



/ ANNUAL REPORT 2016



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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	• Mujtaba Rahim	
Directors	• Dr S Mubarik Ali • Hans Lourens • M Veqar Arif • Rahat Kaunain Hassan • Roland Waibel • Thomas Winkler	(Alternate: Zafir Hussain)
Company Secretary	• M Veqar Arif	
Management Committee	• Mujtaba Rahim • M Veqar Arif • Muhammad Altaf	• Naveed Kamil • Qazi Naeemuddin • Zafir Hussain
Audit Committee	• Dr S Mubarik Ali • Hans Lourens • Rahat Kaunain Hassan • M Irfan Lakhani	- Chairman (Alternate: Zafir Hussain) - Secretary
Human Resources and Remuneration Committee	• Dr S Mubarik Ali • Mujtaba Rahim • Thomas Winkler • Naveed Kamil	- Chairman - Secretary
Bankers	• Bank Al Habib Limited • Habib Bank Limited • Meezan Bank Limited • National Bank of Pakistan • Standard Chartered Bank (Pakistan) Limited	
Auditors	• KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisors	• RIAA Barker Gillette	
Share Registrars	• FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi	
Registered Office	• 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi	
Factories	• Petaro Road, Jamshoro • Landhi Industrial Area, Karachi	
Sales & Marketing Offices	• Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore • Canal Road, Abdullah Pur, Faisalabad • 20-T, Block Masoom Shah Road, Near Multan.	
Website	• www.archroma.com.pk	



Textile Specialties



From fiber to finish, Archroma's 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.

Paper Solutions



Archroma's Paper Solutions 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.

Emulsion Products



From paints, adhesives and construction to the textile, leather and paper industries, Archroma's Emulsion Products 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 Emulsion products 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.

Report of the Board of Directors for the year ended 30 September 2016

The Directors are pleased to present their report together with the audited financial statements of the Company for the year ended 30 September 2016.

Merger of Archroma Textiles Chemicals Pakistan Pvt Ltd (ATCPPL) into Archroma Pakistan Ltd (APL)

The Board of Directors of APL passed a resolution dated 8 March 2016 and with the consent of shareholders in the Extraordinary General Meeting held on 3 June 2016, decided to amalgamate the ATCPPL into APL and approved the Scheme of Arrangement for the purpose which Includes.

- (i) Transferring to and vesting the entire undertaking inclusive of all properties, assets, rights, liabilities and obligation of ATCPPL into APL.
- (ii) Dissolving ATCPPL, without winding up.
- (iii) The effective date of the Scheme of Arrangement is 1 Jan 2016 as approved by the Court.

The Honorable High Court of Sindh by its order no. JCM.12/2016 dated 31 August 2016 approved the Scheme of Arrangement. Further as required, certified true copy of the Court order has been filed with the Registrar of Companies on 6 September 2016.

Business Overview

A shiny close of financial year 2016 of the Company on business and financial side despite strong headwinds during the year. Archroma with a `can do` and accountable mindset, striving to create positive delta'- growth compared to last year, whilst coping with the challenges.

"We continuously challenge the status quo in deep belief that we can make our industry sustainable:" Maintaining the excellence in everything we do and differentiating ourselves from those competitors having a different view on the route forward for our industry. Archroma's "One Way" concept is a great example of creating the difference, leading the industry towards sustainability.

During the period under review we kept close watch on parameters of risk management, remained disciplined on cost, kept vigilant control on net working capital and portfolio optimization enabling Archroma to gain the upper hand in all businesses spectrum, lead to increase its market share and enjoying a buoyant cycle. Archroma continued with same zeal and maintaining track record of excellent performance leading to positive impact on the operating result. This is evident from the fact that Company has made a great achievement by crossing the glorious milestone of Rs. 10 billion sales during the year under review.

With our sustainability targets and innovation, we are on track and the overall dashboard looks pretty strong. We have come a long way in performance since we started and have emerged to lead the industry on all fronts!

Future Outlook

The management is alive to the challenges ahead and is continuously evolving strategies and adopting appropriate measures to mitigate market risk, meet future challenges and maintain business growth. Moreover, the commercial excellence program has been designed and will be started in the ensuing year which will bring a big achievement, helping us to create the difference into the market by lifting our margins to sustainable levels. Cost containment, well-managed operations and continuous modernization & upgrading are key components of your Company's business strategy employed to deliver healthy returns to stakeholders.

Let's continue 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**

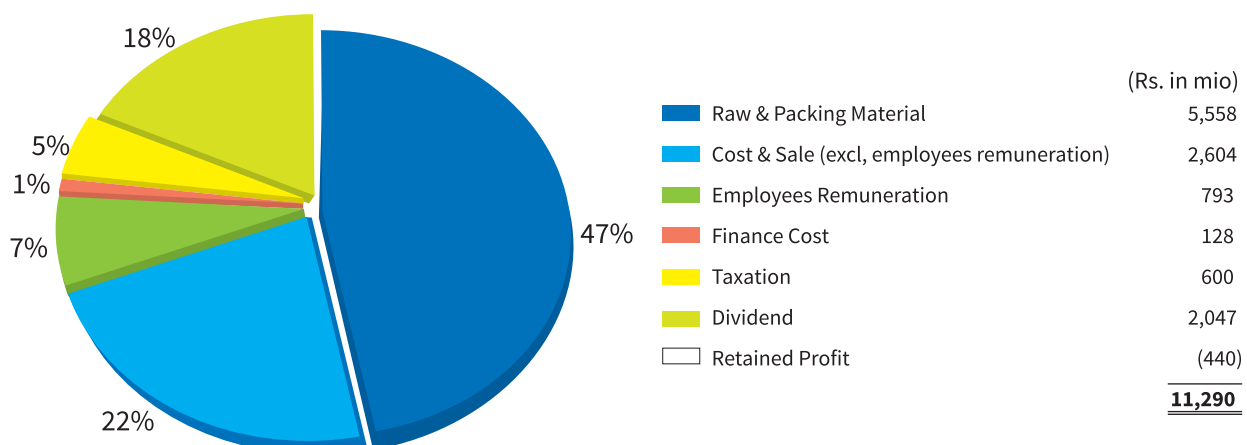


**Speed
and simplicity**

Sales

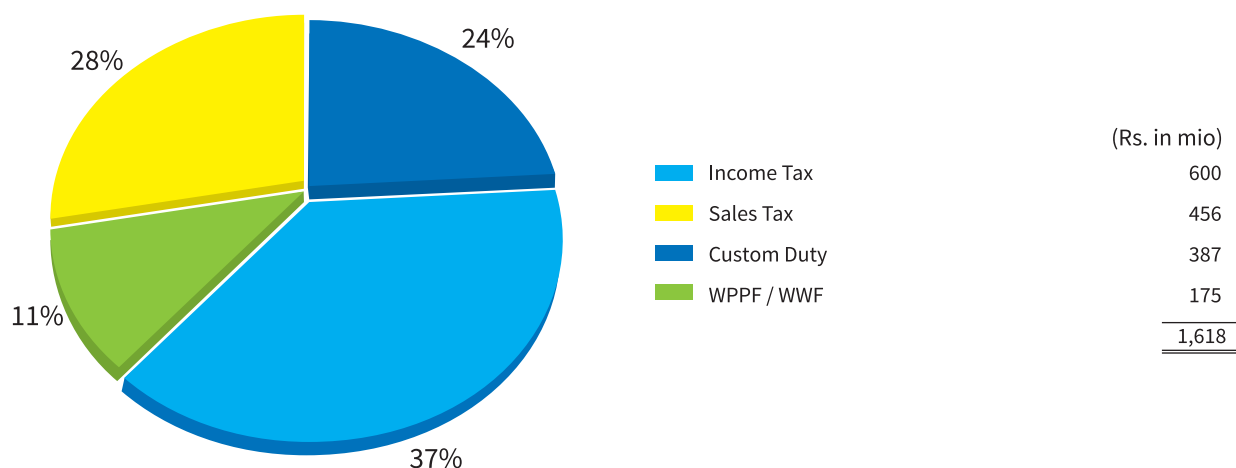
Archroma is one of those chemical players that have gradually demonstrated strength, with solid growth in top line over the years. The Company has made this possible through the contribution of all our business segments applying the best-selling proficiency together with technical and commercial skills to create value for customers. The Company's sales for the year 2016 clocked at Rs. 12,474 mio. The sales in growth was 6% as compared to last year. The above growth has been calculated taking into consideration the actual sales made by our subsidiary (ATCPPL) in Whole of the preceding year. However, the figures reported in our financials only include two months sales of the subsidiary in the preceding year due to technical reason.

Distribution of Revenue - 2016



Contribution to National Exchequer

During the year company contributed Rs. 1,618 mio to the Government treasury on account of Income taxes, sales tax, custom duty and other levies. Moreover, valuable foreign exchange to the tune of Rs. 1,104 mio was also generated by your Company from exports during the year under review.



Earning Per Share

Basic earning per share was Rs. 50.41(2015: Rs. 36.40). There is no diluting on the basic earning per share of the Company, as the Company has no convertible dilutive potential ordinary shares outstanding as at 30 September 2016

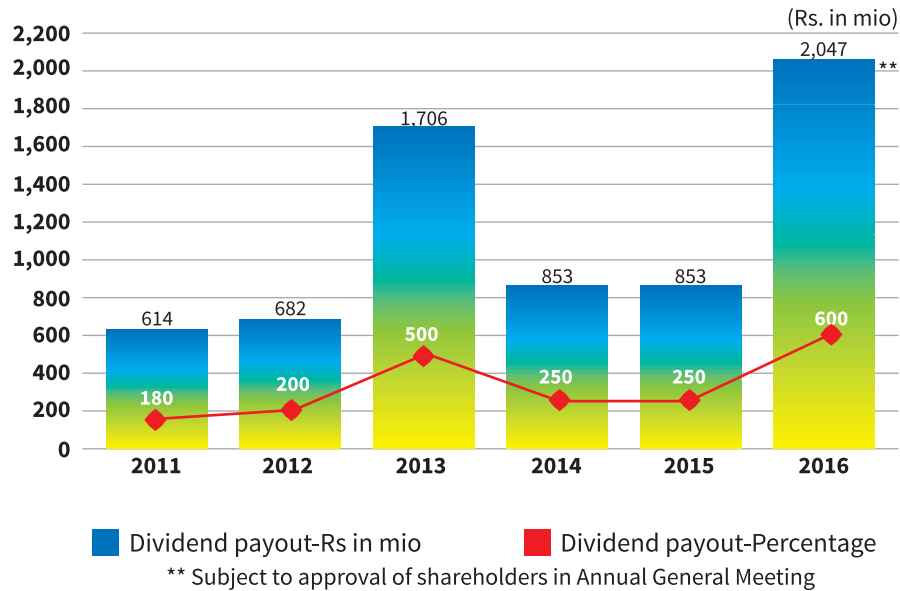
Appropriation of Profit

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

	(Rupees in mio)
Total comprehensive income for the period	1,607
Unappropriated profit brought forward	1
Transferred from Revenue Reserves	440
Profit available for appropriation	2,048
Appropriation:	
Proposed 600% final cash dividend	2,047
To be paid after approval in the Annual General Meeting	
Unappropriated profit carried forward	1

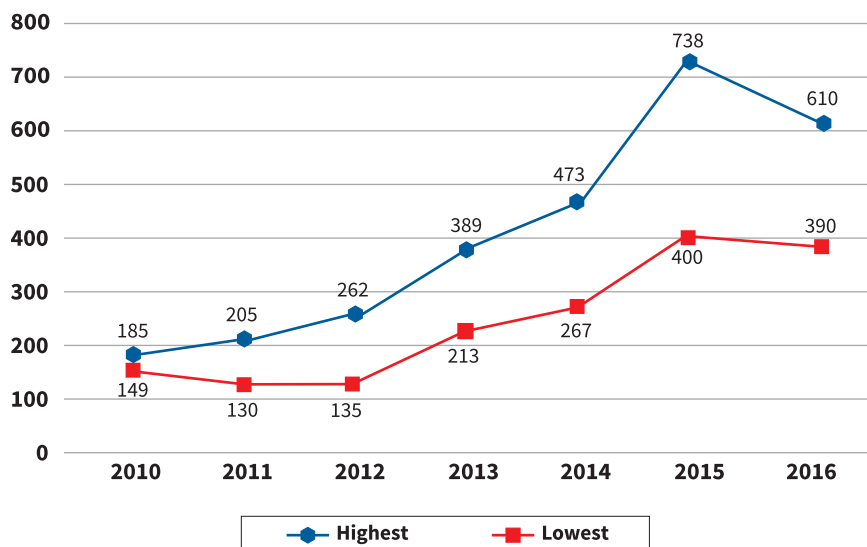
Dividend

Taking into account the preference of our shareholders, the Board has proposed a final cash dividend @ 600% i.e. Rs.60/- per share for the financial year ended 30 September 2016. This approach remains in line with our commitment to consistently return sustainable value to shareholders.



Share Price

Company's share during the year was quoted at its highest of Rs.610.00 and lowest at Rs.390.00 on the Pakistan Stock Exchange Limited ready board quotations.



Social Contribution

Free Water Supply

We installed a clean water supply line at Jamshoro with which we provide water to neighboring community - approx. 540,000Litres per day, costing Rs. 2.7 mio per annum to the Company. Clean drinking water is provided to the inhabitants of the village of our Jamshoro site from our water purification plant.



Trainings

Our ideology leads to empower youth through educational and training programs. Since decades, Archroma Center of Excellence is passing the torch of learning to the next generation. To date, Archroma has trained 169 batches comprising of 4,978 students to gain hands on practical experience in business environment. We offer regular internships to students from different academic institutions and industry which enable them to learn the basics of work environment in their respective fields. We have also participate in the Government's apprentices scheme. During the period under review, Company has incurred Rs. 7.7 mio for the complementary training of the students and technicians.



Donations

Our Company also donated amount worth Rs. 1.00 million to different social, medical and educational institutions. Employee volunteerism is encouraged through organizing blood donation campaigns to support various medical centers.

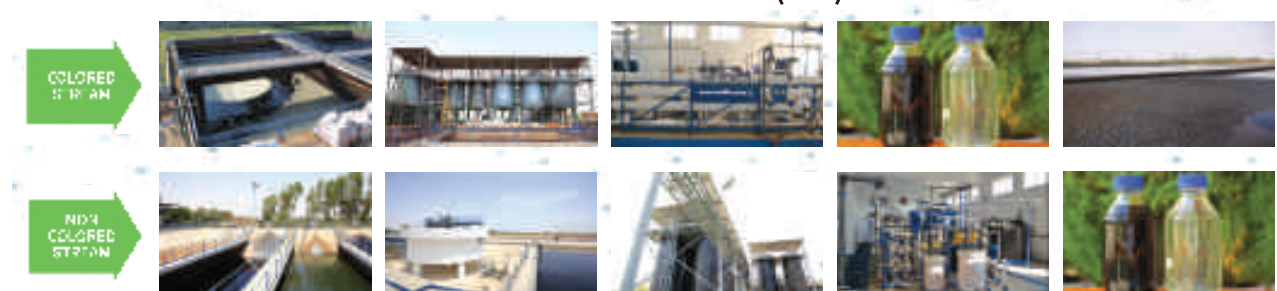


Sustainable Effluent Treatment (SET) Plant. Zero Liquid Discharge

It allows the recycling of 80 percent of waste water which in turn leads to massive reduction of water intake from the river Indus. The project was installed with an investment outlay of Rs. 375 million in 2012.

This is a significant contribution to water conservation in the area.

SUSTAINABLE EFFLUENT TREATMENT (SET) - JAMSHORO



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 except for IFRS 13 as disclosed in note 3 of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, 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.
- Archroma Textiles Chemicals Pakistan (Pvt) Limited amalgamated into Archroma Pakistan Limited with effect from 1 January 2016.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- 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.

Board Meetings Held During the Year

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

Name of Directors	Designation	Attended
Mujtaba Rahim	Executive Director	4
Dr. S. Mubarik Ali	Non-Executive Director	3
M. Veqar Arif	Executive Director	4
Roland Waibel	Non-Executive Director	-
Thomas Winkler	Non-Executive Director	-
Hans Lourens (Alternate: Zafir Hussain)	Non-Executive Director	4
Rahat Kaunain Hassan	Independent Non-Executive Director	3

Leave of absence was granted to Directors who could not attend the Board meetings and was represented by his respective alternate.

Audit Committee Meetings Held During the Year

Audit committee comprises of three members, all of them are non-executive Directors including the Chairman. Four meetings were held and attendance by each Director is as follows:

Name of Directors	Designation	Attended
Dr. S. Mubarik Ali	Non-Executive Director	3
Hans Lourens (Alternate: Zafir Hussain)	Non-Executive Director	4
Rahat Kaunain Hassan	Independent Non-Executive Director	3

Leave of absence was granted to Directors who could not attend the meetings and was represented by his respective alternate.

HR&R Meetings Held During the Year

During the period under review one meeting held and attendance by each Director is as follows:

Name of Directors	Designation	Attended
Mujtaba Rahim	Executive Director	1
Dr. S. Mubarik Ali	Non-Executive Director	1
Thomas Winkler	Non-Executive Director	-

Leave of absence was granted to Directors who could not attend the meeting.

Gratuity and Provident Funds

The value of investments of Gratuity and Provident funds based on the latest un-audited accounts at 30 June 2016 and audited at 30 June 2015 are as follows.

	2016	2015
	(Rupees in mio)	
	un-audited	audited
Gratuity Fund	741	822
Employees Provident Fund	645	596

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 35 countries come together in a new Company to better meet customer needs in the local & global markets having registered office located in Luxembourg and head quartered in Reinach, Switzerland.

Website

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

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 present auditors, KPMG Taseer Hadi & Co. Chartered Accountants, retired and eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as Auditors of the Company for the year ending 30 September 2017, at a fee to be mutually agreed.

Key Operating & Financial Data

Key Operating and Financial data for last six years shown on page 37.

Pattern of Shareholding

A Statement of the pattern of shareholding is shown on page 86.

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 challenging 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: 31 October 2016

بورڈ آف ڈائریکٹرز کی رپورٹ برائے سال مختتمہ 30 ستمبر 2016

ڈائریکٹرز اپنی رپورٹ کمپنی کی جانچ شدہ مالیاتی گوشواروں کے ساتھ برائے سال مختتمہ 30 ستمبر 2016 پیش کرتے ہوئے مطمئن ہیں۔

آرکرو مائیکسٹائلز کیمیکلز پاکستان پرائیویٹ لمیٹڈ (ATCPPL) کا آرکرو مائیکسٹائلز پاکستان لمیٹڈ (APL) میں انضمام

APL کے بورڈ آف ڈائریکٹرز نے ایک قرارداد بتاریخ 8 مارچ 2016 حصص یافتگان کی رضامندی سے غیر معمولی اجلاس عام منعقدہ 3 جون 2016 میں پاس

کی، ATCPPL کا APL میں ضم ہونے کا فیصلہ ہوا اور اس مقصد کے لیے انتظام کا منصوبہ منظور ہوا جس میں مندرجہ ذیل نکات شامل ہیں:

(i) ATCPPL کی مکمل ذمہ داری کی منتقلی بمع جائداد، اثاثے، حقوق، واجبات اور ذمہ داری کا APL میں شامل ہونا۔

(ii) ATCPPL کی تحلیل، بغیر خاتمے کے۔

(iii) انتظام کے منصوبے کی موثر تاریخ یکم جنوری 2016 ہے جو عدالت سے منظور شدہ ہے۔

معزز عدالت عالیہ سندھ نے حکم نمبر JCM.12/2016 بتاریخ 31 اگست 2016 کے ذریعے انتظام کا منصوبہ منظور کر لیا ہے۔ مزید جیسا کہ درکار ہے، عدالتی

حکم کی تصدیق شدہ تصحیح کا پی 6 ستمبر 2016 کو رجسٹر آف کمپنیز کے پاس جمع کرائی جا چکی ہے۔

کاروبار کا مجموعی جائزہ

کاروباری اور مالیاتی طور پر سال کے دوران سخت پیڑوں کے باوجود کمپنی کے مالیاتی سال 2016 کا اختتام روشن رہا۔ Archroma کر سکتے ہیں اور جوابدہی کی سوچ کے ساتھ مثبت سمت، اختراع کرنے یعنی سال گزشتہ کے مقابلے میں نمو کے لیے کوشاں رہی اور کامیابی سے چیلنجز سے نمٹا گیا۔

ہم مستقل طور پر اسٹیٹس کو کو چیلنج کرتے رہے اس گہرے یقین کے ساتھ کہ ہم اپنی انڈسٹری کو پائیدار بنا سکتے ہیں۔ ہم نے اپنے ہر قدم پر ایکسیلنس کو برقرار رکھا، جس نے ہمیں ان مسابقت کاروں سے ممتاز کیا جو ہماری انڈسٹری کو آگے بڑھانے کے لیے مختلف نگاہ کے حامل ہیں۔ Archroma کا ”ون وے“ تصور یہ امتیاز پیدا کرنے کی بہترین مثال ہے، جو انڈسٹری کو پائیداریت کی طرف لے جا رہا ہے۔

زیر جائزہ پیریڈ کے دوران ہم نے رسک مینجمنٹ کے پیرامیٹرز پر گہری نگاہ رکھی، لاگت پر قابو رکھا، نیٹ ورکنگ سرمائے اور پورٹ فولیو کی اصلاح پر محتاط کنٹرول رکھا، جس سے Archroma کو تمام کاروباری معاملات میں برتری حاصل ہوئی اور مارکیٹ شیئر میں اضافے سے لطف اندوز ہو رہی ہے۔ Archroma نے اسی جوش کے ساتھ شاندار کارکردگی کا ٹریک ریکارڈ برقرار رکھا ہوا ہے جس کے نتیجے میں آپریٹنگ رزلٹ پر مثبت اثر مرتب ہو رہا ہے اور یہ اس حقیقت کا ثبوت ہے کہ کمپنی نے زیر جائزہ سال کے دوران 10 بلین روپے کی سیلز کا شاندار سنگ میل عبور کر کے بڑا کارنامہ انجام دیا۔

پائیداریت کے اہداف اور اختراعیت کے ساتھ ہم اپنے راستے پر رواں دواں ہیں اور منظر نامہ نہایت مستحکم دکھائی دے رہا ہے۔ ہم نے اپنے آغاز سے اپنی کارکردگی کے ذریعے ایک طویل سفر طے کیا ہے اور انڈسٹری کے ہر رخ پر قائد بن کر ابھرے ہیں۔

انتظامیہ پیش آمدہ چیلنجز کے لیے مستعد اور مستقل طور پر حکمت عملیاں تیار کر رہی ہے اور مارکیٹ رسک کو کم سے کم کرنے کے لیے مناسب اقدامات اٹھا رہی ہے، کاروبار کی ترقی برقرار رکھنے کے لیے مستقبل کے چیلنجز پر پورا اتر رہی ہے۔ مزید برآں، کمرشل ایکسپلنس پروگرام تیار کیا گیا ہے جو اگلے سال شروع ہوگا جو بڑی کامیابیاں لائے گا، ہماری گنجائش کو پائیدار سطح پر بڑھاتے ہوئے مارکیٹ میں فرق لانے میں مددگار ہوگا۔ لاگت قابو میں رکھنا، منظم آپریشنز اور مسلسل جدت کاری اور اپ گریڈنگ آپ کی کمپنی کی کاروباری حکمت عملی کے لیے کلیدی اجزا ہیں جن کی وجہ سے اسٹیک ہولڈرز کو اچھا منافع پہنچتا ہے۔

آئیں، Archroma کے ورک پلچر 'ACTS' رویوں کے ہمارے چار ستونوں پر مشتمل سفر کو جاری رکھیں جو بتاتے ہیں کہ کس طرح کمپنی میں ہر شخص ہر وقت پائیدار ویلیو کی پیداوار میں اپنا حصہ ادا کر سکتا ہے۔



**Accountability
for performance**



**Customers and
market focus**



**Teamwork and
collaboration**

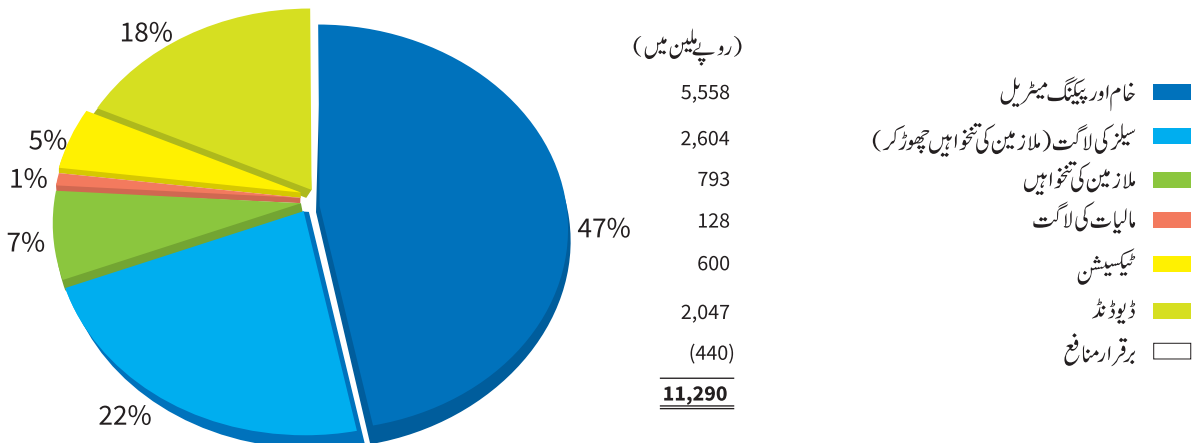


**Speed
and simplicity**

سیلنز

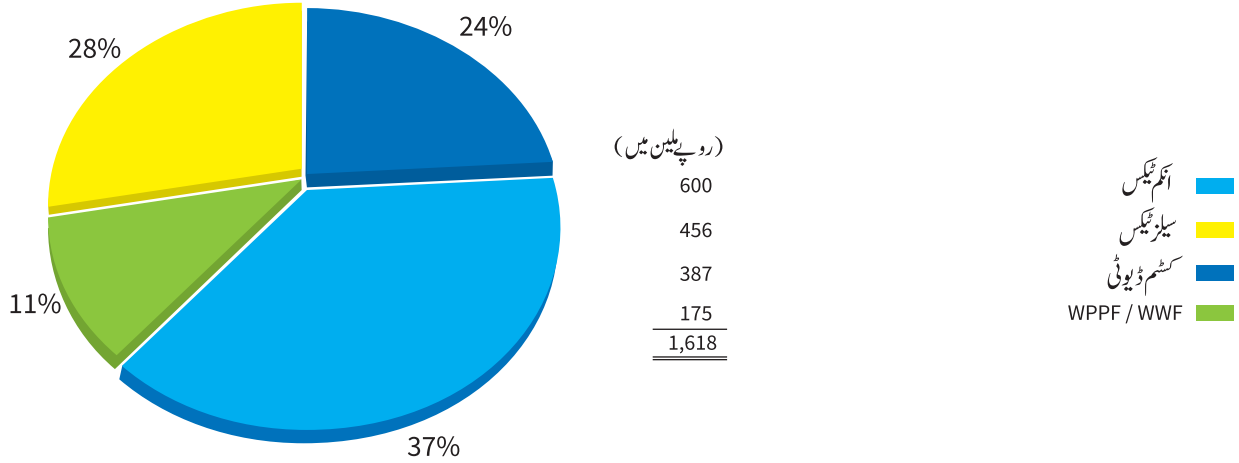
Archroma ان کیمیکل کمپنیوں میں سے ایک ہے جنہوں نے ٹھوس ترقی کے ساتھ برسوں میں ٹاپ لائن میں بتدریج قوت کا مظاہرہ کیا۔ ہماری کمپنی نے اسے اپنے تمام کاروباری حصوں کی شراکت کے ذریعے ممکن بنایا اور کسٹمرز کے لیے قدر پیدا کرنے کے لیے ٹیکنیکل اور کمرشل مہارتوں کے ساتھ ساتھ فروخت کرنے کی بہترین صلاحیت استعمال کی۔ سال 2016 کے لیے کمپنی کی سیلرز 12,474 ملین روپے رہی۔ سال گزشتہ کے مقابلے میں سیلرز میں 6 فیصد اضافہ ہوا۔ ہماری ذیلی کمپنی (ATCPPL) کی گزشتہ پورے سال میں کی گئی اصل سیلرز کو مد نظر رکھتے ہوئے مندرجہ بالا بڑھوتری کا حساب لگایا گیا ہے۔ تاہم، ہمارے مالیاتی گوشوارے میں جو اعداد درج ہیں وہ تکنیکی سبب سے ذیلی کمپنی کے گزشتہ سال کی صرف دو ماہ کی سیلرز پر مشتمل ہیں۔

آمدنی کی تقسیم-2016



قومی خزانے میں حصہ

سال کے دوران کمپنی نے انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور دیگر محصولات کی مد میں حکومتی خزانے میں 1,618 ملین روپے ادا کیے۔ مزید یہ کہ سال زیر جائزہ کے دوران برآمدات سے ملک کے لیے آپ کی کمپنی نے 1,104 ملین روپے کا قابل قدر رزمبادلہ حاصل کیا۔



فی حصص آمدنی

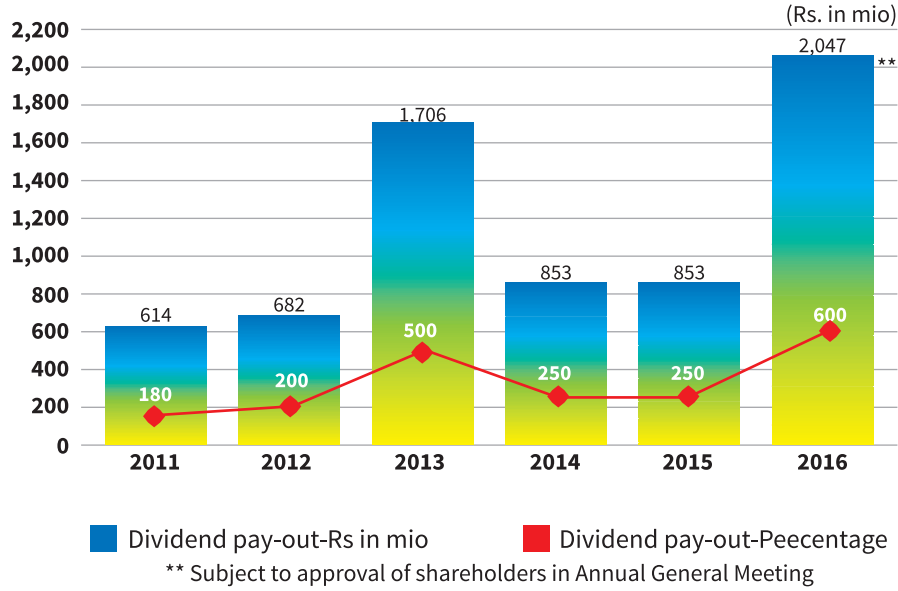
فی حصص بنیادی آمدنی 50.14 روپے (2015: Rs.36.40) تھی۔ کمپنی کی فی حصص بنیادی آمدنیوں پر کوئی ڈائلوشن نہیں ہے، کیوں کہ 30 ستمبر 2016 کو کمپنی کے پاس تبدیل ہونے والی ڈائلوشن ممکنہ عمومی حصص نہیں ہیں۔

منافع کی مد بندی

کمپنی کے منافع کی مجوزہ مد بندی مندرجہ ذیل کے تحت ہے:

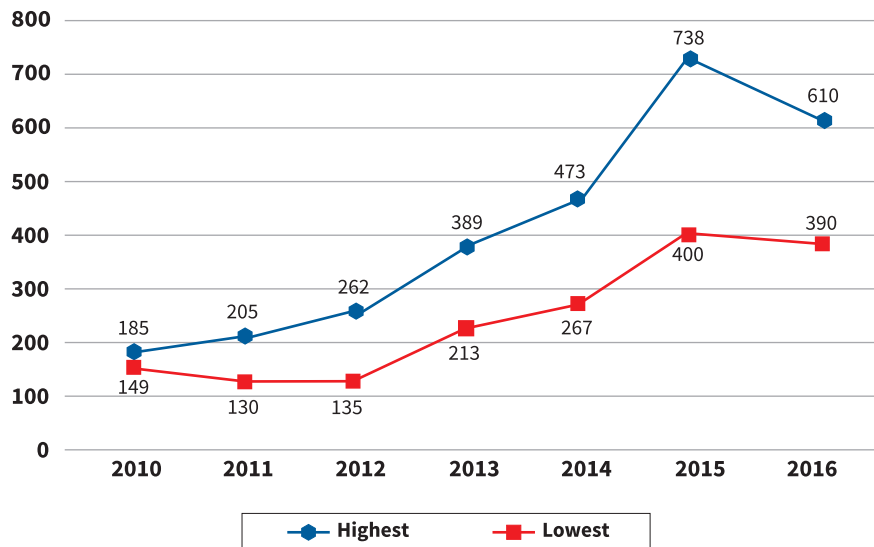
روپے ملین میں	
1,607	دورانے کے لیے کل مجموعی آمدنی
1	غیر مد بند منافع سامنے لایا گیا
440	آمدنی کے ذخائر سے منتقل شدہ
2,048	دستیاب منافع برائے مد بندی
	مد بندی
2,047	مجوزہ 600 فیصد حتمی نقد ڈیوڈنڈ
	سالانہ اجلاس عام میں منظوری کے بعد واجب الادا
1	غیر مد بند منافع آگے لایا گیا

ہمارے حصص یافتگان کی ترجیح مد نظر رکھتے ہوئے، بورڈ نے حتمی نقد ڈیوڈنڈ @ 600 فیصد کی تجویز پیش کی ہے یعنی مالی سال ختمہ 30 ستمبر 2016 کے لیے فی حصہ 60 روپے۔ یہ سوچ حصص یافتگان کو تسلسل کے ساتھ پائیدار ویلیو کی واپسی کے ہمارے عزم کے عین مطابق ہے۔



حصص کی قیمت

کمپنی کا شیئر سال کے دوران پاکستان اسٹاک ایکسچینج کے ریڈی بورڈ حوالوں کے مطابق بلند ترین سطح پر 610.00 روپے اور سب سے کم ترین سطح پر 390.00 روپے رہی۔



ہم نے جام شورو میں صاف پانی کی ایک سپلائی لائن نصب کی ہے جس کے ذریعے ہم آس پاس کے علاقے کو روزانہ تقریباً 540,000 لیٹر پانی فراہم کرتے ہیں جس پر کمپنی کافی مالی سال تقریباً 2.7 ملین روپے خرچ آتا ہے۔ ہماری جامشورو سائٹ کے علاقے میں واقع گاؤں کے باشندوں کو ہمارے سپوری فلیکشن پلانٹ سے پینے کا صاف پانی فراہم کیا جاتا ہے۔



تربیت

ہمارا نظریہ تعلیمی اور تربیتی پروگراموں کے ذریعے نوجوانوں کو بااختیار بننے کے لیے رہنمائی کرتا ہے۔ کئی عشروں سے Archroma سینٹر آف ایکسیلنس علم کی شمع اگلی نسل کو منتقل کر رہا ہے۔ اب تک Archroma 169 بچے کو تربیت فراہم کر چکی ہے جو 4,978 طلبہ پر مشتمل تھے تاکہ کاروباری ماحول میں عملی تجربہ حاصل کر سکیں۔ ہم تعلیمی اداروں اور انڈسٹری سے طلبہ کو باقاعدگی سے انٹرن شپ پیش کرتے ہیں جو انہیں ان کے متعلقہ شعبوں میں کام کے ماحول کی بنیادی باتیں سیکھنے میں مدد دیتی ہے۔ ہم حکومتی اپرنٹسز اسکیم میں بھی شریک ہو چکے ہیں۔ زیر جائزہ پیریڈ کے دوران کمپنی نے طلبہ اور ٹیکنیشنز کی مفت تربیت پر 7.7 ملین روپے خرچ کیے۔



عطیات

ہماری کمپنی مختلف سماجی، طبی اور تعلیمی اداروں کو 1.00 ملین روپے کی رقم عطیہ کر چکی ہے۔ متعدد میڈیکل سینٹرز کے ساتھ تعاون کے لیے خون کے عطیے کی مہمات کے ذریعے ملازمین میں رضا کارانہ جذبے کی حوصلہ افزائی کی گئی۔



سسٹم ایبل ایفلوئنٹ ٹریٹمنٹ (SET) پلانٹ (صفر مائع اخراج)

اس کے ذریعے 80 فیصد گنداپانی ری سائیکل ہوتا ہے جس کے نتیجے میں دریائے سندھ سے پانی کے حصول میں زبردستی کمی آ جاتی ہے۔ مینصوبہ 2012 میں 375 ملین روپے کی سرمایہ کاری کے ساتھ نصب کیا گیا تھا جو کہ علاقے میں پانی کے تحفظ کے لیے نمایاں خدمت ہے۔

SUSTAINABLE EFFLUENT TREATMENT (SET) - JAMSHORO



کارپوریٹ گورننس

لسٹنگ ریگولیشنز کے مطابق اس کمپنی نے کارپوریٹ گورننس کے ضابطے کی شرائط کی تعمیل کی ہے۔
اس کے مطابق ڈائریکٹرز مندرجہ ذیل کی توثیق کرتے ہیں:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے سے اس کے معاملات کی حالت، اس کے آپریشنز کے نتائج، نقدی کا بہاؤ اور ایکویٹی میں تبدیلیوں کو ظاہر کرتے ہیں۔
- کمپنی کے اکاؤنٹ کی مناسب بکس تیار کر لی گئی ہیں۔
- کمپنی کے مالیاتی گوشواروں کی تیاری میں مستقل طور پر درست شماریاتی پالیسیوں کا اطلاق کیا جاتا ہے سوائے برائے IFRS 13 جیسا کہ مالیاتی گوشواروں کے نوٹ 3 میں ظاہر کیا گیا ہے اور شماریاتی تخمینے قابل فہم اور محتاط اندازوں پر مبنی ہیں۔
- کمپنی کے مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات کی پاسداری کی گئی ہے۔
- کمپنی کے اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور موثر طور پر اس کا اطلاق اور مانیٹر کیا گیا ہے۔
- آرکرو مائیکسٹائل کیمیکلز پاکستان (پرائیویٹ) لمیٹڈ کو ضم کیا گیا ہے آرکرو مائیکسٹائل پاکستان لمیٹڈ میں جو یکم جنوری 2016 سے موثر ہے۔
- ایک چلتے کاروبار کے طور پر کمپنی کی جاری رہنے کی صلاحیت پر کوئی قابل ذکر شکوک موجود نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین طریقوں سے قطعی کوئی انحراف نہیں کیا گیا، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے بتایا گیا ہے۔

اخلاقیات اور کاروباری طریقوں کا بیان (ضابطہ اخلاق)

بورڈ، سینئر انتظامیہ اور دیگر ملازمین کی دیانتداری کے فروغ کے لیے پیشہ ورانہ معیارات اور کارپوریٹ اقدار رو بہ عمل لانے کے لیے بورڈ نے ایک ضابطہ اخلاق کی تشہیر کی ہے، جس میں قابل قبول اور ناقابل قبول رویوں کی وضاحت کی گئی ہے۔ جو کہ کمپنی کی ویب سائٹ پر موجود ہے۔

ڈائریکٹرز کا تربیتی پروگرام

بورڈ آف ڈائریکٹرز کی تربیت کمپنی کی کارکردگی میں حقیقی فرق لانے اور اس کی ذمہ داری پوری کرنے کے سلسلے میں مدد دیتی ہے۔ ہر بورڈ کا کمپنی کی نگرانی میں ایک منفرد کردار ہے، بشمول اسٹیک ہولڈرز کے لیے ذمہ داری چنانچہ اسے اور ضابطے کے تقاضے کو مد نظر رکھتے ہوئے تین ڈائریکٹرز یہ ڈائریکٹرز ٹریننگ پروگرام پورا کر چکے ہیں۔ مزید یہ کہ کارپوریٹ گورننس کے ضابطے کے تحت ایک ڈائریکٹرز اتھنٹی کی شرط پر پورا اترتا ہے

سال کے دوران منعقدہ بورڈ کے اجلاس

زیرجائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد کیے گئے جن میں ڈائریکٹرز کی حاضری مندرجہ ذیل کے مطابق رہی:

ڈائریکٹرز کے نام	عہدہ	حاضری
مجتبیٰ رحیم	ایگزیکٹو ڈائریکٹر	4
ڈاکٹر ایں مبارک علی	نان ایگزیکٹو ڈائریکٹر	3
ایم وقار عارف	ایگزیکٹو ڈائریکٹر	4
رولینڈ وٹیل	نان ایگزیکٹو ڈائریکٹر	-
تھامس ونکلر	نان ایگزیکٹو ڈائریکٹر	-
ہنس لارنس (متبادل: ظفیر حسین)	نان ایگزیکٹو ڈائریکٹر	4
راحت کونین حسن	آزاد نان ایگزیکٹو ڈائریکٹر	3

ان ڈائریکٹرز کو جو بورڈ کے اجلاسوں میں حاضر نہیں ہو سکتے تھے غیر حاضری کی چھوٹ دی گئی تھی اور ان کی نمائندگی ان کے معزز متبادل نے کی۔

سال کے دوران منعقدہ آڈٹ کمیٹی کے اجلاس

آڈٹ کمیٹی تین ارکان پر مشتمل ہے، بشمول چیئرمین سب ہی نان ایگزیکٹو ڈائریکٹرز ہیں۔ چار اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی شرکت مندرجہ ذیل کے مطابق رہی:

ڈائریکٹرز کے نام	عہدہ	حاضری
ڈاکٹر ایں مبارک علی	نان ایگزیکٹو ڈائریکٹر	3
ہنس لارنس (متبادل: ظفیر حسین)	نان ایگزیکٹو ڈائریکٹر	4
راحت کونین حسن	آزاد نان ایگزیکٹو ڈائریکٹر	3

ان ڈائریکٹرز کو جو آڈٹ کمیٹی کے اجلاسوں میں حاضر نہیں ہو سکتے تھے غیر حاضری کی چھوٹ دی گئی تھی اور ان کی نمائندگی ان کے معزز متبادل نے کی۔

سال کے دوران منعقدہ HR&R کا اجلاس

زیر جائزہ پیریڈ کے دوران ایک اجلاس منعقد ہوا اور ڈائریکٹرز کی حاضری مندرجہ ذیل کے مطابق رہی:

ڈائریکٹرز کے نام	عہدہ	حاضری
ڈاکٹر ایں مبارک علی	ایگزیکٹو ڈائریکٹر	1
مجتبیٰ رحیم	نان ایگزیکٹو ڈائریکٹر	1
تھامس ڈکٹر	نان ایگزیکٹو ڈائریکٹر	-

ان ڈائریکٹرز کو جو اجلاس میں حاضر نہیں ہو سکتے تھے غیر حاضری کی چھوٹ دی گئی تھی۔

گریجویٹی اور پراویڈنٹ فنڈز

حالیہ غیر جانچ شدہ کھاتے 30 جون 2016 اور جانچ شدہ 30 جون 2015 پر پراویڈنٹ فنڈز کی سرمایہ کاری کی قدر مندرجہ ذیل کے مطابق ہے:

2015	2016
(روپے ملین میں)	(روپے ملین میں)
جانچ شدہ	غیر جانچ شدہ
822	741
596	645

گریجویٹی فنڈ

ایمپلائز پراویڈنٹ فنڈ

سرمایہ کاری کی قدر میں حاصل شدہ منافع شامل ہے۔

ہولڈنگ کمپنی

Archroma Textiles S.a.r.l. (Archroma) ایک عالمی ادارہ ہے جو رنگ اور خصوصی کیمیکلز فراہم کرتا ہے۔ یہ کمپنی 3000 ملازمین، 25 پروڈکشن سائٹس کے ساتھ دنیا کے 35 ممالک میں موجودگی رکھتی ہے، ایک نئی کمپنی کی صورت میں آئی ہے تاکہ مقامی اور عالمی مارکیٹوں میں کسٹمرز کی ضرورتوں کو بہتر طور پر پورا کر سکے، اس کا رجسٹرڈ دفتر Luxembourg میں واقع ہے اور ہیڈ کوارٹر Reinach, Switzerland میں واقع ہے۔

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عوام الناس Archroma پاکستان لمیٹڈ کی ویب سائٹ www.archroma.com.pk پر وزٹ کر سکتے ہیں جس پر سرمایہ کاروں کے لیے متعلقہ معلومات پر مشتمل مخصوص سیکشن موجود ہے۔

مابعد واقعات

کمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالیاتی پوزیشن کو متاثر کرنے والی ذمہ داریاں یا کوئی اہم تبدیلی واقع نہیں ہوئی۔

مالیاتی گوشوارے اور آڈیٹرز

کمپنی کے مالیاتی گوشواروں کی جانچ پڑتال اور توثیق کی جا چکی ہے، بغیر مطلوبہ استعداد بذریعہ آڈیٹرز، KPMG تاثیر ہادی اینڈ کو۔ چارٹرڈ اکاؤنٹنٹس۔ مزید، موجودہ آڈیٹرز، KPMG تاثیر ہادی اینڈ کو۔ چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ اور اہل، نے دوبارہ اپنی تعیناتی کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز، کمپنی کے لیے بطور آڈیٹرز برائے سال ختمہ 30 ستمبر 2017، باہمی متفقہ فیس پر، ان کی دوبارہ تعیناتی کے لیے سفارش کو منظور کرتا ہے۔

کلیدی آپریٹنگ اور مالیاتی ڈیٹا

گزشتہ چھ برسوں کے لیے اہم آپریٹنگ اور مالیاتی ڈیٹا صفحہ نمبر 37 پر دیا گیا ہے۔

حصہ داری کا نمونہ

حصہ داری کے نمونے کا بیان صفحہ نمبر 86 پر دیا گیا ہے۔

سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات اور چھوٹے بچوں کے ذریعے کمپنی کے حصص میں ٹریڈنگ نہیں ہوئی۔

اعتراف

یہ بورڈ عملے کے تمام اراکین اور ورکرز کی سخت حالات کے دوران بہترین کارکردگی پر شکریہ ادا کرتا ہے اور مستقبل میں مزید اہداف کے حصول کی توقع رکھتا ہے۔ میں بورڈ کی جانب سے نہایت قابل قدر حصص یافتگان، کسٹمرز، سپلائرز، کنٹریکٹرز، بینکرز اور دیگر اسٹیک ہولڈرز کے تعاون، اعتماد اور بھروسے کے لیے شکریہ ادا کرتا ہوں۔ ان تمام ملازمین کا شکریہ بھی واجب الادا ہے جن کی وفاداری، لگن اور سخت محنت سے کمپنی نے اپنے مقاصد حاصل کیے۔

بورڈ کی جانب سے

مجتبیٰ رحیم

چیرمین اور چیف ایگزیکٹو آفیسر

کراچی: 31 اکتوبر 2016

AWARDS AND ACCREDITATIONS

Top 25 Companies Award

Archroma Pakistan Limited has kept up with its tradition of being among the top performers. Archroma Pakistan has been honored for the 14th consecutive year from 2001 till 2014 with Top 25 Companies Award.

The award is validating the well planned corporate business strategy of the management of Archroma Pakistan Limited based on prudence and cautiousness and which is proactively aligned to meet challenges even in the difficult operating environment.



Our CEO, Mr. Mujtaba Rahim receiving the Top Companies Award for the year 2014 from the honorable Prime Minister, Mr. Nawaz Sharif.

/ AWARDS AND ACCREDITATIONS

MAP'S Corporate Excellence Award

Archroma Pakistan Limited awarded with 31st Corporate Excellence Certificate in chemical sector for the 5th time continuously in a row by Management Association of Pakistan (MAP)

MAP annually organizes 'Corporate Excellence Awards' to recognize and honor the best managed companies in Pakistan that follow guidelines and principles of latest management techniques by awarding them Corporate Excellence Award through an extensive, transparent process.

In Chemical sector there are many companies in contest based on the most successful track records and demonstrating outstanding performance, Archroma Pakistan Limited is the winner of the Corporate Excellence Certificate in the Chemical sector. Evaluation process is so exacting and rigorous that only the best run companies can get through the same.



Our Director & Company Secretary, Mr. Veqar Arif on behalf of Archroma Pakistan Limited receiving 31st Corporate Excellence Certificate at Corporate Excellence Award ceremony.

AWARDS AND ACCREDITATIONS

Global Safety, Health & Environment (SHE) Award

Environment protection demands extra attention and care from chemical industries because unsafe exposure to industrial hazards is the result of negligence and unawareness towards the materials, working conditions and procedures. These hazards, once overlooked for whatever reason, have devastating effect on human life and the business. We being responsible for the future of our children should act in a responsible manner to save our environment from hazards of chemicals. In order to ensure this we have to protect our land, water and air from pollution.

Based on our contribution towards Safety, Health and Environment (SHE) we have been blessed with a Archroma Global SHE Award in the ceremony held at Barcelona, Spain.



Our Head of Operations Mr. Qazi Naeemuddin receiving the Archroma Global SHE Award from the group CEO Mr. Alexander Wessels at ceremony.

/ AWARDS AND ACCREDITATIONS

Employer of the Year Award

Our company continued to garner accolades during the period under review. The accomplishments are as follows:

- Best Chief Executive Officer Award
- Employer of the year Award
- Excellence in best HR practices

These awards were presented in recognition of the Company's ingenious Human Resource Processes, outstanding leadership, commitment to creation of supportive workplaces and excellent performance in business and industry.



Environmental Excellence Award

Archroma Pakistan Limited being among top ten winners has won "Environment Excellence Award 2016" for the 8th time for an outstanding contribution towards sustainable development and in protecting the environment for Greener Pakistan by the National Forum for Environment & Health (NFEH).



/ AWARDS AND ACCREDITATIONS

Fire & Safety Award

The management places utmost emphasis on protecting the life and property belonging to the Company from fire hazards. The efforts of the Company towards this end recognized by National Forum for Environment & Health (NFEH) and Fire Protection Association of Pakistan (FPAP) in form of Fire and Safety Award - 2016 awarded to our company



Green Office Certification

Our Landhi site has been certified by WWF as a Green Office. This certification signifies that we meet and exceed conservation standards in terms of energy efficiency, resource conservation and environmental protection. The initiative results in cost savings and engages employees in the Company's sustainability goals. This certification is a testament to the facts that we are eager to go above and beyond environmental standards and do everything possible to protect and safeguard the interests of our people and the planet.



Biosynthetic dyes - in a nutshell

Sustainability is a key motivating factor in technological innovations available to textile mills and brand owners and a demand for more eco-conscious fashion is impacting developments in the textile chemicals business. At Archroma we are dedicated to developing the latest technologies to deliver fashion trends in the most sustainable ways possible. With the introduction of EARTHCOLORS, Archroma has provided the possibility to choose the fashion with the least environmental impact.

EARTHCOLORS are based on a range of biosynthetic dyes for cotton and cellulose based fabrics. The rich red, brown and green colours for denim and casual wear are derived from agricultural waste products like almond shells, saw palmetto, rosemary leaves and other natural products that would otherwise have been sent to landfills. In this transformation of biomass from waste products of the agriculture, not a single square meter of land is set aside to growing the raw material for these dyes, so there is no competition for arable land.



EARTHCOLORS (EC) equal the fixation rate, fastness and overall performance of existing range of Sulphur Dyes made from conventional petroleum based raw materials. This new development is a 'step-change' in coloration and synthetic dye technology. As the origin of these dyes is classed as a natural polymer, EC products are compliant with European REACH requirements.

EARTHCOLORS BY ARCHROMA

Consumers are also asking for transparency and traceability of products used in clothing. Thanks to smart Near Field Communications (NFC) technology, EARTHCOLORS dyes are fully traceable - from natural waste material to store. Every garment coloured with EC has a hang tag incorporated with a chip. Information stored on this unique chip is drawn from a database managed by Archroma and can contain information such as the mill which dyed the fabric, where the garment was laundered, as well as the source of bio-based raw material; thus representing a true link from origin of the biomass through to the final garment. Information for this chip can be accessed by the prospective buyer in the shop using NFC technology through their Smart Phone.

The beauty of this concept is its full integration in the supply chain and strong partnership between the brand, textile mills and Archroma, which allows them to work together from the start of a new collection with full traceability and greater efficiency. Calculations based on the dye recipes and the brand's garment collections enable the quantity of biosynthetic dyestuff used to be tightly controlled as well as the number of NFC labels for the correct product authenticity and traceability.

The combination of sustainability, supply chain transparency, garment traceability, and ease of application at the mills combine to make EARTHCOLORS one of the textile industry's most exciting recent developments.



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SIX YEARS AT A GLANCE

	2016	2015	2014	2013	2012	2011
	----- (Rupees '000) -----					
Property, plant and equipment	1,815,404	1,934,400	1,021,329	907,724	1,421,156	1,163,160
Net assets excluding bank borrowings	4,176,773	4,397,248	4,049,494	3,942,669	3,814,501	2,754,342
Total assets employed	<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>	<u>3,917,502</u>
Share capital	341,179	341,179	341,179	341,179	341,179	341,179
Revenue reserves and unappropriated profit	5,046,233	4,291,729	3,837,067	4,509,214	3,289,163	2,727,008
Bank borrowings	604,765	1,698,740	892,577	-	1,605,315	849,315
Total funds employed	<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>	<u>3,917,502</u>
Net sales	11,350,227	8,828,624	6,872,277	9,620,351	9,859,790	8,371,140
Profit before taxation	2,320,392	1,580,064	1,258,668	2,414,320	1,482,303	1,040,888
Profit after taxation	1,720,031	1,241,982	1,053,408	1,904,814	1,190,226	778,253
Cash dividend - %	600	250	250	500	200	180
Earnings per share - Rupees	50.41	36.40	30.88	55.83	34.89	22.81
Break-up value per share - Rupees	157.91	135.79	122.46	142.2	106.4	89.93
Current Ratio	2.33	1.73	2.27	3.57	1.70	2.12
Assets Turnover	1.31	0.98	1.02	1.48	1.40	1.54
Return on Assets %	26.72	17.47	18.71	37.21	21.05	19.23
Return on Equity %	43.07	34.11	30.12	49.78	40.83	33.92
Pay-out Ratio after tax	119.02	68.68	80.96	89.56	57.32	78.91

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance 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 Director meets the criteria of independence under clause 5.19.1(b) of Rule book of Pakistan Stock Exchange Limited (PSX).

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 2016. 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 exemption 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: 31st October, 2016



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

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Fax: + 92 (21) 3568 5065
Internet: www.kpmg.com.pk

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 2016 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 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 2016.

Date: 31 October 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



KPMG Taseer Haddi & Co.
Chartered Accountants
Sheikh Sultan Trust, Building No. 2
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Karachi, 75530 Pakistan

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Fax: + 92 (21) 3588 5065
Internet: www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed balance sheet of **Archroma Pakistan Limited** ("the Company") as at 30 September 2016 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 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 includes 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 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 Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the change as stated in note 3 with which we concur;
 - 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 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 2016 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, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 31 October 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

/ FINANCIAL STATEMENTS

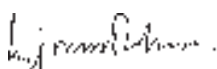


BALANCE SHEET

As at 30 September 2016

	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
ASSETS			
Non - current assets			
Property, plant and equipment	5	1,815,404	1,934,400
Long term loans	6	6,138	14,187
Long term deposits		3,046	4,796
Long term prepayments		1,894	2,184
		1,826,482	1,955,567
Current assets			
Stores and spares	7	32,621	38,580
Stock-in-trade	8	1,641,480	1,709,874
Trade debts	9	2,755,252	2,733,375
Loans and advances	10	10,722	16,294
Trade deposits and short-term prepayments	11	49,322	68,399
Other receivables	12	2,003,150	2,076,412
Taxation - net		27,285	92,312
Cash and bank balances	13	337,515	351,554
		6,857,347	7,086,800
TOTAL ASSETS		8,683,829	9,042,367
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	14	341,179	341,179
Revenue reserves		3,248,000	2,983,000
Unappropriated profit		1,798,233	1,308,729
Shareholders' equity		5,387,412	4,632,908
LIABILITIES			
Non - current liabilities			
Deferred taxation - net	15	113,729	263,349
Deferred liabilities	16	186,892	9,481
Liabilities against assets subject to finance lease	17	51,069	37,311
		351,690	310,141
Current liabilities			
Trade and other payables	18	2,312,853	2,367,666
Mark-up accrued	19	7,173	19,472
Short-term borrowings	20	604,765	1,698,740
Current portion of liabilities against assets subject to finance lease	17	19,936	13,440
		2,944,727	4,099,318
		3,296,417	4,409,459
Contingencies and commitments	21		
TOTAL EQUITY AND LIABILITIES		8,683,829	9,042,367

The annexed notes 1 to 44 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



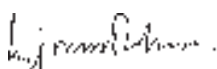
M Veqar Arif
Director and Chief Financial Officer

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2016

	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Sales		12,473,706	9,805,929
Discounts and commission		667,311	591,335
Sales tax		456,168	385,970
		1,123,479	977,305
Net sales	22	11,350,227	8,828,624
Cost of goods sold	23	7,680,189	6,295,488
Gross profit		3,670,038	2,533,136
Distribution and marketing expenses	24	762,766	642,111
Administrative expenses	25	325,988	237,827
Other expenses	28	186,480	110,028
		1,275,234	989,966
Other income	29	53,907	171,261
		2,448,711	1,714,431
Finance costs	30	128,319	134,367
Profit before taxation		2,320,392	1,580,064
Taxation - net	31	600,361	338,082
Profit for the year		1,720,031	1,241,982
Other comprehensive income			
<i>Items that will never be reclassified to profit and loss account:</i>			
Remeasurement of post-employment obligations		(148,484)	85,445
Related tax thereon		35,904	(19,818)
		(112,580)	65,627
Total comprehensive income for the year		1,607,451	1,307,609
		(Rupees)	(Rupees)
Earnings per share	32	50.41	36.40

The annexed notes 1 to 44 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



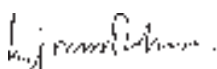
M Veqar Arif
Director and Chief Financial Officer

CASH FLOW STATEMENT

For the year ended 30 September 2016

	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	2,751,725	1,994,272
Staff gratuity contribution - withdrawn / (paid)		59,897	(15,622)
Other long term employee benefits paid		(2,396)	-
Mark-up paid		(135,656)	(88,603)
Income taxes paid		(649,050)	(499,294)
Movement in long term loans		8,049	8,858
Movement in long term deposits and prepayments		2,040	(1,869)
Net cash generated from operating activities		2,034,609	1,397,742
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(87,604)	(30,214)
Proceeds from disposal of operating fixed assets		4,933	160
Investment to acquire business unit		-	(1,372,800)
Net cash used in investing activities		(82,671)	(1,402,854)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against finance lease obligations		(24,505)	(8,597)
Short-term borrowings - proceeds		200,000	1,535,000
Short-term borrowings - repayments		(635,000)	(1,625,000)
Dividend paid		(847,497)	(847,669)
Net cash used in financing activities		(1,307,002)	(946,266)
Net increase / (decrease) in cash and cash equivalents		644,936	(951,378)
Cash and cash equivalents at the beginning of the year		(912,186)	39,192
Cash and cash equivalents at the end of the year	39	(267,250)	(912,186)

The annexed notes 1 to 44 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



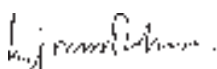
M Veqar Arif
Director and Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016

	Issued, subscribed and paid-up capital	Revenue reserves	Unappro- priated profit	Total
	----- (Rupees in '000) -----			
Balance as at 30 September 2014	341,179	2,803,000	1,034,067	4,178,246
Transactions with owners of the Company - Distribution				
- Final dividend at 250% (i.e. Rs.25 per share) for the year ended 30 September 2014	-	-	(852,947)	(852,947)
Transfer to revenue reserves appropriated subsequent to year end	-	180,000	(180,000)	-
Total comprehensive income for the year ended 30 September 2015				
Profit for the year	-	-	1,241,982	1,241,982
Other comprehensive income - remeasurement of post-employment obligation - net of tax	-	-	65,627	65,627
	-	-	1,307,609	1,307,609
Balance as at 30 September 2015	341,179	2,983,000	1,308,729	4,632,908
Transactions with owners of the Company - Distribution				
- 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)	-
Total comprehensive income for the year ended 30 September 2016				
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
Balance as at 30 September 2016	341,179	3,248,000	1,798,233	5,387,412

The annexed notes 1 to 44 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 2016

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 Luxemburg, 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 emulsions. It also acts as an indenting agent.

1.1 Amalgamation of Archroma Textiles Chemicals Pakistan (Private) Limited into the Company

Archroma Textiles Chemicals Pakistan (Private) Limited (ATCPPL) was incorporated on 18 January 1964. ATCPPL is engaged in the business of manufacturing and trading of chemicals for textile and leather industries. The Company acquired 100% equity of ATCPPL on 31 July 2015 and ATCPPL became the wholly owned subsidiary of the Company. Shareholders of the Company in their Extra Ordinary General Meeting held on 3 June 2016 approved the proposed Scheme of Amalgamation (the Scheme) for the merger of ATCPPL in to the Company under the 'Scheme of Amalgamation' which provides as under:

- a) as of 1 January 2016 (the effective date of amalgamation), the entire undertaking of ATCPPL, inclusive of all its assets, liabilities, rights and obligations have been transferred to and vested in the Company;
- b) as a result of the amalgamation, the shares of ATCPPL shall stand cancelled and ATCPPL has been dissolved without winding up.

The above Scheme was subject to sanction by the Honorable High Court of Sindh as required under Section 287(1) of the Companies Ordinance, 1984 (the Ordinance). The Honorable High Court of Sindh vide its Order dated 31 August 2016 has approved the Scheme of Arrangement. The Court order has been filed with registrar of the companies on 6 September 2016 as required under Section 284(3) and 287(3) of the Ordinance. As the Company controlled ATCPPL from 31 July 2015, consequentially, the assets and liabilities and items of profit and loss account have been included in the financial statements from 1 October 2015. Further, the comparative figures appearing in balance sheet, profit and loss account and statement of changes in equity are those as disclosed in consolidated financial statements of the Company for the year ended 30 September 2015 which incorporate profit and loss of the Company for twelve months and two months i.e. August 2015 and September 2015 (post acquisition) for ATCPPL.

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 Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions, or directives of the Companies Ordinance, 1984 shall prevail.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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.

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);
- ii) estimation in writing down items of stores and spares to their net realisable value (notes 4.3)
- iii) estimation in writing down items of stock-in-trade to their net realisable value (notes 4.4);
- iv) estimation of provision for impairment of trade debts (notes 4.5);
- v) provision for taxation (notes 4.6);
- vi) Measurement of defined benefit obligation : key actuarial assumptions (notes 4.10.1b and 4.10.1c);
- vii) Lease classification (notes 4.16);
- viii) Recognition and measurement of provisions and contingencies (notes 4.12 and 21).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS

Standards, amendments or interpretations which became effective during the year

During the year, certain standards became effective which did not have material affect on these financial statements except IFRS 13 'Fair Value Measurement' which resulted in disclosure provided in note 40 to these financial statements. IFRS 13 introduces the use of the exit price and defines fair value as the price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with transitional provision of the IFRS 13, the Company has applied the standard prospectively and has not provided any comparative information for new disclosure.

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 July 2016. 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 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2016).
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016).
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016).
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017
- 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
- 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
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
 - IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
 - IFRS 7 'Financial Instruments- Disclosures'
 - IAS 19 'Employee Benefits'
 - IAS 34 'Interim Financial Reporting'

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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 except as disclosed in note 3.

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.

Depreciation is charged on additions from the month the asset is available for use and on disposals upto 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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.

'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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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 cashflows from the asset expires or it transfers the right to receive the contractual cashflows 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 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 an integral part of Company's cash management. Short-term running finances are shown within short-term borrowings in current liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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 Staff benefits

4.10.1 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.

4.10.2 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.

4.11 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.

4.12 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

4.13 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.

4.14 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.

4.15 Expenses

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

4.16 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.

4.17 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 2016

5. PROPERTY, PLANT AND EQUIPMENT

Note

30 September
2016
(Rs '000)

30 September
2015
(Rs '000)

Operating fixed assets
Capital work-in-progress

5.1
5.5

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

1,929,326
5,074
1,934,400

5.1 Operating fixed assets:

At 1 October 2015

Cost
Accumulated depreciation
Net book value

Year ended 30 September 2016

Opening net book value
Additions

Disposals / write-offs
Cost
Accumulated depreciation

Depreciation charge for the year

Closing net book value

At 30 September 2016

Cost
Accumulated depreciation
Net book value

Depreciation rate: % per annum

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)									
47	392,232	159,593	502,469	2,044,407	520,654	27,180	42,437	32,168	3,721,187
-	(4,549)	(37,658)	(243,521)	(1,079,072)	(391,626)	(5,029)	(26,652)	(3,754)	(1,791,861)
47	387,683	121,935	258,948	965,335	129,028	22,151	15,785	28,414	1,929,326
47	387,683	121,935	258,948	965,335	129,028	22,151	15,785	28,414	1,929,326
-	-	17,326	8,497	17,582	30,532	10,124	5,195	34,635	123,891
-	-	39	-	4,050	28,755	-	8,868	-	41,712
-	-	(39)	-	(4,050)	(28,460)	-	(5,459)	-	(38,008)
		-	-	-	295	-	3,409	-	3,704
	(3,962)	(5,789)	(22,012)	(145,234)	(44,952)	(9,425)	(7,113)	(9,168)	(247,655)
47	383,721	133,472	245,433	837,683	114,313	22,850	10,458	53,881	1,801,858
47	392,232	176,880	510,966	2,057,939	522,431	37,304	38,764	66,803	3,803,366
-	(8,511)	(43,408)	(265,533)	(1,220,256)	(408,118)	(14,454)	(28,306)	(12,922)	(2,001,508)
47	383,721	133,472	245,433	837,683	114,313	22,850	10,458	53,881	1,801,858
-	1.00%	3.33%	2.5 - 10%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%	

30 September 2015

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)									
47	-	-	447,522	1,253,050	432,824	-	96	-	2,133,539
-	-	-	(222,126)	(737,687)	(341,440)	-	(96)	-	(1,301,349)
47	-	-	225,396	515,363	91,384	-	-	-	832,190

At 1 October 2014

Cost
Accumulated depreciation
Net book value

Year ended 30 September 2015

Opening net book value
Additions

Addition due to acquisition of business unit

- Cost
- Accumulated depreciation

Disposals / write offs:

Cost
Accumulated depreciation

Depreciation charge for the year

Closing net book value

At 30 September 2015

Cost
Accumulated depreciation
Net book value

Depreciation rate: % per annum

-	392,232	159,593	-	691,783	33,668	-	42,341	-	1,319,617
-	(1,866)	(36,819)	-	(237,374)	(22,157)	-	(23,478)	-	(321,694)
-	390,366	122,774	-	454,409	11,511	-	18,863	-	997,923
-	-	-	-	88	3,087	-	-	-	3,175
-	-	-	-	(88)	(3,087)	-	-	-	(3,175)
-	(2,683)	(839)	(21,395)	(104,099)	(31,116)	(5,029)	(3,078)	(3,754)	(171,993)
47	387,683	121,935	258,948	965,335	129,028	22,151	15,785	28,414	1,929,326
47	392,232	159,593	502,469	2,044,407	520,654	27,180	42,437	32,168	3,721,187
-	(4,549)	(37,658)	(243,521)	(1,079,072)	(391,626)	(5,029)	(26,652)	(3,754)	(1,791,861)
47	387,683	121,935	258,948	965,335	129,028	22,151	15,785	28,414	1,929,326
-	1.00%	3.33%	2.5 - 10%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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

	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Cost of goods sold	23	212,992	149,197
Distribution and marketing expenses	24	19,993	14,315
Administrative expenses	25	14,670	8,481
		<u>247,655</u>	<u>171,993</u>

5.3 Details of property, plant and equipment disposed of / written off during the year:

Description	Mode of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
(Rupees in '000)						
Furniture, fixtures and equipment disposed off having book values below Rs. 50,000	Negotiation / Company policy	28,755	28,460	295	846	Scrapped
Honda Civic i-Vtec model 2011	Company policy	1,673	1,673	-	347	Sold to employee
Honda City	Company policy	1,450	1,063	387	411	Sold to ex- employee
Honda City Automatic	Company policy	1,532	1,225	307	362	Sold to ex- employee
Toyota Corolla 1300CC	Company policy	1,650	468	1,182	1,210	Sold to ex- employee
Honda Civic i-Vtec model 2014	Company policy	2,091	558	1,533	1,603	Sold to employee
Motor Cycle	Company policy	68	68	-	9	Sold to 3rd party
Suzuki Potohar		404	404	-	145	Sold to ex- employee
		<u>37,623</u>	<u>33,919</u>	<u>3,704</u>	<u>4,933</u>	
Building, Plant and Machinery written-off having zero book value		<u>4,089</u>	<u>4,089</u>	<u>-</u>	<u>-</u>	Write - off

5.4 The above disposals include vehicle having book value of Rs. 1.533 million disposed of to key management personnel for Rs. 1.603 million as per Company's policy.

5.5 Capital work-in-progress

	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Civil works	662	-
Plant and machinery	12,884	-
Equipment	-	5,074
	<u>13,546</u>	<u>5,074</u>

6. LONG TERM LOANS

Considered good - secured

Due from:

Executives	9,061	18,312
Employees	6,042	8,192
	<u>15,103</u>	<u>26,504</u>
Less: Receivable within one year	<u>(8,965)</u>	<u>(12,317)</u>
	<u>6,138</u>	<u>14,187</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 2016 Executives	30 September 2015 Executives
Opening balance	18,312	33,347
Repayments during the year	(9,251)	(15,035)
Closing balance	<u>9,061</u>	<u>18,312</u>

6.3 The maximum aggregate amount due from the Executives at the end of any month during the year were Rs. 17.352 million (2015: Rs. 28.299 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

7. STORES AND SPARES	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Stores		21,062	29,920
Spares		5,968	7,853
In transit		5,591	807
		32,621	38,580
7.1 Provision against slow moving and obsolete stores and spares amounts to Rs. 15.83 million (2015: Rs. 24.48 million).			
8. STOCK-IN-TRADE		30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Raw and packing materials including goods in transit of Rs 208.581 million (2015: Rs 356.043 million)		989,137	1,026,297
Work-in-process	23	49,203	96,964
Finished goods including goods in transit of Rs 49.861 million (2015: Rs 27.82 million)	8.1 & 23	603,140	586,613
		1,641,480	1,709,874
8.1 This includes imported finished goods amounting to Rs 152.732 million (2015: Rs 134.730 million).			
8.2 Provision against slow moving and obsolete stock amounts to Rs. 60.17 million (2015: Rs. 39.59 million).			
9. TRADE DEBTS		30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Related parties - considered good and secured			
- Archroma Turkey Kimya		-	3,408
- PT Archroma Indonesia		2,406	-
- Archroma (Thailand) Limited		23,746	4,907
- Archroma Argentina SAS		1,714	3,976
- Archroma Hong Kong (Private) Limited		-	3,708
- Archroma Peru S.A.		6,329	-
- Archroma Singapore Pte Limited		56,321	59,858
- Archroma Chemicals China Limited		-	1,943
- Archroma India Private Limited		2,126	1,524
- Archroma U.S Inc		1,912	-
- PT Archroma Specialties		2,350	4,819
		96,904	84,143
Others - considered good:			
- Secured		135,804	122,339
- Unsecured		2,522,544	2,526,893
		2,755,252	2,733,375
Others - considered doubtful		389,349	390,992
		3,144,601	3,124,367
Less: Provision for impairment against trade debts	9.1	(389,349)	(390,992)
		2,755,252	2,733,375
9.1 Reconciliation of provision for impairment against trade debts			
Opening provision		390,992	120,715
Addition due to acquisition of business unit		-	287,211
Written-off during the year		(7,229)	(16,934)
Charge for the year		5,586	-
Closing provision		389,349	390,992

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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

	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Not past due		92,153	56,826
Past due 1-60 days		4,751	27,317
Total		96,904	84,143
10. LOANS AND ADVANCES			
Considered good - secured			
Current portion of loans and advances			
Amounts due from:			
- Executives		6,488	9,152
- Employees		2,477	3,165
	6	8,965	12,317
Considered good - unsecured			
Advances for supplies and services		1,757	3,977
		10,722	16,294
11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits		35,990	55,817
Short-term prepayments		13,332	12,582
		49,322	68,399
12. OTHER RECEIVABLES			
Due from the Government:			
- Sales tax		1,968,710	2,001,962
- Others (rebates)		848	2,737
		1,969,558	2,004,699
Indenting commission due from:			
- Related parties - group companies	12.1	1,196	1,520
- Others		1,180	600
Receivable from Gratuity fund (related party)	26.1.6	-	57,341
Receivable from Provident fund (related party)		3,227	514
Others		27,989	11,738
		2,003,150	2,076,412

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

	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Archroma Management GmbH	584	965
P.T. Archroma Indonesia	34	14
Archroma India Pvt Limited	195	132
Archroma Thailand	207	-
Archroma Hong Kong	176	409
	1,196	1,520

12.1.1 The above balances are current and not past due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

13.	CASH AND BANK BALANCES	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
	With banks in current accounts		65,723	44,771
	Cash in hand		1,217	4,042
	Cheques in hand		270,575	302,741
			337,515	351,554
14.	SHARE CAPITAL			
14.1	Authorised capital			
	2016 Number of shares	2015		
	50,000,000	50,000,000	Ordinary shares of Rs 10 each	500,000
14.2	Issued, subscribed and paid-up capital			
	2016 (Number of shares)	2015	2016 (Rs '000)	2015 (Rs '000)
	7,441,639	7,441,639	Ordinary shares of Rs. 10 each issued for consideration other than cash	74,416
	26,676,242	26,676,242	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	266,763
	34,117,881	34,117,881	341,179	341,179
14.3	Archroma Textiles S.a.r.l., Luxembourg held 25,588,533 (2015: 25,588,533) ordinary shares of Rs 10 each at 30 September 2016.			
15.	DEFERRED TAXATION - NET		30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
	<i>Deferred tax liabilities arising on taxable temporary differences:</i>			
	Accelerated tax depreciation allowance and others		288,260	384,890
	Employees retirement benefits - net		-	10,881
			288,260	395,771
	<i>Deferred tax assets arising on deductible temporary differences:</i>			
	Provision for impairment against trade debts		94,144	116,151
	Provision for slow moving stock and stores & spares		18,028	2,200
	Other long term employee benefits		2,512	2,215
	Obligation under finance lease		17,169	11,856
	Employees retirement benefits - net		42,678	-
			174,531	132,422
			113,729	263,349
16.	DEFERRED LIABILITIES			
	Other long term employee benefits	16.1	10,387	9,481
	Employee retirement benefits	26.1.6	176,505	-
			186,892	9,481
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. 1.642 million (2015: Rs. 7.009 million) has been recognised in profit and loss account during the year.			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2016	2015	2016	2015	2016	2015
	(Rupees in '000)					
Not later than one year	24,944	17,666	5,008	4,226	19,936	13,440
Later than one year and not later than five years	54,214	42,656	3,145	5,345	51,069	37,311
	79,158	60,322	8,153	9,571	71,005	50,751
Less: Current portion shown under current liabilities					19,936	13,440
					51,069	37,311

The lease rentals carry markup at 6 months KIBOR +1%. The said markup 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 are transferred to the Company upon the payment of 20% or 25% of the cost of the asset. For Ijarah arrangements entered during the year, the Company intends to acquire such assets at the end of lease term and has consequentially recorded such arrangements as finance lease under IAS 17 "Leases".

18. TRADE AND OTHER PAYABLES	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Creditors		396,232	550,286
Accrued liabilities	18.1	439,452	463,234
Advance from customers		7,919	-
Bills payable:			
- Related parties		280,734	274,882
- Others		913,622	801,485
Export commission payable to Archroma Management GmbH		23,539	38,504
Unclaimed dividend		37,916	32,466
Workers' Profit Participation Fund	18.2	58,615	39,317
Workers' Welfare Fund		109,847	109,064
Royalty payable to Archroma Management GmbH		8,072	7,294
Payable to employees cooperative society (related party)	18.3	20,419	17,946
Royalty Payable to previous owners of acquired business unit		-	18,692
Deduction from employees against vehicles		5,520	6,082
Others		10,966	8,414
		2,312,853	2,367,666

18.1 Included in accrued liabilities is an amount of Rs 78.37 million (30 September 2015: Rs 47.84 million) in respect of employees compensated absences.

18.2 Workers' Profit Participation Fund		30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Opening Balance		39,317	12,608
Addition due to acquisition of business unit		-	30,498
Allocation for the year	28	124,792	75,497
		164,109	118,603
Interest on funds utilised in the Company's business	30	1,832	3,425
		165,941	122,028
Less: Amounts paid to and on behalf of the fund		107,326	82,711
Closing Balance		58,615	39,317

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

18.3 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.

19. MARK-UP ACCRUED	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Mark-up accrued on:			
Short-term finance facilities		6,261	17,864
Short term borrowing under Export Refinance Scheme		912	1,608
		7,173	19,472
20. SHORT-TERM BORROWINGS - SECURED			
From banking companies			
Short-term running facilities under Islamic mode	20.1	604,765	653,462
Short-term running finance	20.2	-	610,278
Short term borrowing under Export Refinance Scheme	20.3	-	435,000
		604,765	1,698,740

20.1 Short term running facilities are available under Islamic financing from various banks under profit arrangements, amounting to Rs. 2,400 million (2015: Rs. 1,200 million). These facilities have various maturity dates upto 31 August 2017. 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 3 month KIBOR + 0.8% to 3 month 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. 1,795.24 million (2015: 546.54 million).

20.2 Short term running finance facilities are available from various commercial banks under mark-up arrangements amounting to Rs. Nil (2015: Rs. 1,200 million). These running finance facilities are secured against a pari passu charge of hypothecation on stock-in-trade and trade debts with minimum 16.5% margin. These facilities carry markup ranging from 3 month KIBOR + 0.8% to 1 month KIBOR + 0.5% per annum calculated on a daily product basis and payable quarterly. During the year, all facilities have been transferred under Islamic financing as stated in note 20.1.

20.3 The Company has availed Export Refinance facility under the Export financing Scheme of the State Bank of Pakistan (SBP) amounting to Rs. 435 million (2015: Rs. 435 million) which is unavailed at reporting date. During the year, the Company obtained and repaid the amount of borrowing. The markup rate of the facility is 4.0% per annum.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 Octroi levies amounting to Rs. 31.319 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.

21.1.2 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

21.1.3 During the year ended 31 December 2009, the Company had received notices from the sales tax authorities demanding payment of Rs 233.424 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 has filed a case in the High Court of Sindh against which the Court has issued restrained orders to the authorities from proceeding matter till the decision of the suit. Management is confident, based on the legal advice, that the matter will be decided in favour of the Company as the zero rating status of the supplies is available in view of S.R.O. 163(1)/2011 dated 2 March 2011. Accordingly, management is of the opinion that the Company will not be exposed to any loss on account of this action. Therefore, no provision has been made in these financial statements in this respect.

21.1.4 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. In view of uncertainties regarding 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.

21.2 Commitments

21.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 5.979 million (2015: Rs. 10.760 million). The amounts payable over the next five years are as follows:

Year	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Not later than one year	3,233	4,002
Later than one year but not later than five years	2,746	6,758
	<u>5,979</u>	<u>10,760</u>

21.2.2 Commitments for rentals under operating lease agreements in respect of rented property amounted to Rs. 34.887 million (2015: Rs. 42.647 million). The amounts payable over the next five years and onwards are as follows:

	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Not later than one year	7,911	7,760
Later than one year but not later than five years	17,412	20,762
Later than five years	9,564	14,125
	<u>34,887</u>	<u>42,647</u>

21.2.3 Commitments for Ijarah rentals in respect of Ijarah transactions amounted to Rs 15.332 million (2015: Rs 36.513 million).

	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Not later than one year	11,231	20,249
Later than one year but not later than five years	4,101	16,264
	<u>15,332</u>	<u>36,513</u>

21.2.4 Commitments for capital expenditure as at 30 September 2016 aggregated Rs 0.757 million (2015: Rs. Nil).

21.2.5 Commitments under letters of credit for raw materials and spares as at 30 September 2016 amounted to Rs. 515.689 million (2015: Rs. 475.362 million).

21.2.6 Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 30 September 2016 amounted to Rs 86.883 million (2015: Rs 88.532 million)

21.2.7 The Company has provided post dated cheques amounting to Rs. 153.33 million (2015: Rs. 148.88 million) in favour of the Collector of Customs and which are, in the normal course of business, to be returned to the Company after fulfillment of certain conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

22. NET SALES

	Textile		Emulsion		Paper		Others		Total	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	(Rupees in '000)									
Sales										
Local	9,667,072	7,112,685	1,254,032	1,146,614	285,711	233,198	162,756	305,548	11,369,571	8,798,045
Export	1,101,536	1,006,250	1,655	-	944	1,634	-	-	1,104,135	1,007,884
Total sales	10,768,608	8,118,935	1,255,687	1,146,614	286,655	234,832	162,756	305,548	12,473,706	9,805,929
Discounts and commission	644,196	567,605	22,410	23,534	705	196	-	-	667,311	591,335
Sales tax	220,895	174,981	189,969	170,778	41,545	33,939	3,759	6,272	456,168	385,970
	865,091	742,586	212,379	194,312	42,250	34,135	3,759	6,272	1,123,479	977,305
Net sales	9,903,517	7,376,349	1,043,308	952,302	244,405	200,697	158,997	299,276	11,350,227	8,828,624

23. COST OF GOODS SOLD

	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Raw and packing materials consumed		5,557,722	4,425,830
Stores, spares and supplies consumed		66,272	49,329
Salaries, wages and benefits	23.1	331,701	241,770
Outside Services		224,191	125,740
Fuel and power		165,595	134,812
Legal and professional charges		1,060	60
Royalty		38,716	18,034
Traveling and entertainment		5,303	1,601
Communication		2,763	25,966
Rent, rates and taxes		9,573	11,939
Insurance		7,259	6,942
Repairs and maintenance		50,728	33,446
Depreciation	5.2	212,992	149,197
Printing and stationery		5,362	4,382
Miscellaneous		1,429	861
Opening stock of work-in-process		96,964	80,729
Closing stock of work-in-process	8	(49,203)	(96,964)
Cost of goods manufactured		6,728,427	5,213,674
Opening stock of finished goods		586,613	657,794
Finished goods purchased		975,828	1,021,254
Included under distribution and marketing expenses:			
Cost of samples issued	24	(4,546)	(8,580)
Cost of shortages and breakages	24	(466)	(973)
Rebate on exports		(2,527)	(1,068)
Closing stock of finished goods	8	(603,140)	(586,613)
		7,680,189	6,295,488

23.1 Staff retirement benefits

Salaries, wages and benefits include Rs 19.2 million and Rs 8.65 million (2015: Rs 8.8 million and Rs 13.5 million) in respect of defined benefit scheme and defined contribution plan respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

24. DISTRIBUTION AND MARKETING EXPENSES	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Salaries and benefits	24.1	261,544	198,171
Outside Services		84,372	52,544
Traveling and entertainment		50,276	58,447
Repairs and maintenance		23,747	13,788
Business event participation		9,217	17,495
Rent, rates and taxes		20,608	25,775
Communication		6,135	10,912
Printing and stationery		26,342	26,509
Insurance		6,063	5,067
Legal and professional charges		11,069	13,215
Fuel and power		20,897	23,271
Depreciation	5.2	19,993	14,315
Outward freight and handling		212,970	170,891
Shortages and breakages	23	466	973
Samples issued	23	4,546	8,580
Fees and subscription		266	194
Books and periodicals		162	85
Service charges		451	1,183
Indenting commission expense		3,642	696
		762,766	642,111

24.1 Staff retirement benefits

Salaries and benefits include Rs 3.4 million and Rs 5.8 million (2015: Rs 2.6 million and Rs 12.2 million) in respect of defined benefit scheme and defined contribution plan respectively.

25. ADMINISTRATIVE EXPENSES		30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Salaries and benefits	25.1	200,051	152,875
Outside Services		42,049	17,754
Traveling and entertainment		7,825	3,460
Repairs and maintenance		11,884	6,711
Rent, rates and taxes		11,604	12,228
Communication		8,869	6,338
Printing and stationery		12,759	4,176
Insurance		824	877
Legal and professional charges		7,424	17,577
Fuel and power		2,914	2,214
Depreciation	5.2	14,670	8,481
Fees and subscription		2,612	2,059
Books and periodicals		129	249
Provision against slow moving stocks		2,271	2,793
Others		103	35
		325,988	237,827

25.1 Staff retirement benefits

Salaries and benefits include Rs 2.8 million and Rs 16.2 million (2015: Rs 3.5 million and Rs 7.342 million) in respect of defined benefit scheme and defined contribution plan respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

26. STAFF RETIREMENT BENEFIT

26.1 Defined benefit plan - approved gratuity fund

26.1.1 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.

26.1.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at 30 September 2016 by the Archroma Group on global basis. The information provided in notes 26.1.3 to 26.1.13 has been obtained from the actuarial valuation carried out as at 30 September 2016. The following significant assumptions have been used for valuation of this scheme:

	2016	2015
<i>Financial assumptions</i>		
a) Expected rate of increase in salary level	6.50%	9.0%
b) Discount rate	8.0%	13.0% - 9.25%
c) Expected return on plan assets	7.0%	13.0%
d) Price inflation	6.0%	8.0%
<i>Demographic assumptions</i>		
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Low	Low

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

26.1.3 Amounts recognised in the balance sheet:

	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Present value of defined benefit obligation	26.1.4	951,304	765,920
Less: Fair value of plan assets	26.1.5	(774,799)	(823,261)
Deficit / (Surplus)		<u>176,505</u>	<u>(57,341)</u>

26.1.4 Movement in present value of defined benefit obligation:

Obligation at the beginning of the year	765,920	771,635
Current service cost	39,267	24,520
Interest cost	90,176	90,292
Benefits paid	(44,964)	(35,927)
Remeasurement loss / (gain)	100,905	(84,600)
Obligation at the end of the year	<u>951,304</u>	<u>765,920</u>

26.1.5 Movement in fair value of plan assets:

Fair value at the beginning of the year	823,261	742,805
Return on plan assets	103,978	99,916
Company contributions	26,542	15,622
Amount withdrawn by the Company	(86,439)	-
Benefits paid	(44,964)	(35,927)
Remeasurement (loss) / gain	(47,579)	845
Fair value at the end of the year	<u>774,799</u>	<u>823,261</u>

26.1.6 Movement in the net defined benefit (liability) / asset

Opening balance	57,341	-
Addition due to acquisition of business unit	-	(28,830)
Net periodic cost for the year	(25,465)	(14,896)
Contribution paid during the year	26,542	15,622
Amount withdrawn by the Company	(86,439)	-
Re-measurements recognized in other comprehensive income during the year	(148,484)	85,445
Closing (liability) / asset	<u>(176,505)</u>	<u>57,341</u>

26.1.7 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:

Component of defined benefit costs recognised in profit and loss account

- Current service cost	39,267	24,520
- Net interest	(13,802)	(9,624)
	<u>25,465</u>	<u>14,896</u>

Component of defined benefit costs (re-measurement) recognised in other comprehensive income

Actuarial (loss) / gain on defined benefit obligation for the year		
- Gain / (Loss) due to change in experience adjustments	620	(72,096)
- Gain due to changes in demographic adjustments	227	156,696
- Loss due to changes in financial adjustments	(101,752)	-

Actuarial (loss) / gain on fair value of plan assets during the year	(47,579)	845
Net re-measurement recognised in other comprehensive income	<u>(148,484)</u>	<u>85,445</u>

Total defined benefit (cost) / reversal recognised in profit and loss account and other comprehensive income	<u>(123,019)</u>	<u>100,341</u>
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

26.1.8 Actual return on plan assets during the year was Rs. 56.40 million (30 September 2015: Rs. 151.66 million).

26.1.9 Sensitivity analysis

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

Change in assumption	2016	
	Percentage change	Increase / decrease in assumption
	Percentage (%)	(Rupees in '000)
Increase by 50 basis points	Discount rate + 0.5%	981,258
Decrease by 50 basis points	Discount rate - 0.5%	922,983

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

The comparative figures of sensitivity analysis are as follows:

Change in assumption	2015	
	Percentage change	Increase / decrease in assumption
	Percentage (%)	(Rupees in '000)
Discount rate	0.5%	45,893

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

26.1.11 Plan assets comprise of the following:

	30 September 2016 (Rs '000) (Un-audited)	30 September 2016 Percentage composition	30 September 2015 (Rs '000) (Audited)	30 September 2015 Percentage composition
Term finance certificates / Sukuk certificates	56,141	7.25%	69,398	8.43%
Investments in units of mutual funds	626,822	80.90%	668,594	81.21%
Balances with banks	9,842	1.27%	8,331	1.01%
Government debt securities	81,994	10.58%	76,938	9.35%
	774,799	100.00%	823,261	100.00%

26.1.12 As per the actuarial recommendations, the expected return on plan assets was taken as 7% (2015:13%), 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.

26.1.13 Based on actuarial advice, the Company intends to charge an amount of Rs 52.983 million in the financial statements for the year ending 30 September 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

27. Defined contribution plan - Employees Provident Fund

During the year an amount of Rs 30.6 million (2015: Rs. 33.1 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 2016 and 30 June 2015.

	30 June 2016 (un-audited) (Rs '000)	30 June 2015 (audited) (Rs '000)
Size of the fund	668,530	624,647
Cost of investments made	622,910	583,746
Fair value of investments	644,804	596,452
Percentage of investment made	96.45%	95.49%

27.1 The break-up of investments is as follows:

	30 June 2016	30 June 2016	30 June 2015	30 June 2015
	Rupees in '000	Percentage	Rupees in '000	Percentage
Certificate of Investments	-	0.00%	25,350	4.25%
Term finance certificates / Sukuk certificates	56,807	8.81%	61,912	10.38%
Investment in units of mutual funds	236,736	36.71%	117,090	19.63%
Equity securities	74,694	11.58%	-	0.00%
Government debt securities	119,579	18.55%	114,921	19.27%
Government sukuk certificates	119,261	18.50%	-	0.00%
Balances with banks	37,727	5.85%	277,179	46.47%
	644,804	100.00%	596,452	100.00%

28. OTHER EXPENSES

	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Auditors' remuneration	28.1	3,690	3,168
Provision for impairment of trade debts		5,586	-
Workers' Profit Participation Fund	18.2	124,792	75,497
Workers' Welfare Fund		49,917	30,863
Donations	28.2	1,000	500
Others		1,495	-
		186,480	110,028

28.1 Auditors' remuneration

Audit fee	2,585	2,408
Fee for half yearly review	585	585
Special certifications and sundry services	140	100
Out of pocket expenses and others	380	75
	3,690	3,168

28.2 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 2016

29. OTHER INCOME	Note	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
<i>Income from non-financial assets</i>			
Negative goodwill written off on acquisition of business unit		-	142,652
Indenting commission - net of payment of Rs 0.990 million (2015: Rs 1.989 million)		2,868	3,015
Cost sharing income from BASF Chemicals and Polymers Pakistan (Private) Limited		16,398	-
Sale of scrap		29,916	15,963
Gain on disposal of operating fixed assets		1,229	160
Others		3,496	9,471
		53,907	171,261
30. FINANCE COSTS			
Interest on:			
Workers' Profit Participation Fund	18.2	1,832	3,425
Mark-up on:			
- Finance lease obligation		4,962	3,054
- Running finance under FE-25 Export and Import Scheme		-	337
- Short-term running finances		56,481	51,232
- Export refinance facility		18,093	1,609
- Short-term loans		-	29,906
- Deposits by employees society		1,700	1,200
Exchange loss		21,203	21,383
Bank charges and other costs		24,048	22,221
		128,319	134,367
31. TAXATION - NET			
Current - for the period		714,078	358,069
Current - for prior years		-	1,761
Deferred		(113,717)	(21,748)
		600,361	338,082

31.1 Relationship between income tax expense and accounting profit	30 September 2016 (Effective tax rate %)	30 September 2015 (Effective tax rate %)	30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
Profit before taxation			2,320,392	1,580,064
Tax at the enacted tax rate	31.00	32.00	719,322	505,621
Effect of change in tax rate	(0.35)	1.02	(8,230)	16,112
Tax effect of rebate / credits	(0.22)	(1.28)	(5,150)	(20,151)
Tax effect on exports under Final Tax Regime	(5.52)	(7.66)	(128,092)	(121,062)
Tax effect of Items that are not deductible in determining taxable profit - permanent differences	5.40	0.00	125,308	-
Effect of change in prior years' tax	0.00	0.11	-	1,761
Others including the impact of allocation ratio of NTR and FTR and tax rebates	(4.43)	(2.80)	(102,797)	(44,199)
	25.88	21.39	600,361	338,082

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

- 31.2** Income tax assessments of the Company have been finalized upto and including tax year 2015 on the basis of the tax return filed under section 120 of the Income Tax Ordinance 2001 (the Ordinance). However, the return may be selected for assessment, if any objection is raised in the 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.

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 remaining back of the issues of exchange loss and claim of shortage and breakage expense 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.

Both the appeals have been heard by the learned ATIR, however, the decision is yet to be received.

The cases of the Company for the tax year 2011 and 2014 have been selected for audit and the audit proceedings are still in progress.

- 31.3** In respect of business acquired last year (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.
- 31.4** Under section 5A of the Income Tax Ordinance, 2001, tax at the rate of ten percent is to be imposed on every public company other than a scheduled bank or a modaraba, that derives profits for a tax year but does not distribute cash dividends within six months of the end of the said tax year or distributes dividends to such an extent that its reserves, after such distribution, are in excess of hundred percent of its paid up capital, so much of its reserves as exceed hundred percent of its paid up capital shall be treated as income of the said company. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either forty percent of its after tax profits or fifty percent of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on 31 October 2016 have recommended sufficient cash dividend for the year ended 30 September 2016 (refer note 42) for the consideration and approval of the shareholders of the Company in the forthcoming annual general meeting which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these financial statements for the year ended 30 September 2016.

32. EARNINGS PER SHARE

32.1 Basic

Profit after taxation attributable to ordinary shareholders

Weighted average number of ordinary shares outstanding during the year

Earnings per share

32.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 September 2016 and 30 September 2015.

30 September 2016	30 September 2015
(Rs '000)	(Rs '000)
1,720,031	1,241,982
(Number of shares)	(Number of shares)
34,117,881	34,117,881
(Rupees)	(Rupees)
50.41	36.40

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

33. SEGMENT INFORMATION

	Textile		Emulsions		Paper		*Others		Total	
	30 Sept. 2016	30 Sept. 2015	30 Sept. 2016	30 Sept. 2015	30 Sept. 2016	30 Sept. 2015	30 Sept. 2016	30 Sept. 2015	30 Sept. 2016	30 Sept. 2015
	(Rupees in '000)									
Net sales	9,903,517	7,376,349	1,043,308	952,302	244,405	200,697	158,997	299,276	11,350,227	8,828,624
Segment results based on 'management approach'	2,304,530	1,571,156	201,737	175,836	88,007	65,098	32,018	10,308	2,626,292	1,822,398
Other operating expenses - WPPF and WWF									(174,709)	(106,360)
Assets charged to profit and loss for internal reporting purposes based on group guidelines									(2,872)	(1,607)
Operating profit									2,448,711	1,714,431
Finance costs									(128,319)	(134,367)
Profit before taxation									2,320,392	1,580,064
33.1 Segment assets	6,209,469	7,535,399	513,031	475,689	58,702	52,096	-	-	6,781,202	8,063,184
Unallocated									1,902,627	979,183
33.2 Segment liabilities	1,683,433	2,012,606	143,926	126,448	14,021	16,222	-	-	8,683,829	9,042,367
Unallocated									1,841,380	2,155,276
									1,455,037	2,254,183
									3,296,417	4,409,459
33.3 Fixed capital expenditures	70,108	27,157	7,542	25	45	-	-	-	77,695	27,182
Unallocated									9,909	3,032
									87,604	30,214
33.4 Depreciation	229,162	147,798	2,543	21	15	16	-	-	231,720	147,835
Unallocated									15,935	24,158
									247,655	171,993

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

33.5 Geographical information

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

Domestic sales

Export sales

30 September 2016 (Rs '000)	30 September 2015 (Rs '000)
11,369,571	8,798,045
1,104,135	1,007,884
12,473,706	9,805,929

The Company exports its products to numerous countries.

33.6 As at 30 September 2016, all non-current assets of the Company are located in Pakistan.

33.7 25.23% and 12.33% (collectively 37.56%) of the Company's gross sales for the year ended 30 September 2016 (30 September 2015: 31.22% and 20.73% (collectively 51.95%)) were made to two distributors. The segment wise sales to these two distributors is as follows:

	Textile		Emulsions		Paper		Total	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Distributor 1	25.23	31.22	-	-	-	-	25.23	31.22
Distributor 2	12.33	20.73	-	-	-	-	12.33	20.73

34. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives		Total	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Short-term Employee benefits	(Rupees in '000)							
Managerial remuneration (including and leave pay)	20,857	18,961	10,421	9,365	228,215	176,834	259,493	205,160
Bonus	8,881	6,055	4,299	2,931	36,659	16,417	49,839	25,403
Housing and utilities	10,002	8,918	5,732	5,117	137,363	96,122	153,097	110,157
Medical	79	136	258	210	7,673	8,995	8,010	9,341
Post employment benefits								
Retirement benefits	5,786	5,260	2,891	2,617	52,035	40,453	60,712	48,330
	45,605	39,330	23,601	20,240	461,945	338,821	531,151	398,391
Number of persons	1	1	1	1	166	161	168	163

34.1 The remuneration for Executives also includes Rs 12.923 million (2015: Rs 11.418 million) paid to 1 (2015: 1) alternate Director.

34.2 The aggregate amount charged in these financial statements for fee to non-executive directors was Rs 0.150 million (2015: Rs 0.100 million).

34.3 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

35. TRANSACTIONS WITH RELATED PARTIES

	Parent Company		Other Related Parties		Key Management Personnel	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	----- (Rupees in '000) -----					
Sales	-	-	455,708	522,082	-	-
Purchases of goods and machinery	-	-	600,414	510,240	-	-
Indenting commission earned	-	-	2,362	4,258	-	-
Export commission	-	-	19,625	23,705	-	-
Royalty expense	-	-	13,197	14,615	-	-
Other charges	-	-	104,859	84,000	-	-
Dividend paid	639,713	639,713	-	-	-	-
Transaction with key management personnel:						
- Salaries, benefits and compensation	-	-	-	-	470,439	350,061
- Post employment benefits	-	-	-	-	60,712	48,330

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 5.4 and 34 to the financial statements. Particulars of transactions with Workers' Profit Participation Fund and staff retirement benefit funds are disclosed in notes 18.2, 26, 27 and 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

36. CAPACITY AND PRODUCTION

Note

30 September
2016
(Tonnes)

30 September
2015
(Tonnes)

Actual production

56,921

49,906

The capacity is indeterminable because of multi-product plants involving varying processes of manufacture.

The Company's production was according to market demand.

37. STAFF STRENGTH

2016

2015

No. of employees

No. of employees

Number of employees as at 30 September

312

324

Average number of employees during the year

318

324

38. CASH GENERATED FROM OPERATIONS

30 September
2016
(Rs '000)

30 September
2015
(Rs '000)

Profit before taxation

2,320,392

1,580,064

Adjustments for non-cash charges and other items:

Depreciation

247,655

171,993

Other employee benefits

3,302

3,352

Provision against doubtful debts

5,586

-

Gain on disposal of operating fixed assets

(1,229)

(160)

Provision for staff gratuity

25,465

14,896

Interest / mark-up expense

123,357

43,604

Gain on bargain purchase

-

(142,652)

Working capital changes

27,197

323,175

2,751,725

1,994,272

38.1 Working capital changes

Decrease / (increase) in current assets

Stores and spares

5,959

(10,864)

Stock-in-trade

68,394

(143,117)

Trade debts

(27,463)

(977,468)

Loans and advances

5,572

6,578

Trade deposits and short-term prepayments

19,077

(48,905)

Other receivables

15,921

(411,382)

87,460

(1,585,158)

Increase in current liabilities

Trade and other payables - net

(60,263)

1,908,333

27,197

323,175

39. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

Cash and bank balances

13

337,515

351,554

Short-term running finance facilities

20

(604,765)

(1,263,740)

(267,250)

(912,186)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

40. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE MEASUREMENT

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

	Carrying amount		Fair value		
	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
----- (Rupees in '000) -----					
Financial assets not measured at fair value					
Loans	15,103	-	-	-	-
Deposits	39,036	-	-	-	-
Trade debts	2,755,252	-	-	-	-
Other receivables	33,592	-	-	-	-
Cash and bank balances	337,515	-	-	-	-
Other financial liabilities at amortised cost					
Liabilities against assets subject to finance lease	-	71,005	-	-	-
Short-term borrowings	-	604,765	-	-	-
Mark-up accrued	-	7,173	-	-	-
Trade and other payables	-	2,028,105	-	-	-

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.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

41.1 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. 3,180.498 million (2015: Rs 3,287.620 million), the financial assets that are subject to credit risk amounted to Rs 2,931.47 million (2015: Rs 3,283.58 million).

The total bank balance of Rs. 65.723 million (2015: Rs 44.771 million) have been placed with banks having short-term credit rating ranging from A1+ to A-2. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. 83% of cheques in hand reported on balance sheet have been subsequently cleared.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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 (2015: 5) customers which constitute 47.09% (2015: 44.56%) 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 2016 (Rs '000)	30 September 2015 (Rs '000)
Due from customers other than related parties		
Direct customers	1,793,563	1,878,582
Distributors	1,254,134	1,161,642
	3,047,697	3,040,224

Out of the total trade debts of Rs. 3,144.601 million (2015: Rs. 3,124.367 million), the Company has made a provision for Rs 389.349 million (2015: Rs. 390.992 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 2016 Gross amount	30 September 2016 Impairment	30 September 2015 Gross amount	30 September 2015 Impairment
	(Rupees in '000)			
Not yet Due	2,298,708	-	1,991,574	-
Upto 3 months	409,412	-	651,397	-
3-6 Months	47,132	-	90,404	-
6-12 Months	307,780	307,780	17,977	17,977
Over 1 years	81,569	81,569	373,015	373,015
	3,144,601	389,349	3,124,367	390,992

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

41.2 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 2016				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	(Rupees in '000)				
Financial liabilities					
Trade and other payables	2,028,105	-	(2,028,105)	(2,028,105)	-
Markup 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)
	2,711,048	(604,765)	(2,114,436)	(2,060,222)	(54,214)
	30 September 2015				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	(Rupees in '000)				
Financial liabilities					
Trade and other payables	2,367,666	-	(2,367,666)	(2,367,666)	-
Markup accrued	19,472	-	(19,472)	(19,472)	-
Short term borrowings	1,698,740	(1,698,740)	-	-	-
Liabilities against assets subject to finance lease	50,751	-	(60,322)	(17,666)	(42,656)
	4,136,629	(1,698,740)	(2,447,460)	(2,404,804)	(42,656)

41.3 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.

41.3.1 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 2016			
	(USD '000)	(EUR '000)	(SFR '000)	(JPY '000)
Trade and other receivables	2,243	-	-	-
Trade payables	(9,351)	(1,738)	(47)	(4,997)
Other payables	(302)	-	-	-
Net foreign currency exposure	(7,410)	(1,738)	(47)	(4,997)
	30 September 2015			
	(USD '000)	(EUR '000)	(CHF '000)	(JPY '000)
Trade debts	10,522	-	-	-
Trade payables	(235,523)	(23,909)	(1)	(5,353)
Other payables	(706)	-	-	-
Net foreign currency exposure	(225,707)	(23,909)	(1)	(5,353)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

At 30 September 2016, 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. 9.92 million (30 September 2015: Rs 263.64 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 2015.

41.3.2 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 2016 (Rs '000)	Carrying amount 31 September 2015 (Rs '000)
Fixed rate instruments		
Financial liabilities	-	435,000
Variable rate instruments		
Financial liabilities	675,770	1,749,491

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. 4.66 million (2015: Rs. 11.90 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 2015. The sensitivity analysis is not actual indicator of impact owing to future interest rate.

41.4 Capital risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

42. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

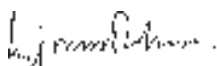
The Board of Directors of the Company in its meeting held on 31 October 2016 has proposed a cash dividend of Rs. 60 per share in respect of the year ended 30 September 2016. Further, the Board has also announced transfer of Rs. 440 million from revenue reserves to unappropriated profit. This appropriation and transfer will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 30 September 2016 do not include the effect of the appropriation and transfer which will be accounted for in the financial statements for the year ending September 2017.

43. 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.

44. DATE OF AUTHORISATION

These financial statements were authorised for issue on 31 October 2016 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-first 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, 30 December 2016 at 10:00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and approve the Audited Financial Statements for the Period ended 30 September 2016 alongwith the Directors' Report thereon.
2. To approve final cash dividend @ 600% i.e. (Rs: 60/- per share), as recommended by the Board.
3. To approve appointment of external auditors for the year 2017 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.

SPECIAL BUSINESS

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

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

The figures "25,000" appearing in the third line of Article 70 be replaced by the figures "50,000" to read the amended Article 70 as under:

70 The remuneration of a Director, shall, from time to time be determined by the Board of Directors and unless otherwise determined shall not exceed Rs. 50,000/- per meeting at which the Director shall be present. The Director shall be paid such traveling boarding, lodging and other expenses properly incurred by them in or about the performance of their duties or business if any of them has to come to attend the Board meeting of the Company from outstation.

ANY OTHER BUSINESS

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

By order of the Board



M Veqar Arif
Director / Company Secretary

Karachi: 31 October 2016

Notice of Meeting

NOTES:

1. The Share Transfer Books of the Company will remain closed from 23rd December 2016 to 30th December 2016 (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 22nd December 2016 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 whose shares are deposited with Central Depository Company (CDC) are requested to bring their Original National Identity Card and account number in CDC for verification.

CNIC / NTN Number on Dividend Warrant (Mandatory).

(Only for those physical individual / corporate shareholders who have not yet submitted their CNIC copies / NTN certificates)

As already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 19(I) / 2014 dated 10th January 2014 read with Notification S.R.O. 831(1) / 2012 dated July 5, 2012 require that the Dividend Warrant (s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

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

(I) pursuant to the provisions of the Finance Act 2016 effective July 1, 2016, 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 12.5%
- 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 @ 12.5% 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 12.5%.

(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)

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

Notice of Meeting

(If for any query/problem/information, the investors may contact the Company Secretary at phone: 021-35123261 and email address: vaqar.arif@archroma.com and/or FAMCO Associates (Pvt) Ltd. At phone: 021-34380101-5 and email address: info.shares@famco.com.pk

- (ii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to 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.

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.

Dividend Mandate (Optional)

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 18 of 2012 dated June 05, 2012, it is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, direct the Company to pay dividend through his/her/its bank account.

Further, transfer of shares may exercise option for dividend mandate by using the revised "Form of Transfer Deed". The revised form of transfer deed will enable the transferees to receive cash dividend directly in their bank accounts, if such transferee provides particulars of its bank account which he/she/it desires to be used for credit of cash dividend.

Payment of Cash Dividend Electronically (Optional)

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 specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address.

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ORDINANCE, 2016 REGARDING SPECIAL BUSINESS

ITEM NO. 4: To increase Director Remuneration for attending meeting from Rs: 25,000/- to Rs: 50,000/-

The existing amount of Directors remunerations for attending meetings of the Board / Committees of the Board was Rs: 25,000/- per meetings. The said amount had become inadequate & did not compensate for the increase in responsibilities of the Director. The proposed resolutions seeks to revise the existing from Rs: 25,000/- to Rs: 50,000/- per meeting.

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

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 2016 on its website www.archroma.com.pk

/ PATTERN OF SHAREHOLDINGS

As at 30 September 2016

Form 34

No. of Shareholders	Shareholding			Shares held
497	1	-	100	20,670
487	101	-	500	148,454
252	501	-	1,000	201,546
377	1,001	-	5,000	891,051
89	5,001	-	10,000	664,498
34	10,001	-	15,000	424,217
14	15,001	-	20,000	237,783
12	20,001	-	25,000	268,748
8	25,001	-	30,000	221,423
3	30,001	-	35,000	102,900
5	35,001	-	40,000	194,900
4	40,001	-	45,000	170,638
2	45,001	-	50,000	96,800
1	50,001	-	55,000	53,050
3	60,000	-	65,000	187,600
3	65,001	-	70,000	204,650
2	75,001	-	80,000	152,700
1	85,001	-	90,000	89,000
1	100,000	-	105,000	100,000
1	120,000	-	125,000	120,000
1	135,001	-	140,000	136,000
1	140,001	-	145,000	140,580
1	175,001	-	180,000	177,406
1	195,001	-	200,000	196,045
1	215,001	-	220,000	217,000
1	280,001	-	285,000	284,266
1	285,001	-	290,000	289,720
1	805,001	-	810,000	808,357
1	1,725,001	-	1,730,000	1,729,346
1	25,585,001	-	25,590,000	25,588,533
1,806				34,117,881

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	291,175	0.85
Insurance Companies	6	1,247,707	3.66
Modarabas and Mutual Funds	12	2,132,726	6.25
Share holders holding 10%	1	25,588,533	75.00
General Public :			
a. Local	1,725	4,212,236	12.35
b. Foreign			
Others	57	644,804	1.89
Total (excluding : share holders holding 10%)	1,806	34,117,881	100.00

Shareholders holding 10% or more voting interest

Archroma Textiles S.a.r.l., Luxemburg	1	25,588,533	75.00
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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, 2016

Shareholder's category	Number of shareholder	Number of share held
I. Associated Companies, Undertakings and Related Parties (name wise details)		
ARCHROMA TEXTILES S.A.R.L.	1	25,588,533
Total :	1	25,588,533
ii. Mutual Funds (name wise details)		
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	34,900
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	8,900
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1	140,580
CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	1	20,000
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	46,900
CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	16,000
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	20,800
CDC - TRUSTEE LAKSON EQUITY FUND	1	77,500
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	2,400
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,729,346
MCBFSL TRUSTEE MCB PAKISTAN FREQUENT PAYOUT FUND	1	23,000
CDC - TRUSTEE LAKSON TACTICAL FUND	1	12,400
Total :	12	2,132,726
iii. Directors, Chief Executive Officer, and their spouse and minor children.	-	-
Total :	-	-
iv. Executives	-	-
Total :	-	-
v. Public Sector Companies and Corporations	1	808,357
Total :	1	808,357
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	13	991,131
Total :	13	991,131
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)		
ARCHROMA TEXTILES S.A.R.L.	1	25,588,533
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,729,346
Total :	2	27,317,879

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 21st Annual General Meeting of the Company to be held on Friday, 30 December 2016 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 مسماۃ / ساکن _____ ساکن _____

ضلع _____ بحیثیت ممبر _____ لمیٹڈ، مسماۃ / مسماۃ _____

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

کمپنی کے اکیسویں سالانہ اجلاس صبح 10 بجے، بتاریخ 30 دسمبر 2016ء بروز جمعہ منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

(ریونیو اسٹیٹمپ)

دستخط از:

گواہ (1):

دستخط:

نام:

شناختی کارڈ:

پتہ:

گواہ (2):

دستخط:

نام:

شناختی کارڈ:

پتہ:

جگہ:

تاریخ:

نوٹس:

۱۔ اس پراکسی فارم کو مکمل طور پر پُر کر کے مینٹنگ سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس واقع 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 مینٹنگ میں حاضری کے وقت اپنے اصل شناختی کارڈ یا پاسپورٹ پیش کریں۔ پراکسی فارم متعلقہ مدت میں کمپنی میں جمع کروائیں جس پر دو افراد گواہی کے طور پر دستخط کریں گے اس کے علاوہ ان کے نام پتے اور شناختی کارڈ نمبر بھی فارم پر درج کرنا ہونگے اس کے علاوہ متعلقہ مالک یا اس کے نائب کے شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپیاں بھی جمع کرانی ہونگی۔

Archroma Pakistan Limited

Admission Slip

For the Twenty-first Annual General Meeting of Archroma Pakistan Limited scheduled on Friday 30 December 2016 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 Karachi Stock Exchange (KSE) to bring only the shareholders to the place of meeting. It will leave KSE at 09:15 a.m. sharp. After the meeting the shareholders will be dropped at KSE.

THIS ADMISSION SLIP IS NOT TRANSFERABLE



www.archroma.com.pk

ARCHROMA PAKISTAN LTD.

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Korangi Industrial Area,
Karachi 74900
Pakistan.
Phone +92 21 111 275 786