



QUARTERLY REPORT 2022 (Oct - Dec 2021)



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COMPANY INFORMATION

Chairman	<ul style="list-style-type: none">• M Veqar Arif	
Board of Directors	<ul style="list-style-type: none">• Mujtaba Rahim• Marcos Furrer• Michel Zumstein• Shahid Ghaffar• Thomas Bucher• Yasmin Peermohammad	<ul style="list-style-type: none">- Chief Executive Officer (Alternate: Irfan Chawala)(Alternate: Naveed Kamil)
Audit Committee	<ul style="list-style-type: none">• Shahid Ghaffar• Michel Zumstein• M Veqar Arif• Irfan Lakhani	<ul style="list-style-type: none">- Chairman (Alternate: Naveed Kamil)- Secretary
Human Resources and Remuneration Committee	<ul style="list-style-type: none">• Yasmin Peermohammad• Michel Zumstein• Mujtaba Rahim• Irfan Lakhani	<ul style="list-style-type: none">- Chairperson (Alternate: Naveed Kamil)- Secretary
Management Committee	<ul style="list-style-type: none">• Mujtaba Rahim• Irfan Chawala• Muhammad Altaf	<ul style="list-style-type: none">• Naveed Kamil• Qazi Naeemuddin
Chief Financial Officer	<ul style="list-style-type: none">• Irfan Chawala	
Company Secretary	<ul style="list-style-type: none">• Irfan Lakhani	
Bankers	<ul style="list-style-type: none">• Bank Al Habib Limited• Habib Bank Limited• Habib Metropolitan Bank Limited• MCB Bank Limited• Meezan Bank Limited• National Bank of Pakistan• Standard Chartered Bank (Pakistan) Limited	
Auditors	<ul style="list-style-type: none">• KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisor	<ul style="list-style-type: none">• Fazleghani Advocates	
Share Registrar	<ul style="list-style-type: none">• FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi	
Registered Office	<ul style="list-style-type: none">• 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi	
Factories	<ul style="list-style-type: none">• Petaro Road, Jamshoro• LX-10, LX-11, Landhi Industrial Area, Karachi	
Sales & Marketing Offices	<ul style="list-style-type: none">• Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore• P-277, Kashmir Road, Amin Town, Faisalabad• B 157 Lalarukh, Wah Cantt	
Website	<ul style="list-style-type: none">• www.archroma.com.pk• archroma.pakistan@archroma.com	

REPORT OF BOARD OF DIRECTORS

The Directors of your Company are pleased to present their financial report for the first quarter ended 31 December 2021, together with the un-audited condensed interim financial information of the Company for the first quarter ended 31 December 2021.

BUSINESS OVERVIEW

The management of your Company is pleased to share that Archroma Pakistan achieved its best-ever performance for the first quarter of the Financial year 2022, where overall sales continued to show an excellent improvement in the post-COVID changing market scenario.

With the improving regional competitiveness, Government support, and fiscal measures, Pakistan Textiles' exports continued to improve during the period under review. However, with the rising commodity prices, inflation and weakening of PKR, the local textiles' and private sector' Construction activity remained slow.

Your Company achieved net sales of PKR 6,762 million in the first quarter ended 31 December 2021 versus PKR 5,100 million in comparison to the same period last year. Contribution to the overall price driven sales growth of 32.6% has mainly come from Brand & Performance Textile Specialties which grew by 32% and Coating Adhesive & Sealants, which increased by 44%.

Apart from the topline growth, the reduction from certain efficiency projects have further reduced our operational costs, which has led to achieve the bottom-line profitability of PKR 750 million during the quarter under review versus PKR 480 million for the same period last year.

FUTURE OUTLOOK

With the gradually improving availability of Raw Materials and inflow of Pakistan Textile' Export orders, the outlook remains positive for both Home Textiles and Denim & Casual wear. Moreover, with the declining steel and other commodity prices, the construction activity is also anticipated to drive related businesses positively.

Your Company has taken many initiatives after the learnings from COVID-19, the benefits of which are expected to improve the business portfolio further and 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: 6
- b) Lady 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

بورڈ آف ڈائریکٹرز کی رپورٹ

ٹاپ لائن کے علاوہ، کارکردگی کے بعض صلاحیت بڑھانے والے منصوبوں نے ہمارے آپریشنل اخراجات کو مزید کم کر دیا ہے، جس کی وجہ سے زبرد جائزہ سہ ماہی کے دوران پاکستانی روپے 750 ملین کا خالص منافع حاصل ہوا ہے جو کہ گزشتہ سال کی اسی مدت کے لیے پاکستانی روپے کے 480 ملین تھا۔

مستقبل کا منظر نامہ:

خام مال کی بتدریج بہتر ہوتی ہوئی دستیابی اور پاکستانی ٹیکسٹائل کے برآمدی آرڈرز کی آمد کے ساتھ، ہوم ٹیکسٹائل اور ڈینم اور آرام دہ لباس دونوں ہی کے لیے نتائج مثبت رہیں گے۔ مزید برآں، اسٹیل اور دیگر اشیاء کی گرتی ہوئی قیمتوں کے تحت تعمیراتی سرگرمیوں سے متعلقہ کاروباروں کو مثبت انداز میں آگے بڑھانے کی بھی توقع ہے۔

آپ کی کمپنی نے COVID-19 سے سیکھنے کے بعد بہت سے اقدامات کیے ہیں، جن کے فوائد سے نہ صرف کاروباری پورٹ فولیو کو مزید بہتر بنانے کی توقع ہے بلکہ ترقی کرتے ہوئے، نقد بہاؤ اور مقررہ اخراجات کو بہترین انداز اور رفتار سے منظم کیا جاسکے گا۔

بورڈ کی ترتیب

ڈائریکٹرز کی کل تعداد:

06	(الف)	حضرات
01	(ب)	خواتین
		ترتیب
01	(i)	ایگزیکٹو ڈائریکٹر
04	(ii)	نان ایگزیکٹو ڈائریکٹرز
02	(iii)	انڈیپنڈنٹ ڈائریکٹرز

آپ کی کمپنی کے ڈائریکٹرز مورخہ 31 دسمبر 2021ء کو ختم ہونے والی پہلی سہ ماہی کی اپنی مالیاتی رپورٹ بمع اسی مدت کی کمپنی کی غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی حسابات پیش کرتے ہوئے انتہائی مسرت محسوس کر رہے ہیں۔

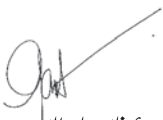
کاروبار کا جائزہ

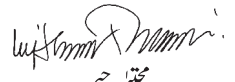
آپ کی کمپنی کی انتظامیہ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ آرکروما پاکستان نے مالی سال 2022ء کی پہلی سہ ماہی کے لیے اپنی اب تک کی بہترین کارکردگی حاصل کی، جہاں کمپنی کی مجموعی فروخت نے COVID کے بعد کے بدلے ہوئے مارکیٹ کے منظر نامے میں شاندار کامیابی حاصل کی۔

علاقائی مسابقت میں بہتری، حکومتی تعاون اور مالیاتی اقدامات سے پاکستان ٹیکسٹائل کی برآمدات زیر جائزہ مدت کے دوران مسلسل بہتر ہوئیں۔ تاہم اجناس کی بڑھتی ہوئی قیمتوں، افراط زر اور پاکستانی روپے کی قدر میں کمی ہونے سے مقامی ٹیکسٹائل اور نجی شعبے کی تعمیراتی سرگرمیاں سست رہیں۔

آپ کی کمپنی نے 31 دسمبر 2021ء کو ختم ہونے والی پہلی سہ ماہی میں گزشتہ سال کی اسی مدت میں 5,100 ملین پاکستانی روپے کے مقابلے میں 6,762 ملین پاکستانی روپے کی خالص فروخت حاصل کی ہے۔ 32.6 فیصد کی مجموعی قیمت پر مبنی فروخت میں اضافہ بنیادی طور پر برانڈ اور پرفارمنس ٹیکسٹائل اسپیشلائز سے آیا ہے جس میں 32 فیصد اضافہ ہوا اور کوئنگ ایڈیسو اور سیلٹ میں 44 فیصد اضافہ ہوا۔

بورڈ کی جانب سے:


عرفان چاؤدھری
ڈائریکٹر


مجتبیٰ رحیم
چیف ایگزیکٹو آفیسر

کراچی ۲۷ جنوری ۲۰۲۲ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)


As at 31 December 2021

	Note	Unaudited 31 December 2021	Audited 30 September 2021
------(Rupees in '000)-----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,846,377	1,865,030
Long-term deposits and prepayments		12,375	16,604
Deferred assets		86,067	75,752
		1,944,819	1,957,386
Current assets			
Stores and spares		62,745	62,578
Stock-in-trade		4,501,125	2,652,654
Trade receivable		5,579,201	3,769,706
Loans and advances		42,286	2,930
Trade deposits and short-term prepayments		86,183	39,189
Other receivables		121,822	29,072
Sales tax refundable		1,327,959	1,327,959
Short term investments		957,657	601,000
Cash and bank balances		1,338,490	1,267,870
		14,017,468	9,752,958
TOTAL ASSETS		15,962,287	11,710,344
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Issued, subscribed and paid-up capital		341,179	341,179
Reserves			
Revenue reserve		2,434,000	3,138,000
Unappropriated profit		751,967	2,368,412
		3,185,967	5,506,412
		3,527,146	5,847,591
LIABILITIES			
Non-current liabilities			
Deferred taxation - net		71,518	52,217
Deferred liabilities		12,526	12,526
Long term loan - secured	6	-	44,382
Lease liabilities	8	105,259	104,341
Liabilities against diminishing musharika finance	9	72,621	59,018
		261,924	272,484
Current liabilities			
Trade and other payables		7,509,881	3,772,401
Unclaimed dividend		71,505	72,097
Unpaid Dividend	18	2,906,066	-
Mark-up accrued		10,503	3,636
Current portion of Long term loan - secured	6	177,085	177,522
Short-term borrowings	7	1,326,550	1,475,606
Current portion of lease liabilities	8	16,150	16,573
Taxation - net		113,873	33,627
Current portion of liabilities against diminishing musharaka finance	9	41,604	38,807
		12,173,217	5,590,269
		12,435,141	5,862,753
TOTAL EQUITY AND LIABILITIES		15,962,287	11,710,344
Contingencies and commitments			
	10		

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


Mujtaba Rahim
Chief Executive Officer


Naveed Kamil
Director


Irfan Chawala
Director and Chief Financial Officer

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


For the Three Months Period Ended 31 December 2021

	Note	Three months period ended	
		31 December 2021	31 December 2020
		(Rupees in '000)	
Sales	12	7,937,668	6,110,572
Trade discounts and commission	12	284,869	285,715
Sales tax	12	890,844	724,561
		1,175,713	1,010,276
Net sales	12	6,761,955	5,100,296
Cost of goods sold		4,710,432	3,573,642
Gross profit		2,051,523	1,526,654
Distribution and marketing expenses		683,228	513,509
Administrative expenses		150,861	157,804
Impairment reversal		(17,038)	-
Other expenses		80,392	61,256
		897,443	732,569
		1,154,080	794,085
Other income		18,176	16,844
		1,172,256	810,929
Finance costs		127,296	24,150
Profit before taxation		1,044,960	786,779
Taxation		294,796	307,069
Profit after taxation		750,164	479,710
Other comprehensive income		-	-
Total comprehensive income for the period		750,164	479,710
		(Rupees)	
Earnings per share (basic and diluted)	13	21.99	14.06

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


Mujtaba Rahim
Chief Executive Officer


Naveed Kamil
Director


Irfan Chawala
Director and Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

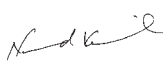
For the Three Months Period Ended 31 December 2021

	Note	31 DECEMBER	
		2021	2020
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	1,031,891	1,657,711
Staff gratuity and long-term service awards paid		(17,548)	(337,000)
Mark-up paid		(3,636)	(20,267)
Income taxes paid		(195,249)	(76,774)
Movement in long-term deposits and prepayments		4,229	(500)
Net cash generated from operating activities		819,687	1,223,170
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(23,935)	(6,584)
Proceeds from disposal of property, plant and equipment		3,892	6,934
Net cash (used) / generated in investing activities		(20,043)	350
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease liabilities		495	413
Payment against diminishing musharika finance		(13,852)	(13,670)
Long term borrowings - repayment		(44,819)	-
Short-term borrowings - proceeds		-	1,000,000
Short-term borrowings - repayments		(26,471)	(1,508,000)
Dividend paid		(165,135)	(93,061)
Net cash used in financing activities		(249,782)	(614,318)
Net increase in cash and cash equivalents		549,862	609,202
Cash and cash equivalents at beginning of the period		1,621,486	110,185
Cash and cash equivalents at end of the period	15	2,171,348	719,387

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



Mujtaba Rahim
Chief Executive Officer



Naveed Kamil
Director



Irfan Chawala
Director and Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Three Months Period Ended 31 December 2021

	General Reserves			Total
	Issued, subscribed and paid- up capital	Revenue reserves	Unappropri- ated profit	
------(Rupees in '000)-----				
Balance as at 30 September 2020 (audited)	341,179	3,238,000	924,681	4,503,860
Transfer to revenue reserve appropriated subsequent to year end	-	(100,000)	100,000	-
Transactions with owners of the Company - Distribution				
- Final dividend at 300% (i.e. Rs. 30 per share) for the year ended 30 September 2020	-	-	(1,023,536)	(1,023,536)
Total comprehensive income for the period ended 31 December 2020				
Profit for the period	-	-	479,710	479,710
Other comprehensive income	-	-	-	-
	-	-	479,710	479,710
Balance as at 31 December 2020 (unaudited)	341,179	3,138,000	480,855	3,960,034
Balance as at 30 September 2021 (audited)	341,179	3,138,000	2,368,412	5,847,591
Transfer from revenue reserve appropriated subsequent to year end	-	(704,000)	704,000	-
Transactions with owners of the Company - Distribution				
Final cash dividend at 900% (i.e. Rs. 90 per share) for the year ended 30 September 2021	-	-	(3,070,609)	(3,070,609)
Total comprehensive income for the period ended 31 December 2021				
Profit for the period	-	-	750,164	750,164
Other comprehensive income	-	-	-	-
	-	-	750,164	750,164
Balance as at 31 December 2021 (unaudited)	341,179	2,434,000	751,967	3,527,146

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


Mujtaba Rahim
Chief Executive Officer


Naveed Kamil
Director


Irfan Chawala
Director and Chief Financial Officer

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

For the Three Months Period Ended 31 December 2021

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, head quartered in Pratteln, 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

Regional sales offices & Labs

- Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore
- P-277, Kashmir Road, Amin Town, 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 2021.

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 2021

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 2021.

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, 2021.

5. PROPERTY, PLANT AND EQUIPMENT

5.1 The following operating assets have been added during the three months period ended 31 December 2021:

	Bulding on Leasehold land	Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total December 2021	Total December 2020	
		Owned	Owned	ROUA	Owned	ROUA			
	----- (Rupees in '000) -----								
Additions for the quarter 31 December 2021	793	4,311	25,668	-	-	30,252	61,024	1,031	
Total	793	4,311	25,668	-	-	30,252	61,024	1,031	

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. 10.053 million and transfers from capital work in progress of Rs 15.615 million 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 2021	Total December 2020
	Owned	Owned	ROUA			
	----- (Rupees in '000) -----					
Cost	-	-	11,957		11,957	15,630
Accumulated depreciation	-	-	(8,065)		(8,065)	(8,746)
Net book value	-	-	3,892		3,892	6,884

5.3 Additions to capital work in progress during the three months period ended 31 December 2021 amounts to Rs.17.823 million and transfers to operating fixed assets amounts to Rs. 21.473 million.

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

For the Three Months Period Ended 31 December 2021

6. LONG-TERM BORROWINGS - secured	Note	31 December 2021	30 September 2021
Loan obtained under refinance scheme for payment of wages and salaries	5.1	172,844	215,403
Less: current portion of long term loan		(172,844)	(172,322)
		-	43,081
Deferred income-government grant		4,241	6,501
Current portion of deferred income, government grant		(4,241)	(5,200)
		-	1,301
		-	44,382

- 6.1** Due to the effects of COVID-19 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 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 interest rates and is repayable by December 2022 in 8 quarterly installments to commercial bank under the SBP scheme.

Government grant amounting to Rs. 2.26 million (2021: Rs 14.41 million) has been amortised during the period ended 31 December 2021 and Rs. 4.24 million will be amortised during the remaining year.

7. SHORT-TERM BORROWINGS - secured

- 7.1** Short term Islamic and conventional finance facilities are available under Islamic financing from various banks under profit arrangements, amounting to Rs.8,250 million (Islamic Rs. 7,000 million & Conventional Rs. 1,250 million) (2021: Rs. 6,250 million). These facilities have various maturity dates up to 31 August 2022. These arrangements are secured against a pari passu charge of hypothecation on stock-in-trade and trade receivables with minimum 16.67% margin. These facilities carry profit ranging from 1 month KIBOR + flat to 3 months KIBOR + 0.35% per annum calculated on a daily product basis and payable quarterly. The aggregate amount of these facilities which have not been availed as at the reporting date amounts to Rs. 6,747 million (2021: Rs. 4,774 million).

- 7.2** The Company has availed Islamic Export Refinance Facility -Part II amounting to Rs. 1,188 million (30 September 2021: Rs 1,228 million) under the Export Financing Scheme of the State Bank of Pakistan (SBP).The profit rates on these facilities range from 2.20% to 3.0% per annum (30 September 2021: 3.0% per annum).

8. LEASE LIABILITIES

8.1 Lease liabilities included in the statement of financial position as at 31 December 2021	31 December 2021	30 September 2021
Current	16,150	16,573
Non-Current	105,259	104,341
	121,409	120,914

8.2 Maturity Analysis – Contractual discounted Cash Flows

Payable within one year	16,150	16,573
Payable after one year but not later than 5 years	77,958	65,442
Payable after 5 years	27,301	38,899
	121,409	120,914

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

For the Three Months Period Ended 31 December 2021

- 8.3** The lease rentals carry mark-up ranging from 3 months KIBOR + 0.21% to 14.158%. The said mark-up rates are revised on periodic basis and lease rentals are payable on annual basis except for Faisalabad Office lease, the rentals of which are paid on monthly basis. These assets have been leased from various lessors under leasing arrangements for different tenors.
- 8.4** During the year, the Company has obtained various vehicles under diminishing musharika financing arrangement entered into with a Modaraba having various maturity dates up to 26 September 2026 with monthly principal repayments. The financing is secured against the respective vehicles. The rate of profit on the borrowing is 6 months KIBOR + 0.75% per annum and 3 months KIBOR + 0.9% per annum.

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
2021	2021	2021	2021	2021	2021

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

Principal Repayment	41,605	38,807	72,621	59,018	114,226	97,825
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10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

- 10.1.1** Contingencies are the same as those disclosed in annual financial statements 30 September 2021. Except for the following:

For the tax year 2018, Additional Commissioner (Audit-I) Inland Revenue (ACIR) had passed an order dated 24 November 2021 that amended the assessment under section 122(5A) of the Ordinance. The Company filed an appeal dated 24 December 2021 before the CIR(A) against the order passed by ACIR. The management based on consultation with its tax advisor is confident that there will be no unfavorable outcome for the said tax year and accordingly no provision has been made in the these financial statements.

10.2 Commitments

- 10.2.1** Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 31 December 2021 amount to Rs. 249.779 million (30 September 2021: Rs. 153.763 million)
- 10.2.2** The Company has provided post dated cheques amounting to Rs. 3,730.08 million (30 September 2021: Rs. 3,739.30 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 2021 aggregated to Rs. 59.70 million (30 September 2021: Rs 20.016 million).
- 10.2.4** Commitments under letters of credit for stock-in-trade and stores and spares as at 30 September 2021 amount to Rs. 927 million (2021: Rs. 841 million).

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

For the Three Months Period Ended 31 December 2021

11. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risk namely credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Company is not exposed to any price risk as it does not hold any 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 2021. 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 2021		Audited 30 September 2021	
	----- Rupees in '000 -----			

Financial assets not measured at fair value

Loans	42,286	-	2,930	-
Deposits	98,558	-	55,793	-
Trade debts	5,579,201	-	3,769,706	-
Other receivables	121,822	-	29,072	-
Cash and bank balances	1,338,490	-	1,267,870	-

Financial liabilities not measured at fair value

Lease liabilities	-	121,409	-	120,914
Liabilities against diminishing musharaka finance	-	114,225	-	97,825
Trade and other payable	-	7,509,881	-	3,772,401
Short-term borrowings - secured	-	1,326,550	-	1,475,606
Mark-up accrued	-	10,503	-	3,636
Long term loan	-	-	-	44,382

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 2021

12. SEGMENT INFORMATION

12.1 Segment information for the three months period ended 31 December 2021:

	Brand & Performance Textile Specialties		Others *		Total	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	----- (Rs '000) -----					
Sales						
Domestic	5,422,181	4,586,896	860,095	616,664	6,282,276	5,203,560
Export	1,655,392	907,012	-	-	1,655,392	907,012
Total sales	7,077,573	5,493,908	860,095	616,664	7,937,668	6,110,572
Discount and commission	278,697	281,784	6,172	3,931	284,869	285,715
Sales tax	773,348	643,574	117,496	80,987	890,844	724,561
	1,052,045	925,358	123,668	84,918	1,175,713	1,010,276
Net sales (from external customers)	6,025,528	4,568,550	736,427	531,746	6,761,955	5,100,296
Segment results based on 'management approach'	1,112,424	757,107	135,662	114,588	1,248,086	871,695
Other expenses - WPPF and WWF					(78,262)	(58,764)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					2,432	(2,002)
					1,172,256	810,929
Finance costs					127,296	24,150
Profit before taxation					1,044,960	786,779
Fixed Capital Expenditure including CWIP	23,446	6,346	-	218	23,446	6,564
Unallocated					489	20
					23,935	6,584
Depreciation	64,106	62,561	1,297	537	65,403	63,098
Unallocated					3,545	6,142
					68,948	69,240

	Brand & Performance Textile Specialties		Others *		Total	
	Unaudited 31 December 2021	Audited 30 September 2021	Unaudited 31 December 2021	Audited 30 September 2021	Unaudited 31 December 2021	Audited 30 September 2021
	----- (Rs '000) -----					
Segment Assets	10,052,124	7,563,163	794,977	411,120	10,847,101	7,974,283
Unallocated					5,115,186	3,736,061
Total Assets					15,962,287	11,710,344
Segment Liabilities	6,153,617	2,739,978	588,475	231,115	6,742,092	2,971,093
Unallocated					5,693,049	2,891,660
Total Liabilities					12,435,141	5,862,753

* Others do not constitute a separately reportable segment as per IFRS 8 "Operating Segment"

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

For the Three Months Period Ended 31 December 2021

13. EARNINGS PER SHARE

	Quarter ended	
	31 December	
	2021	2020
	---- (Rupees in '000) ----	
13.1 Basic		
Profit after taxation attributable to ordinary shareholders	750,164	479,710
	----- (Number of shares) -----	
Weighted average number of ordinary shares outstanding during the period	34,117,881	34,117,881
	----- (Rupees) -----	
Earning per share	21.99	14.06

13.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 31 December 2021 and 2020.

	Note	Three months	
		31 Dec 2021	31 Dec 2020
		----- (Rupees in '000) -----	
14. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,044,960	786,779
Adjustment for non-cash charges and other items:			
Depreciation		68,948	69,240
Gain on sale of property, plant and equipment		-	(50)
Provision for staff gratuity		7,233	13,553
Mark-up expense		10,503	18,485
Impairment (reversal) of trade debts		(17,038)	-
Working capital changes	14.1	(82,715)	769,704
		1,031,891	1,657,711

14.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	(167)	4,350
Stock-in-trade	(1,848,471)	(478,863)
Trade debts	(1,792,457)	(1,308,279)
Loans and advances	(39,356)	(687)
Trade deposits and short-term prepayments	(46,994)	(37,516)
Other receivables	(92,750)	(49,547)
	(3,820,195)	(1,870,542)

Increase in current liabilities

Trade and other payables	3,737,480	2,640,246
	(82,715)	769,704

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;

Short term investments - term deposit receipts	957,657	-
Cash and bank balances	1,338,490	747,868
Short-term running finance	(124,799)	(28,481)
	2,171,348	719,387

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

For the Three Months Period Ended 31 December 2021

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	
	2021	2020
	----- (Rupees in '000) -----	
Other Related Parties		
Sales	788,015	460,455
Purchases of goods and services	155,692	132,245
Indenting commission income	10,008	5,756
Export commission expense	23,154	16,094
Royalty expenses	331,717	244,141
Transaction by virtue of common directorship:		
- Annual subscription	100	400
- Purchase of goods and services	40,316	52,643
Key management personnel:		
- Salaries, benefits and compensations	40,254	47,223
- Post employment benefits	4,636	5,262

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 dividend amount of Rs. 2,906.066 million as approved by shareholders in Annual General Meeting held on 30 December 2021.

19. DATE OF AUTHORISATION

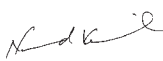
These condensed interim financial statements were authorised for issue on 27 January 2022 by the Board of Directors of the Company.

20. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Mujtaba Rahim
Chief Executive Officer



Naveed Kamil
Director



Irfan Chawala
Director and Chief Financial Officer



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