



## **QUARTERLY REPORT 2021** **(Oct - Dec 2020)**



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## COMPANY INFORMATION

Chairman	<ul style="list-style-type: none"><li>• Dr S Mubarik Ali</li></ul>	
Board of Directors	<ul style="list-style-type: none"><li>• Marcos Furrer</li><li>• Michel Zumstein</li><li>• Mujtaba Rahim</li><li>• M Z Moin Mohajir</li><li>• Roland Waibel</li><li>• Shahid Ghaffar</li><li>• Yasmin Peermohammad</li></ul>	<p>(Alternate: Irfan Chawala) (Alternate: Naveed Kamil) - Chief Executive Officer</p>
Audit Committee	<ul style="list-style-type: none"><li>• M Z Moin Mohajir</li><li>• Michel Zumstein</li><li>• Shahid Ghaffar</li><li>• Irfan Lakhani</li></ul>	<p>- Chairman (Alternate: Naveed Kamil)  - Secretary</p>
Human Resources and Remuneration Committee	<ul style="list-style-type: none"><li>• Yasmin Peermohammad</li><li>• Mujtaba Rahim</li><li>• Michel Zumstein</li></ul>	<p>- Chairman  - (Alternate: Naveed Kamil)</p>
Management Committee	<ul style="list-style-type: none"><li>• Mujtaba Rahim</li><li>• Qazi Naeemuddin</li><li>• Muhammad Altaf</li></ul>	<ul style="list-style-type: none"><li>• Naveed Kamil</li><li>• Irfan Chawala</li></ul>
Chief Financial Officer	<ul style="list-style-type: none"><li>• Irfan Chawala</li></ul>	
Company Secretary	<ul style="list-style-type: none"><li>• Irfan Lakhani</li></ul>	
Bankers	<ul style="list-style-type: none"><li>• Bank Al Habib Limited</li><li>• Habib Bank Limited</li><li>• Meezan Bank Limited</li><li>• National Bank of Pakistan</li><li>• Standard Chartered Bank (Pakistan) Limited</li></ul>	
Auditors	<ul style="list-style-type: none"><li>• KPMG Taseer Hadi &amp; Co. Chartered Accountants</li></ul>	
Legal Advisor	<ul style="list-style-type: none"><li>• Fazleghani Advocates</li></ul>	
Share Registrar	<ul style="list-style-type: none"><li>• FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi</li></ul>	
Registered Office	<ul style="list-style-type: none"><li>• 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi</li></ul>	
Factories	<ul style="list-style-type: none"><li>• Petaro Road, Jamshoro</li><li>• LX-10, LX-11 Landhi Industrial Area Karachi</li></ul>	
Sales & Marketing Offices	<ul style="list-style-type: none"><li>• Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore</li><li>• Canal Road, Abdullah Pur, Faisalabad</li><li>• B 157 Lalarukh, Wah Cantt</li></ul>	
Website	<ul style="list-style-type: none"><li>• <a href="http://www.archroma.com.pk">www.archroma.com.pk</a></li></ul>	
E-mail	<ul style="list-style-type: none"><li>• <a href="mailto:archroma.pakistan@archroma.com">archroma.pakistan@archroma.com</a></li></ul>	

## REPORT OF BOARD OF DIRECTORS

The Directors of your Company are pleased to present their financial report for the first quarter ended 31 December 2020, together with the un-audited condensed interim financial information of the Company for the first quarter ended 31 December 2020.

### Business Overview

With the continuing trend of growing Export orders to Textiles Industry and increasing construction activities in Pakistan, which are the major consumption markets of your Company, the overall sales volumes of Archroma's specialty chemical products' showed a positive growth for the first quarter under review.

Your Company achieved net sales of PKR 5,100 million in the first quarter ended 31 December 2020 versus PKR 4,631 million in comparison to the same period last year. Contribution to the overall sales growth of 10.1% has mainly come from Brand & Performance Textile Specialties which grew by 12.0% and Coating Adhesive & Sealants which increased by 15.0%. Whereas, Packaging & Paper Specialties business sales was lower than last year.

Apart from the topline growth, post-COVID efficiency improvement projects launched by your Company have also started to positively contribute towards improvement in certain operational and fixed costs of the Company. Moreover, stable foreign exchange

and lower SBP Discount rates provided the key support to achieve the bottom-line profitability of PKR 480 million during the quarter under review versus PKR 333 million for the same period last year.

### Future Outlook

With the continued availability of good flow of Export orders, outlook remains positive for Home Textiles for second quarter & beyond, whereas, Denim & casual wear's performance much depends on the outcome of 2nd wave of Covid-19 in the US & EU markets. Moreover, with the continuation of Government's support package for calendar year 2021, the construction activity is also anticipated to positively drive related businesses.

Your Company has taken many initiatives after the learnings from COVID-19, the benefits of which are not only expected to further improve the business portfolio but also the speed & agility to smartly manage cash-flows & fixed costs, going forward.

### Composition of Board

The composition of the Board is as follows:

- |                  |   |
|------------------|---|
| a) Male members: | 7 |
| b) Lady member:  | 1 |

Out of the above:

- |                             |   |
|-----------------------------|---|
| a) Executive Director:      | 1 |
| b) Non-Executive Directors: | 4 |
| c) Independent Directors:   | 3 |

On behalf of the Board



Mujtaba Rahim  
Chief Executive Officer



Irfan Chawala  
Director

### مستقبل کا منظر نامہ:

ایکسپورٹ آرڈرز کی مسلسل دستیابی دوسری سہ ماہی اور اس سے آگے کیلئے ہوم ٹیکسٹائل کے لئے مثبت نتائج ظاہر کرتی ہے جبکہ ڈنم اور آرام دہ پرسکون لباس کی کارکردگی زیادہ تر امریکہ اور یورپین مارکیٹ میں دوسری اہر کے نتائج پر منحصر ہے۔ مزید یہ کہ سال 2021 کے لئے حکومت کے تعاون پیکج کے شلسل کے ساتھ، تعمیراتی سرگرمی سے متعلق کاروباروں کو مثبت انداز میں چلانے کی بھی توقع کی جارہی ہے۔

آپ کی کمپنی نے کورونا وباء سے سیکھنے کے بعد بہت سارے اقدامات اٹھائے ہیں، جن کے فوائد سے نہ صرف کاروباری پورٹ فولیو میں مزید بہتری متوقع ہے بلکہ آنے والے دنوں میں کیش فلو اور مقررہ اخراجات کو بھی بہتر طریقہ سے نمٹایا جائے گا۔

### بورڈ کی ترتیب

ڈائریکٹرز کی کل تعداد:

07	(الف) حضرات
01	(ب) خواتین

### ترتیب

03	(i) انڈیپنڈنٹ ڈائریکٹرز
04	(ii) نان ایگزیکٹو ڈائریکٹرز
01	(iii) ایگزیکٹو ڈائریکٹر

کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2020ء کو اختتام پذیر ہونے والی پہلی سہ ماہی کی رپورٹ کے ساتھ 31 دسمبر 2020ء کو اختتام پذیر ہونے والی پہلی سہ ماہی کیلئے کمپنی کے غیر آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

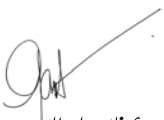
### کاروباری جائزہ:

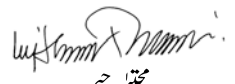
ٹیکسٹائل انڈسٹری کیلئے بڑھتے ہوئے ایکسپورٹ آرڈرز اور پاکستان میں بڑھتی ہوئی تعمیراتی سرگرمیاں، جو کہ آپ کی کمپنی کی کھپت کی بڑی مارکیٹس ہیں، آکر دو ماہ بالخصوص کیپائی مصنوعات کی مجموعی فروخت کی مقدار نے زیر جائزہ پہلی سہ ماہی کیلئے مثبت شرح نمو ظاہر کی ہے۔

آپ کی کمپنی نے گزشتہ سال کی اسی مدت کے مقابلے میں 4,631 ملین روپے کے مقابلے میں 31 دسمبر 2020ء کو ختم ہونے والی پہلی سہ ماہی میں 5,100 ملین روپے کی خالص فروخت کی۔ برنس لائسنز برائنڈ اینڈ پرفارمنس ٹیکسٹائل اسپیشلائز، 12.0 فیصد اور 'کوننگ، ایڈیسو اور سیلینٹس' کی 15.0 فیصد کے ذریعے مجموعی طور پر فروخت میں 10.1 فیصد کا اضافہ کیا گیا ہے۔ جبکہ پیکیٹنگ اور پیپر کے خصوصی کاروبار کی فروخت پچھلے سال کے مقابلے میں کم رہی۔

بہتر شرح نمو کے علاوہ، آپ کی کمپنی کی جانب سے شروع کردہ کورونا وباء کے بعد کارکردگی میں بہتری کے منصوبوں نے بھی کمپنی کے کچھ آپریشنل اور مقررہ اخراجات میں بہتری کے لئے مثبت تعاون کرنا شروع کیا ہے۔ مزید برآں، مستحکم زرمبادلہ اور کم ایس بی پی ڈسکاؤنٹ ریٹ نے گزشتہ سال اسی عرصے کے مقابلے میں 333 ملین پاکستانی روپے کے مقابلے میں زیر جائزہ سہ ماہی کے دوران ملین 480 ملین پاکستانی روپے کا منافع حاصل کرنے میں کلیدی مدد فراہم کی۔

بورڈ کی جانب سے:

  
عرفان چاودھالا  
ڈائریکٹر

  
مجتبیٰ رحیم  
چیف ایگزیکٹو آفیسر

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 December 2020

	Note	Unaudited 31 December 2020	Audited 30 September 2020
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,907,334	1,976,820
Long-term deposits		6,599	6,099
Deferred taxation - net		-	15,499
		<b>1,913,933</b>	<b>1,998,418</b>
<b>Current assets</b>			
Stores and spares		49,295	53,645
Stock-in-trade		3,568,756	3,089,893
Trade receivable		4,096,438	2,788,159
Loans and advances		1,387	700
Trade deposits and short-term prepayments		61,878	24,362
Other receivables		1,396,984	1,347,491
Taxation - net		76,785	225,219
Cash and bank balances		747,868	269,235
		<b>9,999,391</b>	<b>7,798,704</b>
<b>TOTAL ASSETS</b>		<b>11,913,324</b>	<b>9,797,122</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorised share capital</b>			
50,000,000 ordinary shares of Rs. 10 each		500,000	500,000
<b>Share capital</b>			
Issued, subscribed and paid-up capital		341,179	341,179
<b>Reserves</b>			
Revenue reserve		3,138,000	3,238,000
Unappropriated profit		480,855	924,681
		<b>3,618,855</b>	<b>4,162,681</b>
<b>LIABILITIES</b>		<b>3,960,034</b>	<b>4,503,860</b>
<b>Non-current liabilities</b>			
Deferred taxation - net		66,362	-
Deferred liabilities		17,691	341,138
Long term loan - secured	6	170,236	209,782
Lease liabilities	8	99,325	95,668
Liabilities against diminishing musharika finance	9	77,607	94,097
		<b>431,221</b>	<b>740,685</b>
<b>Current liabilities</b>			
Trade and other payables		4,758,515	2,118,389
Unclaimed dividend		67,977	67,536
Unpaid Dividend	18	930,154	-
Mark-up accrued		16,071	17,853
Current portion of Long term loan - secured	6	187,772	148,226
Short-term borrowings	7	1,504,477	2,143,046
Current portion of lease liabilities	8	18,244	21,488
Current portion of liabilities against diminishing musharaka finance	9	38,859	36,039
		<b>7,522,069</b>	<b>4,552,577</b>
		<b>7,953,290</b>	<b>5,293,262</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,913,324</b>	<b>9,797,122</b>

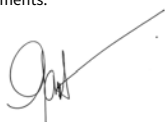
**Contingencies and commitments**

10

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Mujtaba Rahim  
CEO



Irfan Chawala  
CFO

Karachi: 28 January 2021

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the Three Months Period Ended 31 December 2020

	Note	Three months period ended	
		31 December 2020	31 December 2019
		(Rupees '000)	
<b>Sales</b>	12	<b>6,110,572</b>	<b>5,499,123</b>
Discount and commission	12	285,715	234,183
Sales tax	12	724,561	634,295
		<b>1,010,276</b>	<b>868,478</b>
<b>Net sales</b>	12	<b>5,100,296</b>	<b>4,630,645</b>
Cost of goods sold		<b>3,573,642</b>	<b>3,401,286</b>
<b>Gross profit</b>		<b>1,526,654</b>	<b>1,229,359</b>
Distribution and marketing expenses		513,509	486,663
Administrative expenses		157,804	144,468
Impairment loss on trade debts		-	2,442
Other expenses		61,256	37,922
		<b>732,569</b>	<b>671,495</b>
		<b>794,085</b>	<b>557,864</b>
Other income		16,844	9,087
		<b>810,929</b>	<b>566,951</b>
Finance costs		24,150	83,515
<b>Profit before taxation</b>		<b>786,779</b>	<b>483,436</b>
Taxation - net		307,069	149,994
<b>Profit after taxation</b>		<b>479,710</b>	<b>333,442</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>479,710</b>	<b>333,442</b>
		(Rupees)	
<b>Earnings per share</b>	13	<b>14.06</b>	<b>9.77</b>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Mujtaba Rahim  
CEO



Irfan Chawala  
CFO

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the Three Months Period Ended 31 December 2020

	Note	31 DECEMBER	
		2020	2019
		----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	1,657,711	1,116,130
Staff gratuity and long-term service awards paid		(337,000)	(57,000)
Mark-up paid		(20,267)	(89,664)
Income taxes paid		(76,774)	(199,068)
Movement in long-term loans		-	107
Movement in long-term deposits and prepayments		(500)	1,869
<b>Net cash generated from operating activities</b>		<b>1,223,170</b>	<b>772,374</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(6,584)	(36,511)
Proceeds from disposal of property, plant and equipment		6,934	1,772
<b>Net cash Generated / (used) in investing activities</b>		<b>350</b>	<b>(34,739)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment against lease liabilities		413	(4,211)
Payment against diminishing musharika finance		(13,670)	(7,074)
Short-term borrowings - proceeds		1,000,000	1,024,250
Short-term borrowings - repayments		(1,508,000)	(907,750)
Dividend paid		(93,061)	(141,914)
<b>Net cash used in financing activities</b>		<b>(614,318)</b>	<b>(36,699)</b>
<b>Net increase in cash and cash equivalents</b>		<b>609,202</b>	<b>700,936</b>
Cash and cash equivalents at beginning of the period		110,185	(278,390)
<b>Cash and cash equivalents at end of the period</b>	15	<b>719,387</b>	<b>422,546</b>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Mujtaba Rahim  
CEO



Irfan Chawala  
CFO



# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Three Months Period Ended 31 December 2020

	Issued, subscribed and paid- up capital	Revenue reserves	Unappropri- ated profit	Total
	------(Rupees in '000)-----			
<b>Balance as at 30 September 2019 (audited)</b>	341,179	3,096,000	1,680,258	5,117,437
Transfer to revenue reserve appropriated subsequent to year end	-	142,000	(142,000)	-
<b>Transactions with owners of the Company - Distribution</b>				
Final cash dividend at 450% (i.e. Rs. 45 per share) for the year ended 30 September 2019	-	-	(1,535,305)	(1,535,305)
<b>Total comprehensive income for the period ended 31 December 2019</b>				
Profit for the period	-	-	333,442	333,442
Other comprehensive income	-	-	-	-
	-	-	333,442	333,442
<b>Balance as at 31 December 2019 (unaudited)</b>	<b>341,179</b>	<b>3,238,000</b>	<b>336,395</b>	<b>3,915,574</b>
<b>Balance as at 30 September 2020 (audited)</b>	341,179	3,238,000	924,681	4,503,860
Transfer from revenue reserve appropriated subsequent to year end	-	(100,000)	100,000	-
<b>Transactions with owners of the Company - Distribution</b>				
Final cash dividend at 300% (i.e. Rs. 30 per share) for the year ended 30 September 2020	-	-	(1,023,536)	(1,023,536)
<b>Total comprehensive income for the period ended 31 December 2020</b>				
Profit for the period	-	-	479,710	479,710
Other comprehensive income	-	-	-	-
	-	-	479,710	479,710
<b>Balance as at 31 December 2020 (unaudited)</b>	<b>341,179</b>	<b>3,138,000</b>	<b>480,855</b>	<b>3,960,034</b>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Mujtaba Rahim  
CEO



Irfan Chawala  
CFO

# **CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)**

For the Three Months Period Ended 31 December 2020

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

Archroma Pakistan Limited ("the Company") is a limited liability company and is incorporated and domiciled in Pakistan. The address of its registered office is 1-A/1, Sector 20 Korangi Industrial Area, Korangi, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange. The Company is a subsidiary of Archroma Textiles GmbH, registered and having head quartered in Reinach, Switzerland which holds 75% of the share capital of the Company.

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

The manufacturing facilities and sales offices of the Company are situated at the following locations:

### ***Factories***

- Petro Road, Jamshoro, Sindh
- LX-10 & LX-11 Landhi Industrial Area Karachi, Sindh

### ***Sales offices***

- Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore
- Canal Road, Abdullah Pur, Faisalabad
- House # B157 Lalarukh, Wah Cantt

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### **2.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention except as stated otherwise and should be read in conjunction with the annual audited financial statements of the Company for year ended 30 September 2020.

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

These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

## CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the Three Months Period Ended 31 December 2020

### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in preparation of the published annual financial information of the Company for the year ended 30 September 2020.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the annual audited financial statements of the Company for the year ended 30 September, 2020.

### 5. PROPERTY, PLANT AND EQUIPMENT

- 5.1 The following operating assets have been added during the three months period ended 31 December 2020:

	Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total December 2020	Total December 2019
	Owned	Owned	ROUA	Owned	ROUA		
	(Rupees in '000)						
Additions for the quarter 31 December 2020	-	1,031	-	-	-	1,031	62,025
	-	-	-	-	-	-	
Total	-	1,031	-	-	-	1,031	62,025

- 5.1.1 Operating fixed assets include right-of-use asset on buildings of Rs Nil million recognised during the period on adoption of IFRS 16 Leases'.

- 5.1.2 Additions to owned furniture, fixtures and equipments includes direct additions of Rs. 1.031 million and transfers from capital work in progress of Rs Nil, respectively.

- 5.2 Property, plant and equipment disposed off during the three months period ended 31 December are as follows:

	Furniture, fixtures	Vehicles		Total December 2020	Total December 2019
	Owned	Owned	ROUA		
	(Rupees in '000)				
Cost	135	-	15,495	15,630	7,702
Accumulated depreciation	(83)	-	(8,663)	(8,746)	(5,954)
Net book value	52	-	6,832	6,884	1,748

- 5.3 Additions to capital work in progress during the three months period ended 31 December 2020 amounts to Rs. 5,553 million and transfers to operating fixed assets amounts to Rs. Nil million.

## CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the Three Months Period Ended 31 December 2020

	Note	31 December 2020	30 September 2020
<b>6. LONG-TERM BORROWINGS - secured</b>			
Loan obtained under refinance scheme for payment of wages and salaries	5.1	337,099	337,099
Less: current portion of long term loan		(168,219)	(133,621)
		168,880	203,478
Deferred income-government grant		20,909	20,909
Current portion of deferred income, government grant		(19,553)	(14,605)
		1,356	6,304
		<u>170,236</u>	<u>209,782</u>

- 6.1** Due to the effects of pandemic, State Bank of Pakistan (SBP) took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The Company has obtained the said borrowing from commercial bank at subsidized rates in 5 tranches on 20 May 2020, 29 June 2020, 27 July 2020, 26 August 2020 and 24 September 2020 at 3% and 2% concessional mark-up rates which is repayable by December 2022 in 8 quarterly installments under the above SBP scheme.

### 7. SHORT-TERM BORROWINGS - secured

- 7.1** Short term Islamic finance facilities are available under Islamic financing from various banks under profit arrangement, amounting to Rs.5,000 million (30 September 2020: Rs.5,000 million). These facilities have various maturity dates up to 30 September 2021. These arrangements are secured against pari passu charge of hypothecation on stock-in-trade and trade debts with minimum 16.67% margin. These facilities carry profit ranging from 1 month KIBOR+0.25% to 3 month KIBOR+0.4% per annum calculated on daily products basis and payable quarterly. The aggregate amount of these facilities are calculated on daily products basis and payable quarterly. The aggregate amount of these facilities which have not been availed as at the reporting date amounts to Rs. 3,496 million (30 September 2020:Rs.2,501 million).

- 7.2** The Company has availed Islamic Export Refinance facility-part I amounting to Rs. Nil (30 September 2020: Rs 332.99 million) and Islamic Export Refinance facility-Part II amounting to Rs. 1,476 million (30 September 2020: Rs 1,651 million) under the Islamic Export financing Scheme of the State Bank of Pakistan (SBP) The profit rates on these facilities range from 2.5% to 2.75% per annum (30 September 2020: 3.0% per annum).

### 8. LEASE LIABILITIES

	31 December 2020	30 September 2020
<b>8.1 Lease liabilities included in the statement of financial position as at 31 December 2020</b>		
Current	18,244	21,488
Non-Current	99,325	95,668
	<u>117,569</u>	<u>117,156</u>
<b>8.2 Maturity Analysis – Contractual discounted Cash Flows</b>		
Payable within one year	18,244	21,488
Payable after one year but not later than 5 years	65,555	61,187
Payable after 5 years	33,770	34,481
	<u>117,569</u>	<u>117,156</u>

## CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the Three Months Period Ended 31 December 2020

- 8.3** The lease rentals carry mark-up at 6 months KIBOR +0.75% and 3 months KIBOR + 0.9%. The said mark-up rates are revised on a biannual basis and lease rentals are payable on monthly basis. These assets have been leased from various financial institutions under leasing arrangements for three, four and five years, as the case may be. After the completion of the term of the lease, the assets will be transferred to the Company upon the payment of 20% or 25% of the cost of the asset.
- 8.4** This includes present value of lease liabilities discounted at the incremental borrowing rate of 14.158% of the Company against lease agreement of head office and area office premises.

### 9. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCE

Due within one year		Due after one year but within 5 years		Total	
31-Dec	30-Sep	31-Dec	30-Sep	31-Dec	30-Sep
2020	2020	2020	2020	2020	2020

----- (Rupees in '000) -----

Principal Repayment	38,859	36,039	77,607	94,097	116,466	130,136
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### 10. CONTINGENCIES AND COMMITMENTS

#### 10.1 Contingencies

- 10.1.1** There is no significant change in the status of contingencies as disclosed in the annual audited financial statements for the year ended 30 September 2020.

#### 10.2 Commitments

- 10.2.1** Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 31 December 2020 amount to Rs.129.117 million (30 September 2020: Rs. 119.417 million)
- 10.2.2** The Company has provided post dated cheques amounting to Rs. 2,425.497 million (30 September 2020: Rs. 4,466.84 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.
- 10.2.3** Commitments for capital expenditure as at 31 December 2020 aggregated to Rs. 38.89 million (30 September 2020: Rs. 15.395 million).
- 10.2.4** Commitments under letters of credit for raw material and stores and spares as at 31 December 2020 amounted to Rs.450 million (30 September 2020: Rs. 428 million).

# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the Three Months Period Ended 31 December 2020

## 11. FINANCIAL RISK MANAGEMENT

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

These condensed interim financial statements does not include the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with Company's annual financial statements as at 30 September 2020. There have been no changes in the risk management policies since the year end.

### Fair Value Hierarchy

The table below shows analysis of financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

	Carrying amount		Carrying amount	
	Amortised Cost	Financial Liabilities	Amortised Cost	Financial Liabilities
	Unaudited 31 December 2020		Audited 30 September 2020	
	----- Rupees in '000 -----			
<b>Financial assets not measured at fair value</b>				
Loans	1,387	-	-	-
Deposits	38,252	-	12,110	-
Trade debts	4,096,438	-	2,788,159	-
Other receivables	29,194	-	24,639	-
Cash and bank balances	747,868	-	269,235	-
<b>Financial liabilities not measured at fair value</b>				
Lease liabilities	-	95,851	-	117,156
Liabilities against diminishing musharaka finance	-	38,859	-	130,136
Trade and other payable	-	4,560,610	-	1,995,517
Short-term borrowings - secured	-	1,504,477	-	2,143,046
Mark-up accrued	-	16,071	-	17,853
Long term loan		170,236		358,008

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

# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the Three Months Period Ended 31 December 2020

## 12. SEGMENT INFORMATION

### 12.1 Segment information for the three months period ended 31 December 2020:

	Brand & Performance Textile Specialties		Others *		Total	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Rs '000)					
<b>Sales</b>						
Domestic	4,586,896	3,977,886	616,664	556,123	5,203,560	4,534,009
Export	907,012	933,697	-	31,417	907,012	965,114
<b>Total sales</b>	<b>5,493,908</b>	<b>4,911,583</b>	<b>616,664</b>	<b>587,540</b>	<b>6,110,572</b>	<b>5,499,123</b>
Discount and commission	281,784	230,694	3,931	3,489	285,715	234,183
Sales tax	650,008	563,764	74,553	70,531	724,561	634,295
	931,792	794,458	78,484	74,020	1,010,276	868,478
<b>Net sales (from external customers)</b>	<b>4,562,116</b>	<b>4,117,125</b>	<b>538,180</b>	<b>513,520</b>	<b>5,100,296</b>	<b>4,630,645</b>
<b>Segment results based on 'management approach'</b>	<b>757,107</b>	<b>517,613</b>	<b>114,588</b>	<b>81,681</b>	<b>871,695</b>	<b>599,294</b>
Other expenses - WPPF and WWF					(58,764)	(36,350)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					(2,002)	4,007
					810,929	566,951
Finance costs					24,150	83,515
<b>Profit before taxation</b>					<b>786,779</b>	<b>483,436</b>
<b>Fixed Capital Expenditure including CWIP</b>	<b>6,346</b>	<b>26,432</b>	<b>218</b>	<b>-</b>	<b>6,564</b>	<b>26,432</b>
Unallocated					20	10,079
					6,584	36,511
<b>Depreciation</b>	<b>62,561</b>	<b>61,147</b>	<b>537</b>	<b>589</b>	<b>63,098</b>	<b>61,736</b>
Unallocated					6,142	5,013
					69,240	66,749

	Brand & Performance Textile Specialties		Others *		Total	
	Unaudited 31 December 2020	Audited 30 September 2020	Unaudited 31 December 2020	Audited 30 September 2020	Unaudited 31 December 2020	Audited 30 September 2020
	(Rs '000)					
<b>Segment Assets</b>	<b>9,293,009</b>	<b>7,254,114</b>	<b>427,790</b>	<b>320,948</b>	<b>9,720,799</b>	<b>7,575,062</b>
Unallocated					2,192,525	2,222,060
<b>Total Assets</b>					<b>11,913,324</b>	<b>9,797,122</b>
<b>Segment Liabilities</b>	<b>4,240,186</b>	<b>1,605,725</b>	<b>349,024</b>	<b>106,707</b>	<b>4,589,210</b>	<b>1,712,432</b>
Unallocated					3,364,080	3,580,830
<b>Total Liabilities</b>					<b>7,953,290</b>	<b>5,293,262</b>

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

# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the Three Months Period Ended 31 December 2020

## 13. EARNINGS PER SHARE

	Quarter ended	
	31 December	
	2020	2019
	(Rupees in '000)	
<b>13.1 Basic</b>		
Profit after taxation attributable to ordinary shareholders	<u>479,710</u>	<u>333,442</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the period	<u>34,117,881</u>	<u>34,117,881</u>
	(Rupees)	
Earning per share	<u>14.06</u>	<u>9.77</u>

## 13.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 31 December 2020 and 2019.

	Note	Three months	
		31 Dec	31-Dec
		2020	2019
		----- (Rupees in '000) -----	
Profit before taxation		786,779	483,436
Adjustment for non-cash charges and other items:			
Depreciation		69,240	66,749
Gain on sale of property, plant and equipment		(50)	(24)
Provision for staff gratuity		13,553	5,161
Mark-up expense		18,485	51,097
Provision for impairment of trade debts		-	2,442
Working capital changes	14.1	<u>769,704</u>	<u>507,269</u>
		<u>1,657,711</u>	<u>1,116,130</u>

## 14.1 Working capital changes

### (Increase) / decrease in current assets

Stores and spares	4,350	(6,100)
Stock-in-trade	(478,863)	(522,335)
Trade debts	(1,308,279)	(14,023)
Loans and advances	(687)	(2,607)
Trade deposits and short-term prepayments	(37,516)	12,370
Other receivables	(49,547)	(108,605)
	<u>(1,870,542)</u>	<u>(641,300)</u>

### Increase in current liabilities

Trade and other payables	<u>2,640,246</u>	<u>1,148,569</u>
	<u>769,704</u>	<u>507,269</u>

## 15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the condensed interim statement of cash flows comprise of the following condensed interim statement of financial position amounts;

Cash and bank balances	747,868	624,085
Short-term running finance	<u>(28,481)</u>	<u>(201,539)</u>
	<u>719,387</u>	<u>422,546</u>



# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the Three Months Period Ended 31 December 2020

## 16. TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of group companies, directors and their close family members, key management personnel and staff retirement funds. 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 purchases and sales of goods and for services is determined with mutual agreement considering the nature and level of such goods and services.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers all members of their management team, including the CEO and Directors to be key management personnel. There are no transactions with key management personnel other than those under their terms of employment.

Details of transactions with related parties are as follows:

	Quarter ended 31 December	
	2020	2019
	----- (Rupees in '000) -----	
<b>Other Related Parties</b>		
Sales	<b>460,455</b>	594,772
Purchases of goods and services	<b>132,245</b>	184,397
Indenting commission income	<b>5,756</b>	5,172
Export commission expense	<b>16,094</b>	13,522
Royalty expenses	<b>244,141</b>	218,280
Transaction by virtue of common directorship:		
- Annual subscription	<b>400</b>	270
- Purchase of goods and services	<b>52,643</b>	28,887
Key management personnel:		
- Salaries, benefits and compensations	<b>47,223</b>	34,542
- Post employment benefits	<b>5,262</b>	4,724

## 17. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the period.

## 18. UNPAID DIVIDEND

This represents an unpaid amount of Rs. 930 million with respect to final cash dividend for financial year 2020 as approved by the shareholders in Annual General Meeting held on 29 December 2020.

## 19. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 28 January 2021 by the Board of Directors of the Company.

## 20. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Mujtaba Rahim  
CEO



Irfan Chawala  
CFO



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