



**3<sup>RD</sup> QUARTER REPORT 2021**  
**(Ended June 2021)**



# CONTENTS

Company Information

Directors' Report

Condensed Interim Statement of Financial Position

Condensed Interim Statement of Profit or Loss and other Comprehensive Income

Condensed Interim Statement of Cash Flows

Condensed Interim Statement of Changes in Equity

Condensed Interim Notes to and Forming Part of the Financial Statements

## COMPANY INFORMATION

Chairman	<ul style="list-style-type: none"><li>• M Veqar Arif</li></ul>	
Board of Directors	<ul style="list-style-type: none"><li>• Marcos Furrer</li><li>• Michel Zumstein</li><li>• Mujtaba Rahim</li><li>• Roland Waibel</li><li>• Shahid Ghaffar</li><li>• Yasmin Peermohammad</li></ul>	(Alternate: Irfan Chawala) (Alternate: Naveed Kamil) - Chief Executive Officer
Audit Committee	<ul style="list-style-type: none"><li>• Shahid Ghaffar</li><li>• Michel Zumstein</li><li>• M Veqar Arif</li><li>• Irfan Lakhani</li></ul>	- Chairman (Alternate: Naveed Kamil)  - Secretary
Human Resources and Remuneration Committee	<ul style="list-style-type: none"><li>• Yasmin Peermohammad</li><li>• Mujtaba Rahim</li><li>• Michel Zumstein</li><li>• Irfan Lakhani</li></ul>	- Chairperson  - (Alternate: Naveed Kamil) - Secretary
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><li>• MCB Bank 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>• P-277, Kashmir Road, Near Niagara Mills, Amin Town, 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 third quarter ended 30 June 2021, together with the condensed interim financial information of the Company for the period ended 30 June 2021.

### Business Overview

Overall sales volumes and profitability of Archroma's specialty chemical products' continued to maintain the trend of previous quarter and showed positive development for the third quarter under review, as well. Our major consumption markets i.e. Textiles and Construction Industry continued to grow on the back of Government support and fiscal measures to maintain relatively stable foreign exchange parity and economical financing which has perpetuated the demand for Pakistani Textiles for Exports and continued the buoyancy for new Housing and Mega infrastructure related Construction projects.

Your Company achieved net sales of PKR 14,843 million during the nine months ended 30 June 2021 versus PKR 11,584 million in comparison to the same period last year. Contribution to the overall sales growth of 28% has mainly come from Brand & Performance Textile Specialties which grew by 30% and Coating Adhesive & Sealants which increased by 38%.

Apart from the topline growth, post-COVID efficiency improvement projects launched by your Company have also positively contributed towards improvement in certain operational and fixed costs. Moreover,

relatively stable Pak Rupee and lower borrowing costs have led to strong bottom-line profitability of PKR 1,756 million during the nine months under review versus PKR 783 million for the same period last year.

### Future Outlook

With the continued availability of Textile industry's Export orders, outlook remains positive for Home Textiles as well as Denim & casual wear for the last quarter of the current financial year. Moreover, with the continuation of Government's support package for the calendar year 2021, the construction activity is also anticipated to positively drive related businesses.

Your Company continues to work on many post- COVID initiatives, the benefits of which are not only expected to further improve the business portfolio but also speed & agility to smartly manage cash-flows & fixed costs, going forward.

However, the above will continue to remain dependent on the severity of the 4th wave currently affecting both the local and Global COVID spread & control situation.

### Composition of Board

The composition of the Board is as follows:

- a) Male members: 6
- b) Female member: 1

Out of the above:

- a) Executive Director: 1
- b) Non-Executive Directors: 4
- c) Independent Directors: 2

On behalf of the Board



Mujtaba Rahim  
Chief Executive Officer



Irfan Chawala  
Director

زیر جائزہ نو ماہ کے دوران 1,756 ملین پاکستانی روپے کا مستحکم حتمی منافع حاصل ہوا ہے جو گزشتہ سال اسی عرصے میں 783 ملین پاکستانی روپے تھا۔

#### مستقبل کا منظر نامہ

ایکسپورٹ آرڈرز کی مستقل دستیابی کے ساتھ، رواں مالی سال کے آخری حصے میں ہوم ٹیکسٹائل کے ساتھ ڈیم اور روزمرہ کے لباس کیلئے مستقبل کے امکانات مثبت لگ رہے ہیں۔ مزید یہ براں رواں سال 2021 کیلئے حکومتی تعاون پیکیج کے تسلسل میں تعمیراتی سرگرمیوں سے متعلقہ کاروبار کو مثبت انداز میں چلانے کی بھی توقع کی جا رہی ہے۔

آپ کی کمپنی COVID-19 کے پیش نظر کئی اقدامات پر کام جاری رکھے ہوئے ہے، جن کے فوائد سے نہ صرف کاروباری پورٹ فولیو میں مزید بہتری متوقع ہے بلکہ نقد بہاؤ اور مقررہ اخراجات بھی موثر انداز میں آگے بڑھیں گے۔

تاہم مذکورہ بالا چوتھی لہر کی شدت پر منحصر رہے گا۔ جو کہ اس وقت مقامی اور عالمی COVID کے پھیلاؤ اور کنٹرول کی صورتحال دونوں کو متاثر کر رہا ہے۔

#### بورڈ کی تشکیل

بورڈ کی تشکیل مندرجہ ذیل ہے

06	(الف)	مرد ممبران
01	(ب)	خاتون ممبر

مندرجہ بالا میں سے:

01	(i)	ایگزیکٹو ڈائریکٹر
04	(ii)	نان ایگزیکٹو ڈائریکٹر
02	(iii)	انڈیپنڈنٹ ڈائریکٹر

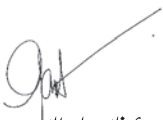
کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ آپ کی خدمت میں 30 جون 2021ء کو ختم ہونے والی تیسری سہ ماہی کی اپنی مالیاتی رپورٹ مع 30 جون 2021ء کو ختم ہونے والی مدت کیلئے کمپنی کی جامع محاسبی عبوری مالیاتی معلومات پیش کر رہے ہیں۔

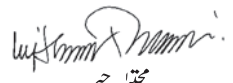
#### کاروباری جائزہ

آرکرو ما کی خصوصی کیمیائی مصنوعات کا منافع اور مجموعی طور پر فروخت کے حجم نے گزشتہ سہ ماہی کے رجحان کو برقرار رکھا اور اس کے ساتھ ہی تیسری سہ ماہی میں بھی جائزے کے تحت مثبت پیشرفت ظاہر کی۔ ہماری بڑی کپت مارکیٹیں یعنی ٹیکسٹائل اور تعمیراتی صنعت نسبتاً مستحکم غیر ملکی زرمبادلہ اور معاشی مالی اعانت برقرار رکھنے کے لئے حکومتی تعاون اور مالی اقدامات کی پاداش میں ترقی کرتی رہی جس نے پاکستانی ٹیکسٹائل برائے برآمدات کی مانگ کو مستحکم کر دیا ہے اور ہاؤسنگ اور میگا انفراسٹرکچر سے متعلقہ تعمیراتی منصوبوں کی افادیت کو جاری رکھا۔

آپ کی کمپنی نے گزشتہ سال کے اسی عرصے کے مقابلے میں 11,584 ملین پاکستانی روپے کے مقابلے میں 30 جون 2021 کو ختم ہونے والے نو ماہ کے دوران 14,843 ملین پاکستانی روپے کی خالص فروخت حاصل کی۔ مجموعی طور پر فروخت میں 28 فیصد اضافے میں تعاون بنیادی طور پر براؤنڈ اینڈ پرفارمنس ٹیکسٹائل کی خصوصیات سے حاصل ہوا ہے جس میں 30 فیصد اضافہ ہوا ہے اور چمکانے والی کوئنگ اور سیلینٹس میں 38 فیصد اضافہ ہوا ہے۔

ٹاپ لائن نمو کے علاوہ، آپ کی کمپنی کی جانب سے متعارف کردہ پوسٹ کووڈ کے منصوبوں نے بھی کمپنی کے کچھ انتظامی اور مقررہ اخراجات میں بہتری میں مثبت طور پر حصہ لیا ہے۔ مزید براں پاکستانی روپے میں استحکام اور قرض کے کم اخراجات کے نتیجے میں

  
عرفان چاہ والا  
ڈائریکٹر

  
مجتبیٰ رحیم  
چیف ایگزیکٹو آفیسر

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at 30 June 2021

	Note	30 June 2021 (Un-audited)	30 September 2020 (Audited)
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,851,941	1,976,820
Long-term deposits		9,529	6,099
Deferred tax assets		-	15,499
		<b>1,861,470</b>	<b>1,998,418</b>
<b>Current assets</b>			
Stores and spares		54,083	53,645
Stock-in-trade	5	3,527,813	3,089,893
Trade debts	6	4,433,770	2,788,159
Loans and advances		3,437	700
Trade deposits and short-term prepayments		56,984	24,362
Other receivables		18,371	24,639
Tax refunds due from government - sales tax		1,282,179	1,322,852
Taxation - net	7	-	225,219
Cash and bank balances		828,156	110,185
		<b>10,204,793</b>	<b>7,639,654</b>
<b>TOTAL ASSETS</b>		<b>12,066,263</b>	<b>9,638,072</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			
34,117,881 (30 September 2020: 34,117,881) ordinary shares of Rs. 10 each		341,179	341,179
<b>Reserves</b>			
Revenue reserve		3,138,000	3,238,000
Unappropriated profit		1,757,518	924,681
		<b>4,895,518</b>	<b>4,162,681</b>
<b>Total shareholders' equity</b>		<b>5,236,697</b>	<b>4,503,860</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		49,268	-
Employee benefits		20,248	341,138
Long term loan - secured	8	86,427	209,782
Lease liabilities	10	118,222	95,668
Liabilities against diminishing musharika finance	11	59,827	94,097
		<b>333,992</b>	<b>740,685</b>
<b>Current liabilities</b>			
Trade and other payables		4,446,193	2,118,389
Unclaimed dividend		72,932	67,536
Mark-up accrued		10,976	17,853
Current portion of long term loan - secured	8	180,273	148,226
Short-term borrowings - secured	9	1,678,810	1,983,996
Taxation payable - net		57,884	-
Current portion of lease liabilities	10	15,431	21,488
Current portion of liabilities against diminishing musharaka finance	11	33,075	36,039
		<b>6,495,574</b>	<b>4,393,527</b>
<b>Total liabilities</b>		<b>6,829,566</b>	<b>5,134,212</b>
Contingencies and commitments	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,066,263</b>	<b>9,638,072</b>

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



Mujtaba Rahim  
CEO



Irfan Chawala  
Director / CFO

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

For the nine months period ended 30 June 2021

	Note	Nine months period ended		Quarter ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
----- (Rupees in '000) -----					
<b>Sales</b>		<b>17,604,947</b>	13,752,938	<b>5,629,147</b>	2,168,275
Discount and commission		743,225	583,100	207,674	80,920
Sales tax		2,017,898	1,584,882	619,458	249,021
		<u>2,761,123</u>	<u>2,167,982</u>	<u>827,132</u>	<u>329,941</u>
<b>Sales - net</b>	13	<b>14,843,824</b>	11,584,956	<b>4,802,015</b>	1,838,334
Cost of sales		10,237,301	8,383,027	3,270,976	1,353,233
<b>Gross profit</b>		<b>4,606,523</b>	3,201,929	<b>1,531,039</b>	485,101
Distribution and marketing expenses		1,492,486	1,242,651	462,442	250,682
Administrative expenses		430,813	425,923	129,113	145,501
Impairment (reversal) / loss on trade debts		(14,428)	13,193	(5,013)	9,007
Other expenses		188,448	83,057	62,192	228
		<u>2,097,319</u>	<u>1,764,824</u>	<u>648,734</u>	<u>405,418</u>
		<u>2,509,204</u>	<u>1,437,105</u>	<u>882,305</u>	<u>79,683</u>
Other income		41,782	15,577	10,499	2,399
		<u>2,550,986</u>	<u>1,452,682</u>	<u>892,804</u>	<u>82,082</u>
Finance costs		115,214	407,196	80,446	93,097
<b>Profit before taxation</b>		<b>2,435,772</b>	1,045,486	<b>812,358</b>	(11,015)
Taxation		679,399	262,024	158,215	(11,990)
<b>Profit after taxation</b>		<b>1,756,373</b>	783,462	<b>654,143</b>	975
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>1,756,373</b>	783,462	<b>654,143</b>	975
----- (Rupees in '000) -----					
<b>Earnings per share</b>	14	<b>51.48</b>	22.96	<b>19.17</b>	0.03

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



Mujtaba Rahim  
CEO



Irfan Chawala  
Director / CFO

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine months period ended 30 June 2021

	Note	30 June 2021	30 June 2020
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	15	2,963,066	2,090,678
Employee benefits paid		(361,549)	(69,503)
Mark-up paid		(49,141)	(212,260)
Income taxes paid		(331,529)	(421,278)
Long-term loans - net		-	107
Long-term deposits - net		(3,430)	1,069
<b>Net cash generated from operating activities</b>		<b>2,217,417</b>	<b>1,388,813</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(84,281)	(183,796)
Proceeds from disposal of property, plant and equipment		27,489	3,618
<b>Net cash used in investing activities</b>		<b>(56,792)</b>	<b>(180,178)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment against lease liabilities		18,067	(14,541)
Payment against diminishing musharika finance		(46,087)	(20,496)
Financing against diminishing musharika finance		-	56,749
Long term borrowings - repayment		(91,308)	173,580
Short-term borrowings - proceeds		1,715,222	2,022,273
Short-term borrowings - repayments		(2,183,996)	(1,806,000)
Dividend paid		(1,018,140)	(1,528,450)
<b>Net cash used in financing activities</b>		<b>(1,606,242)</b>	<b>(1,116,885)</b>
<b>Net increase in cash and cash equivalents</b>		<b>554,383</b>	<b>91,750</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>	16	<b>664,568</b>	<b>(186,640)</b>

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



Mujtaba Rahim  
CEO



Irfan Chawala  
Director / CFO



## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine months period ended 30 June 2021

	Reserves			Total
	Issued, subscribed and paid-up capital	Revenue reserve	Unappropriated profit	
------(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 30 June 2020</b>				
Profit for the period	-	-	783,462	783,462
Other comprehensive income	-	-	-	-
	-	-	783,462	783,462
<b>Balance as at 30 June 2020 (Un-audited)</b>	341,179	3,238,000	786,415	4,365,594
<b>Balance as at 30 September 2020 (Audited)</b>	<b>341,179</b>	<b>3,238,000</b>	<b>924,681</b>	<b>4,503,860</b>
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 30 June 2021</b>				
Profit for the period	-	-	1,756,373	1,756,373
Other comprehensive income	-	-	-	-
	-	-	1,756,373	1,756,373
<b>Balance as at 30 June 2021 (Un-audited)</b>	<b>341,179</b>	<b>3,138,000</b>	<b>1,757,518</b>	<b>5,236,697</b>

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



Mujtaba Rahim  
CEO



Irfan Chawala  
Director / CFO

# **CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)**

For the nine months period ended 30 June 2021

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

**1.1** 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, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange. The Company is a subsidiary of Archroma Textiles GmbH, registered and having head quarters 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
- P-277, Kashmir Road, Near Niagara Mills, Amin Town, Faisalabad
- House # B157 Lalarukh, Wah Cantt

## **1.2 Impact of COVID-19 on the condensed interim financial statements**

The COVID-19 pandemic has spread rapidly all across the world and has not only endangered human lives but has also adversely impacted the global economy. In March 2020, the Government of Pakistan announced a temporary lock down as a measure to reduce the spread of the COVID-19. The management has taken all necessary steps to ensure smooth and adequate continuation of its business by following standard operating procedures (SOPs).

In view of the financial and operational effects of COVID-19 on the Company's business and disclosures, the management has assessed the accounting implications of these developments on these condensed interim financial statements, including but not limited to following areas: expected credit losses and modification of financial liability under IFRS 9, 'Financial Instruments', impairment of tangible and intangible assets under IAS 36, 'Impairment of Assets', net realisable value of inventory under IAS 2, 'Inventories' and going concern assumption used for the preparation of these condensed interim financial statements.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in these condensed interim financial statements.

## **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:

# **CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)**

For the nine months period ended 30 June 2021

- 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 on the historical cost convention, except as stated otherwise.

These condensed interim financial statements of the Company do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 September 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

These condensed interim financial statements are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

## **2.3 Functional and presentation currency**

These condensed interim financial statements are presented in Pakistan rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.

## **2.4 Use of estimates and judgements**

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements as at and for the year ended 30 September 2020.

## **2.5 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS ) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021.

## **CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)**

For the nine months period ended 30 June 2021

- COVID-19-Related Rent Concessions (Amendment to IFRS 16)— the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  - there is no substantive change to the other terms and conditions of the lease.
- Interest Rate Benchmark Reform — Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

### **Annual Improvements to IFRS standards 2018-2020:**

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9-The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the others behalf, when it applies the 10 per cent test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

## **CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)**

For the nine months period ended 30 June 2021

- IFRS 16- The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21 B, 21 C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

The above amendments are effective from annual period beginning on or after 01 January 2021 and are not likely to have an impact on Company's financial statements.

## CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 June 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited financial statements for the year ended 30 September 2020.
- 3.2** A number of amendments in applicable accounting and reporting standards became effective from 1 October 2020 but they do not have any material effect on the Company's financial statements.

4. PROPERTY, PLANT AND EQUIPMENT	Note	30 June	30 September
		2021 (Un-audited)	2020 (Audited)
----- (Rupees in '000) -----			
Operating property, plant and equipment	4.1	<b>1,742,376</b>	1,831,239
Capital work-in-progress	4.3	<b>109,565</b>	145,581
		<b><u>1,851,941</u></b>	<u>1,976,820</u>

#### 4.1 Operating property, plant and equipment

The following operating property, plant and equipment have been added during the nine months period ended 30 June:

	Building on leasehold land	Building on free hold land	ROUA Building	Plant and machinery	Furniture, fixtures and equipment		Vehicles ROUA	30 June	30 June
					Owned	ROUA		2021	2020
----- (Rupees in '000) -----									
Additions for the half year ended 31 March 2021	770	1,265	13,245	22,719	16,971	5,329	1,762	62,061	66,680
Additions for the quarter 30 June 2021	1,822	-	-	38,998	37,813	-	1,762	80,395	26,643
Total	<b>2,592</b>	<b>1,265</b>	<b>13,245</b>	<b>61,717</b>	<b>54,784</b>	<b>5,329</b>	<b>3,524</b>	<b>142,456</b>	<b>93,323</b>

**4.1.1** Operating property, plant and equipment include right-of-use asset on buildings of Rs 13.245 million recognised during the period.

**4.1.2** Additions to owned furniture, fixtures and equipment includes direct additions of Rs. 10.529 million and transfers from capital work in progress of Rs. 49.583 million.

**4.2** Property, plant and equipment disposed off during the nine months period ended 30 June are as follows:

	Furniture, fixtures and equipment		Vehicles	30 June	30 June
	Owned	ROUA	ROUA	2021	2020
----- (Rupees in '000) -----					
Cost	<b>12,869</b>	-	<b>42,192</b>	<b>55,061</b>	15,718
Accumulated depreciation	<b>(6,327)</b>	-	<b>(20,292)</b>	<b>(26,619)</b>	(12,334)
Net book value	<b><u>6,542</u></b>	<u>-</u>	<b><u>21,900</u></b>	<b><u>28,442</u></b>	<u>3,384</u>

**4.3** Additions to capital work in progress during the nine months period ended 30 June 2021 amounts to Rs. 81.774 million and transfers to operating property, plant and equipment amounts to Rs. 117.791 million.

## CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 June 2021

5. STOCK-IN-TRADE	Note	30 June 2021 (Un-audited)	30 September 2020 (Audited)
----- (Rupees in '000) -----			
Raw and packing materials including goods in transit of Rs. 655.692 million (30 September 2020: Rs. 333.797 million)		2,622,930	1,932,820
Work-in-process		102,693	99,836
Finished goods including goods in transit of Rs. 51.430 million (30 September 2020: Rs. 10.921 million)		802,190	1,057,237
		<u>3,527,813</u>	<u>3,089,893</u>
<b>6. TRADE DEBTS</b>			
Considered good		4,433,770	2,788,159
Considered doubtful		534,787	549,115
		<u>4,968,557</u>	<u>3,337,274</u>
Provision for impairment loss on trade debts		(534,787)	(549,115)
		<u>4,433,770</u>	<u>2,788,159</u>
<b>7. TAX REFUNDS DUE FROM GOVERNMENT - Sales Tax</b>			
Sales tax claim refundable	7.1	1,327,959	1,377,985
Others		(45,780)	(55,133)
		<u>1,282,179</u>	<u>1,322,852</u>
<b>7.1</b>	During the period the company has received Rs. 50 million (30 June 2020: Rs. 403 million) in respect of these claims.		
<b>8. LONG-TERM LOANS - secured</b>	Note	30 June 2021 (Un-audited)	30 September 2020 (Audited)
----- (Rupees in '000) -----			
Loan under refinance scheme for payment of wages and salaries	8.1	255,791	337,099
Less: current portion of long term loan		(169,424)	(133,621)
		86,367	203,478
Deferred income - government grant		10,361	20,909
Current portion of deferred income - government grant		(10,301)	(14,605)
		60	6,304
		<u>86,427</u>	<u>209,782</u>

**8.1** Due to the effects of pandemic, the 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 rates of borrowing.

The Company has obtained the said borrowing from commercial bank at subsidized rate 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 markup rates and is repayable by October 2022 in 8 quarterly installments under the above SBP scheme. The loan is secured against Plant and Machinery at 1.2x of loan amount and will discharge on repayment of loan amount.

# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 June 2021

## 9. SHORT-TERM BORROWINGS - secured

9.1 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+0.20% to 3 months KIBOR+0.4% per annum 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. 3,321 million (30 September 2020: Rs. 2,501 million).

9.2 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. 1,515 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 3.0% per annum (30 September 2020: 3.0% per annum).

## 10. LEASE LIABILITIES

	<b>30 June 2021 (Un-audited)</b>	30 September 2020 (Audited)
	----- (Rupees in '000) -----	
<b>10.1 Lease liabilities included in the statement of financial positions at 30 June 2021</b>		
Current	<b>15,431</b>	21,488
Non-Current	<b>118,222</b>	95,668
	<b>133,653</b>	117,156

10.2 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 rental 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.

10.3 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.

## 11. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCE

	Due within one year		Due after one year but within 5 years		Total	
	30 June 2021	30 September 2020	30 June 2021	30 September 2020	30 June 2021	30 September 2020
	----- (Rupees in '000) -----					
Principal repayment	<b>33,075</b>	36,039	<b>59,827</b>	94,097	<b>92,902</b>	130,136



# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 June 2021

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

There is no significant change in the status of contingencies as reported in the annual audited financial statements for the year ended 30 September 2020, except for the following tax contingency:

#### 12.1.1 Description of tax proceedings

Name of the court, agency or authority	Description of the factual basis of the proceedings and relief sought	Principal parties	Date instituted
	<u>Tax Year 2015</u>		
Federal Board of Revenue	The Income tax return for tax year 2015 was selected for audit under section 214D of the Income Tax Ordinance, 2001. The audit proceedings have been completed and Additional Commissioner Inland Revenue (ACIR) passed an order, wherein certain additions and disallowances were made. The management has filed an appeal against the aforementioned Order before the Commissioner Inland Appeals III (CIR - Appeals). The management along with its tax advisor are confident that the outcome of the case will be in their favour, therefore, no provision has been recognised in the interim financial statements.	The Additional Commissioner Inland Revenue (ACIR) and the Company	30 December 2020
Federal Board of Revenue	The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company, whereby sales tax demand of Rs. 91.08 million along with penalty of Rs. 6.63 million has been raised on account of input sales and refund claimed by the Company for the tax periods from July 2017 to June 2018. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals) (CIRA). Based on the decision of CIRA, sales tax demand has now been reduced to Rs. 69.18 million with the direction to DCIR to re-examine the records of the Company considering the findings discussed in the appeal. The management of the Company along with its tax advisor are confident that the outcome of the appeal effect will be in their favour therefore, no provision is required to be recognized in the interim financial statement.	Commissioner Inland Revenue (ACIR) and the Company	16 November 2020
Federal Board of Revenue	The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company, whereby sales tax demand of Rs. 9.7 million along with penalty of Rs. 0.49 million has been raised on account of input sales tax claimed by the Company for the tax periods from October 2015 to September 2016. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals) (CIRA) and granted a stay order against the demand raised, subsequent to the period end. The management of the Company along with its tax advisor are confident that the outcome of the appeal effect will be in their favour therefore, no provision is required to be recognized in the interim financial statement.	Commissioner inland Revenue (DCIR) and the Company	10 June 2021

### 12.2 Commitments

- 12.2.1** Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 30 June 2021 are amounting to Rs. 159.117 million.
- 12.2.2** The Company has provided post dated cheques amounting to Rs. 3,119.109 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.
- 12.2.3** Commitments for capital expenditure as at 30 June 2021 aggregated to Rs. 55.834 million (30 September 2020: Rs. 15.395 million).
- 12.2.4** Commitments under letters of credit for raw material and stores and spares as at 30 June 2021 amounted to Rs. 435 million (30 September 2020: Rs. 428 million).

# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 June 2021

## 13. SEGMENT INFORMATION

13.1 Segment information for the nine months period ended 30 June 2021:

	Brand & Performance Textile Specialties		Others *		Total	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
----- (Rs '000) -----						
<b>Sales</b>						
Domestic	12,672,372	9,950,532	1,761,686	1,385,667	14,434,058	11,336,199
Export	3,166,167	2,332,741	4,722	83,998	3,170,889	2,416,739
<b>Total sales</b>	<b>15,838,539</b>	<b>12,283,273</b>	<b>1,766,408</b>	<b>1,469,665</b>	<b>17,604,947</b>	<b>13,752,938</b>
Discount and commission	729,012	574,044	14,213	9,056	743,225	583,100
Sales tax	1,749,958	1,408,557	267,940	176,325	2,017,898	1,584,882
	2,478,970	1,982,601	282,153	185,381	2,761,123	2,167,982
<b>Net sales (from external customers)</b>	<b>13,359,569</b>	<b>10,300,672</b>	<b>1,484,255</b>	<b>1,284,284</b>	<b>14,843,824</b>	<b>11,584,956</b>
<b>Segment results based on 'management approach'</b>	<b>2,331,547</b>	<b>1,326,167</b>	<b>401,588</b>	<b>197,320</b>	<b>2,733,135</b>	<b>1,523,487</b>
Other expenses - WPPF and WWF					(183,334)	(78,850)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					1,185	8,045
					2,550,986	1,452,682
Finance costs					115,214	407,196
<b>Profit before taxation</b>					<b>2,435,772</b>	<b>1,045,486</b>
<b>Capital Expenditure</b>	<b>82,312</b>	<b>135,540</b>	<b>934</b>	<b>1,324</b>	<b>83,246</b>	<b>136,864</b>
Unallocated					1,035	46,932
					84,281	183,796
<b>Depreciation</b>	<b>193,495</b>	<b>194,671</b>	<b>2,396</b>	<b>589</b>	<b>195,891</b>	<b>195,260</b>
Unallocated					6,538	12,850
					202,429	208,110

	Brand & Performance Textile Specialties		Others *		Total	
	30 June 2021 (Un-audited)	30 September 2020 (Audited)	30 June 2021 (Un-audited)	30 September 2020 (Audited)	30 June 2021 (Un-audited)	30 September 2020 (Audited)

----- (Rs '000) -----

<b>Segment Assets</b>	<b>8,579,170</b>	<b>7,254,114</b>	<b>355,957</b>	<b>320,948</b>	<b>8,935,127</b>	<b>7,575,062</b>
Unallocated					3,131,136	2,063,010
<b>Total Assets</b>					<b>12,066,263</b>	<b>9,638,072</b>
<b>Segment Liabilities</b>	<b>3,452,368</b>	<b>1,605,725</b>	<b>319,725</b>	<b>106,707</b>	<b>3,772,093</b>	<b>1,712,432</b>
Unallocated					3,057,473	3,421,780
<b>Total Liabilities</b>					<b>6,829,566</b>	<b>5,134,212</b>

\* Others do not constitute a separately reportable segment as per IFRS 8 "Operating Segments".

# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 June 2021

## 13.2 Segments information for the quarter ended 30 June 2021:

	Brand & Performance Textile Specialty		Others *		Total	
	2021	2020	2021	2020	2021	2020
----- (Rs '000) -----						
<b>Sales</b>						
Domestic	3,888,543	1,459,962	519,893	307,968	4,408,436	1,767,930
Export	1,215,989	400,345	4,722	-	1,220,711	400,345
<b>Total sales</b>	<b>5,104,532</b>	<b>1,860,307</b>	<b>524,615</b>	<b>307,968</b>	<b>5,629,147</b>	<b>2,168,275</b>
Discount & commission	200,932	79,057	6,742	1,863	207,674	80,920
Sales tax	535,001	207,333	84,457	41,688	619,458	249,021
	735,933	286,390	91,199	43,551	827,132	329,941
<b>Net sales (from external customers)</b>	<b>4,368,599</b>	<b>1,573,917</b>	<b>433,416</b>	<b>264,417</b>	<b>4,802,015</b>	<b>1,838,334</b>
<b>Segment results based on 'management approach'</b>	<b>812,415</b>	<b>61,801</b>	<b>137,994</b>	<b>20,478</b>	<b>950,409</b>	<b>82,279</b>
Other expenses - WPPF / WWF					(60,770)	800
Assets charged to profit and loss for internal reporting purposes based on group guidelines					3,165	(997)
					<b>892,804</b>	<b>82,082</b>
Finance costs					80,446	93,097
<b>Profit before taxation</b>					<b>812,358</b>	<b>(11,015)</b>
<b>Capital Expenditure</b>	<b>30,926</b>	<b>56,343</b>	<b>716</b>	<b>1,299</b>	<b>31,642</b>	<b>57,642</b>
Unallocated					1,015	42,963
					<b>32,657</b>	<b>100,605</b>
<b>Depreciation</b>	<b>69,464</b>	<b>64,793</b>	<b>1,365</b>	<b>585</b>	<b>70,829</b>	<b>65,378</b>
Unallocated					396	7,127
					<b>71,225</b>	<b>72,505</b>

\* Others do not constitute a separately reportable segment as per IFRS 8 " Operating Segments".

## 14. EARNINGS PER SHARE

	Nine months period ended (Un-audited)		Quarter ended (Un-audited)	
	30 June 2021	2020	30 June 2021	2020
----- (Rupees in '000) -----				
<b>Basic</b>				
Profit after taxation attributable to ordinary shareholders	1,756,373	783,462	654,143	975
----- (Number of shares) -----				
Weighted average number of ordinary shares outstanding during the period	34,117,881	34,117,881	34,117,881	34,117,881
----- (Rupees in '000) -----				
Earning per share	51.48	22.96	19.17	0.03

### Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 June 2021 and 2020.

# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 June 2021

## 15. CASH GENERATED FROM OPERATIONS

	Nine months ended (Un-audited)	
	30 June 2021	30-Jun 2020
	----- (Rupees in '000) -----	
<b>Profit before taxation</b>	<b>2,435,772</b>	1,045,486
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment and ROUA	202,429	208,110
Loss / (gain) on sale of property, plant and equipment	953	(234)
Provision against employee benefit	40,659	14,823
Mark-up expense	42,264	165,753
(Reversal) / Provision for impairment of trade debts	(14,428)	13,193
Changes in:		
- Stores and spares	(438)	(4,793)
- Stock-in-trade	(437,920)	(1,238,271)
- Trade debts	(1,645,611)	1,384,695
- Loans and advances	(2,737)	4
- Trade deposits and short-term prepayments	(32,622)	9,304
- Tax refunds due from government - sales tax (net)	40,673	-
- Other receivables	6,268	62,844
- Trade and other payables	2,327,804	429,764
	<b>2,963,066</b>	<b>2,090,678</b>

## 16. CASH AND CASH EQUIVALENTS

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

	Nine months ended (Un-audited)	
	30 June 2021	30 June 2020
	----- (Rupees in '000) -----	
Cash and bank balances	828,156	295,729
Short-term running finance	(163,588)	(482,369)
	<b>664,568</b>	<b>(186,640)</b>

## 17. 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:

Name of related party	Nature of Relationship	Nature of transactions	Nine months ended (Un-audited)	
			30 June 2021	30 June 2020
			----- (Rupees in '000) -----	
Archroma Textiles GmbH, Switzerland	Parent / Holding Company	Dividend	767,658	1,151,484
Archroma Management GmbH, Switzerland	Associated company	Purchases & Services	215,936	357,808
		Royalty expenses	711,523	544,799
		Indenting commission	12,004	5,578

# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 June 2021

Name of related party	Nature of Relationship	Nature of transactions	Nine months ended (Un-audited)	
			30 June 2021	30 June 2020
			----- (Rupees in '000) -----	
Archroma Turkey Limited	Associated company	Purchases	-	14,802
		Sales	1,025,470	796,349
Archroma Singapore,Pte Ltd	Associated company	Purchases	29,517	56,076
		Sales	155,066	249,641
		Export commission	49,069	30,983
		Indenting commission	3,973	1,105
Archroma Textile Mexico S.De	Associated company	Purchases	24,475	25,425
		Sales	3,531	-
Archroma Thailand	Associated company	Purchases	1,107	-
		Sales	255,919	203,127
		Indenting commission	499	190
PT Archroma Indonesia	Associated company	Purchases	23,558	64,397
		Sales	965	-
		Indenting commission	39	501
Archroma Hongkong	Associated company	Purchases	-	26,337
Archroma Tianjin Ltd	Associated company	Purchases	40,121	-
Spice Industria Quimica	Associated company	Purchases	14,707	49,424
		Sales	9,115	4,291
PT Archroma Specialties Indonesia	Associated company	Sales	24,737	39,196
Archroma China	Associated company	Purchases	78	10,056
		Sales	107,500	112,637
Archroma India Private Limited	Associated company	Purchases	-	7,344
Archroma Korea	Associated company	Sales	916	3,566
Archroma Peru S.A.	Associated company	Sales	8,070	38,380
Archroma Iberica, S.L.	Associated company	Sales	85,627	121,771
Archroma Japan	Associated company	Sales	1,769	12,509
Archroma Colombia S.A.S.	Associated company	Sales	328	315
Archroma U.S	Associated company	Purchases	-	1,534
		Sales	-	19,262
Pakistan Oxygen Limited	Common directorship	Purchases	84,852	81,326
Swiss Business Council	Common directorship	Subscription	100	450
Overseas Investor Chamber of Commerce and Industry	Common directorship	Subscription	300	270
Jubilee Life Insurance Company	Common directorship	Insurance premium	46,018	43,564
Key management personnel	Related parties	Salaries, benefits and compensations	125,162	114,406
		Post employment benefits	14,431	14,171
		Proceeds from disposal of Property, plant and equipment	7,422	-

# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 June 2021

Name of related party	Nature of Relationship	Nature of transactions	Nine months ended (Un-audited)	
			30 June 2021	30 June 2020
			----- (Rupees in '000) -----	
Archroma Management Gmbh, Switzerland	Associated company	Payable	<b>264,012</b>	177,117
Archroma Turkey Limited	Associated company	Receivable	<b>328,148</b>	-
Archroma Singapore, Pte Ltd	Associated company	Receivable	<b>81,128</b>	121,600
		Payable	<b>53,594</b>	4,155
Archroma Textile Mexico S.De	Associated company	Receivable	<b>2,600</b>	-
		Payable	<b>8,325</b>	3,330
Archroma Thailand	Associated company	Receivable	<b>50,814</b>	19,700
PT Archroma Indonesia	Associated company	Receivable	<b>3,804</b>	-
		Payable	-	8,164
Archroma Hongkong	Associated company	Payable	-	5,085
Archroma Tianjin Ltd	Associated company	Payable	<b>28</b>	-
Spice Industria Quimica	Associated company	Payable	-	30,434
PT Archroma Specialties Indonesia	Associated company	Receivable	<b>11,517</b>	-
		Payable	<b>16,042</b>	-
Archroma China	Associated company	Receivable	<b>36,914</b>	2,984
		Payable	<b>73</b>	-
Archroma Peru S.A.	Associated company	Receivable	<b>3,414</b>	-
Archroma U.S	Associated company	Payable	-	495
Archroma Brazil	Associated company	Payable	<b>8,541</b>	-

## 18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial risk management objectives and policies are consistent with those disclosed in annual financial statements of the Company as at and for the year ended 30 September 2020.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

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

# CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 June 2021

## 18.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		30 June 2021 (Un-audited)				Fair value			
Note	Financial assets 'at fair value through other comprehensive income	Financial assets 'at fair value through profit or loss'	Carrying amount		Total	Level 1	Level 2	Level 3	Total
			Financial assets 'at amortised cost'	Financial liabilities measured at amortised cost					
(Rupees in '000)									
<b>Financial assets - not measured at fair value</b>									
	Trade deposits	18.1.1	-	19,065	-	-	-	-	19,065
	Trade debts	18.1.1	-	4,433,770	-	-	-	-	4,433,770
	Other receivables	18.1.1	-	18,371	-	-	-	-	18,371
	Cash and bank balances	18.1.1	-	828,156	-	-	-	-	828,156
			-	5,299,362	-	-	-	-	5,299,362
<b>Financial liabilities - not measured at fair value</b>									
	Long term loan - secured	18.1.1	-	-	266,700	-	-	-	266,700
	Lease liabilities	18.1.1	-	-	133,653	-	-	-	133,653
	Liabilities against diminishing musharika finance	18.1.1	-	-	92,902	-	-	-	92,902
	Trade and other payables	18.1.1	-	-	4,176,404	-	-	-	4,176,404
	Unclaimed dividend	18.1.1	-	-	72,932	-	-	-	72,932
	Mark-up accrued	18.1.1	-	-	10,976	-	-	-	10,976
	Short-term borrowings - secured	18.1.1	-	-	1,678,810	-	-	-	1,678,810
			-	-	6,432,377	-	-	-	6,432,377
		30 September 2020 (Audited)							
Note	Financial assets 'at fair value through other comprehensive income	Financial assets 'at fair value through profit or loss'	Carrying amount		Total	Level 1	Level 2	Level 3	Total
			Financial assets 'at amortised cost'	Financial liabilities measured at amortised cost					
(Rupees in '000)									
<b>Financial assets - not measured at fair value</b>									
	Trade deposits	18.1.1	-	12,110	-	-	-	-	12,110
	Trade debts	18.1.1	-	2,788,159	-	-	-	-	2,788,159
	Other receivables	18.1.1	-	24,639	-	-	-	-	24,639
	Cash and bank balances	18.1.1	-	110,185	-	-	-	-	110,185
			-	2,935,093	-	-	-	-	2,935,093
<b>Financial liabilities - not measured at fair value</b>									
	Long term loan - secured	18.1.1	-	-	358,008	-	-	-	358,008
	Lease liabilities	18.1.1	-	-	117,156	-	-	-	117,156
	Liabilities against diminishing musharika finance	18.1.1	-	-	130,136	-	-	-	130,136
	Trade and other payables	18.1.1	-	-	1,995,517	-	-	-	1,995,517
	Unclaimed dividend	18.1.1	-	-	67,536	-	-	-	67,536
	Mark-up accrued	18.1.1	-	-	17,853	-	-	-	17,853
	Short-term borrowings - secured	18.1.1	-	-	1,983,996	-	-	-	1,983,996
			-	-	4,670,202	-	-	-	4,670,202

18.1.1 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

## 19. 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.

## 20. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 29 July 2021 by the Board of Directors of the Company.



Mujtaba Rahim  
CEO



Irfan Chawala  
Director / CFO



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