tax return 20%

To enable the company to make tax deduction in the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

- (ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold share jointly are requested to provide shareholding proportions of Principal shareholding and joint-holder(s) in respect of shares held by them to our Share registrar, in writing as follows:

Company name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

## Notice of Meeting

The required information must be provided to our share Registrar FAMCO Associates (Pvt) Limited, 8-F Next to Hotel Faran, Nursery Block 6, P.E.C.S, Shahr-e-Faisal Karachi as soon as possible. Otherwise it will be assumed that the share are equally held by Principal shareholder and Joint Holder(s).

- (iii) For any query/problem/information, the investors may contact the Company Secretary at phone: 021-35123261 and email address: [vaqar.arif@archroma.com](mailto:vaqar.arif@archroma.com) and /or FAMCO Associates (Pvt) Ltd. At phone: 021-34380101-5 and email address: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk)
- (iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Pvt) Ltd. The shareholders while sending CNIC copies or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

### **STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017 REGARDING SPECIAL BUSINESS:**

This statement sets out the material facts concerning the special business intended to be transacted at the Annual General Meeting of ARCHROMA PAKISTAN LIMITED to be held on 29th December 2017.

#### **Part (B) of the Agenda.**

In order to give effect of Companies (E-Voting) Regulation, 2016 issued by the Securities & Exchange Commission of Pakistan, Shareholders' approval is being sought to amend the Articles of Association of the Company.

The Directors of the Company have recommended the alteration of Articles of Association of the Company to the extent of inserting a new Article 58A therein which will give the members the option to be part of the decision making in the general meeting of the Company through electronic means. The same has been carried out in order to facilitate voting through electronics means & to bring about & implement the Security And Exchange Commission of Pakistan's directive under the Companies (E-voting) Regulations, 2016, communicated through Notification #SRO 43 (I)/2016 dated 22nd January 2016.

The Directors are not interested, directly or indirectly, in the aforesaid special business.

The Securities & Exchange Commission of Pakistan vide its SRO 470(I)/2016 dated May 31, 2016 has allowed the companies to circulate annual audited accounts to its members through CD/DVD/USB at their registered addresses, therefore the Board of Directors of Archroma Pakistan Limited ("The Company") in their meeting held on 30 October 2017 has recommended for transmission of Annual Audited Accounts of the Company to its members through CD/DVD/USB at their registered addresses instead of transmitting the said accounts in hard copies, however, the hard copies of the annual audited accounts will be supplied to the members, on demand, at their registered addresses, free of cost, within one week of such demand.

If a member prefers to receive hard copies for all the future annual audited accounts, then such preference of the members shall be given to the Company and the Company will provide hard copies of all the future annual audited accounts to such member.

The Directors are not interested, directly or indirectly, in the aforesaid special business.

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

The Company has placed the Annual Report 2017 on its website [www.archroma.com.pk](http://www.archroma.com.pk)

# / PATTERN OF SHAREHOLDINGS

As at 30 September 2017

## Form 34

No. of Shareholders	Shareholding			Shares held
509	1	-	100	20,262
442	101	-	500	128,564
235	501	-	1,000	188,859
332	1,001	-	5,000	775,212
83	5,001	-	10,000	610,447
30	10,001	-	15,000	363,028
14	15,001	-	20,000	243,051
10	20,001	-	25,000	226,752
5	25,001	-	30,000	140,273
4	30,001	-	35,000	127,600
3	35,001	-	40,000	115,300
6	40,001	-	45,000	252,438
3	45,001	-	50,000	145,650
1	50,001	-	55,000	54,800
1	60,001	-	65,000	64,972
4	65,001	-	70,000	273,900
2	75,001	-	80,000	150,200
2	85,001	-	90,000	177,800
1	95,001	-	100,000	98,800
1	120,000	-	125,000	120,000
1	140,000	-	145,000	140,000
1	150,000	-	155,000	150,000
1	175,001	-	180,000	177,406
1	195,001	-	200,000	196,045
1	250,001	-	255,000	252,420
1	280,001	-	285,000	284,266
1	550,000	-	555,000	550,000
1	805,001	-	810,000	808,357
1	1,690,001	-	1,695,000	1,692,946
1	25,585,001	-	25,590,000	25,588,533
<b>1,698</b>				<b>34,117,881</b>

Shareholders Category	No. of Shareholder	No. of Shares	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	-	-	-
Associated Companies, Undertakings and related Parties	1	25,588,533	75.00
NIT and ICP	1	700	0.00
Banks, Development Financial Institutions, Non Banking Financial Institutions	4	253,875	0.74
Insurance Companies	8	1,073,507	3.15
Modarabas and Mutual Funds	15	2,074,337	6.08
Share holders holding 10%	1	25,588,533	75.00
General Public :			
a. local	1,609	4,526,845	13.27
b .Foreign			
Others	60	600,084	1.76
	<b>1,698</b>	<b>34,117,881</b>	<b>100.00</b>
<b>Total (excluding : share holders holding 10%)</b>			
<b>Shareholders holding 10% or more voting interest</b>			
Archroma Textiles S.a.r.l., Luxemburg	1	25,588,533	75.00

There was no trading in the shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year.

# PATTERN OF SHAREHOLDINGS

## Information as required under Code of Corporate Governance as at September 30, 2017

Shareholder's category	Number of shareholder	Number of share held
<b>I. Associated Companies, Undertakings and Related Parties (name wise details)</b>		
ARCHROMA TEXTILES S.A.R.L.	1	25,588,533
<b>Total :</b>	<b>1</b>	<b>25,588,533</b>
<b>ii. Mutual Funds (name wise details)</b>		
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	65,850
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1	64,972
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	38,650
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	14,800
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	5,000
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	24,500
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	12,500
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	5,000
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	22,800
CDC - TRUSTEE LAKSON EQUITY FUND	1	98,800
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,692,946
CDC - TRUSTEE LAKSON TACTICAL FUND	1	21,632
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	1	4,487
<b>Total :</b>	<b>13</b>	<b>2,071,937</b>
<b>iii. Directors and their spouse (to be confirmed by company)</b>	-	-
<b>Total :</b>	-	-
<b>iv. Executives (To be filled by company)</b>	-	-
<b>Total :</b>	-	-
<b>v. Public Sector Companies and Corporations</b>	1	808,357
<b>Total :</b>	<b>1</b>	<b>808,357</b>
<b>vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds</b>	17	719,131
<b>Total :</b>	<b>17</b>	<b>719,131</b>
<b>vii. Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)</b>		
ARCHROMA TEXTILES S.A.R.L.	1	25,588,533
<b>Total :</b>	<b>1</b>	<b>25,588,533</b>

# 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 22nd Annual General Meeting of the Company to be held on Friday, 29 December 2017 at 10:00 a.m. and at any adjournment thereof.

Revenue Stamp

Signed by the said \_\_\_\_\_

## **Witness 1**

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

## **Witness 2**

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Place: \_\_\_\_\_

Date \_\_\_\_\_

## **NOTES:**

1. This form of proxy duly completed, must be deposited at the Company's Registered Office at 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi not later than 48 hours before the meeting.
2. In pursuance of Circular No. 1 of 2000 of Securities and Exchange Commission of Pakistan (SECP) dated 26 January 2000, the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their original National Identity Card (NIC) or Passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and NIC numbers must be mentioned on the form, alongwith attested copies of the NIC or the Passport of the beneficial owner and the proxy.



برائے کرم  
فولیو نمبر درج کریں

میں مسّی/مسماة \_\_\_\_\_ ساکن \_\_\_\_\_

ضلع \_\_\_\_\_ بحیثیت ممبر \_\_\_\_\_ لمیٹڈ، مسّی/مسماة \_\_\_\_\_

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

کمپنی کے بائیسویں سالانہ اجلاس صبح 10 بجے، بتاریخ 29 دسمبر 2017ء بروز جمعہ منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

(ریونیواسٹیمپ)

دستخط از:

گواہ (1):

دستخط:

نام:

شناختی کارڈ:

پتہ:

گواہ (2):

دستخط:

نام:

شناختی کارڈ:

پتہ:

جگہ:

تاریخ:

نوٹس:

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

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

# Archroma Pakistan Limited

## Admission Slip

For the Twenty-second Annual General Meeting of Archroma Pakistan Limited scheduled on Friday 29 December 2017 at 10:00 a.m. at 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi. Kindly bring this slip duly signed by you for attending the Meeting.

**COMPANY SECRETARY**

Folio No. \_\_\_\_\_

Name \_\_\_\_\_

Joint holder(s), if any,      i) \_\_\_\_\_  
   ii) \_\_\_\_\_  
   iii) \_\_\_\_\_

\_\_\_\_\_  
**Signature**

### **NOTES:**

- i) The signature of the shareholder must tally with the specimen signature on the Company record.
- ii) Shareholders are requested to hand over duly completed admission slips at the counter before entering the meeting premises.
- iii) The Company transport will be available at the Pakistan Stock Exchange (PSX) to bring only the shareholders to the place of meeting. It will leave PSX at 09:15 a.m. sharp. After the meeting the shareholders will be dropped at PSX.

**THIS ADMISSION SLIP IS NOT TRANSFERABLE**



[www.archroma.com.pk](http://www.archroma.com.pk)  
[archroma.pakistan@archroma.com](mailto:archroma.pakistan@archroma.com)

**ARCHROMA PAKISTAN LTD.**

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Pakistan  
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