



QUARTERLY REPORT 2023 (Oct - Dec 2022)



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

Notes to the Condensed Interim Financial Statements

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	
Website	<ul style="list-style-type: none">• www.archroma.com.pk	
Email	<ul style="list-style-type: none">• archroma.pakistan@archroma.com	

REPORT OF BOARD OF DIRECTORS

The Directors of your Company are pleased to present their report for the first quarter ended 31 December 2022, together with the un-audited condensed interim financial information of the Company for the first quarter ended 31 December 2022.

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

BUSINESS OVERVIEW

Archroma's major consumption Markets i.e. Textiles' and Construction Industry demand & consumer sales continued to remain slow both for local as well as exports during the first quarter of the current Financial Year under review, mainly due to higher energy & commodity prices, double-digit inflation in all other costs because of Russia-Ukraine conflict and devastating floods affecting one-third of the Country.

Despite of the above challenging environment and less than 50% production and capacity utilization for the Textiles' Industry, your Company was able to achieve net sales of PKR 5,639 million during the first quarter

ended 31st December 2022 versus PKR 6,761 million in comparison to the same period last year. The decline in sales of 17% was mainly contributed by Brand & Performance Textile Specialties, whose Sales reduced by 18% and Coating Adhesive & Sealants' business, whose turnover declined by 8%, whereas Packaging & Paper Specialties recorded a growth of 24% in comparison to the same period last year.

Lower production volumes and lesser capacity utilization further eroded the Company's Gross Margins and more adversely impacted the bottom-line profitability which has come down to PKR 154 million as against PKR 750 million achieved in comparison to the same period last year.

FUTURE OUTLOOK

The ongoing Russia-Ukraine conflict, Global Energy and Commodities prices and availability situation, and consequential adverse Balance of Trade and Forex reserves' situation of Pakistan, may keep the outlook for the Textiles' Exports somewhat uncertain. However, local markets' business and post-floods re-construction activities are expected to improve the overall business development for local Textiles and Construction Industry of the Country from the new calendar year.

Your Company continues to work on many growth projects and initiatives, the benefits of which are also expected to further improve the development of stronger business portfolio, speed & agility to smartly manage cash-flows & fixed costs, going forward.

On behalf of the Board



Mujtaba Rahim
Chief Executive Officer



Irfan Chawala
Director

PKR 6,761 ملین کے مقابلے میں PKR 5,639 ملین کی خالص سیلز حاصل کرنے میں کامیاب رہی، گزشتہ سال کی مدت میں 17% کی سیلز میں کمی بنیادی طور پر برائڈ اور پرفارمنس ٹیکسٹائل اسپیشلائز کی وجہ سے ہوئی، جن کی فروخت میں 18% اور کوشنگ ایڈیٹو اور سیلانٹ کے کاروبار میں 8% کمی واقع ہوئی، جب کہ ہیکینگ اور پیپر اسپیشلائز میں پچھلے سال کی اسی مدت کے مقابلے میں 24% اضافہ ریکارڈ کیا گیا۔

کم پیداواری حجم اور کم صلاحیت کے استعمال نے کمپنی کے مجموعی مارجن کو مزید کم کر دیا اور نچلے درجے کے منافع پر زیادہ منفی اثر ڈالا جو پچھلے سال کی اسی مدت کے مقابلے میں PKR 750 ملین کے مقابلے میں ہو کر PKR 154 ملین پر آگئی ہے۔

مستقبل پر نظر

روس اور یوکرائن کے درمیان جاری تنازعہ، عالمی توانائی اور اشیاء کی عالمی قیمتوں اور دستیابی کی صورت حال اور اسکے نتیجے میں پاکستان کے تجارتی توازن اور زر مبادلہ کے ذخائر کی صورتحال نے ٹیکسٹائل کی آمدات کیلئے مستقبل کو کسی حد تک غیر یقینی بنا سکتی ہے، تاہم، لوکل مارکیٹوں کے کاروبار اور سیلاب کے بعد کی تعمیر نو کی سرگرمیوں سے نئے کلائنڈر سال سے ملک کی مقامی ٹیکسٹائل اور تعمیراتی صنعت کیلئے مجموعی کاروباری ترقی کی توقع ہے۔

آپ کی کمپنی ترقی کے بہت سے منصوبوں اور اقدامات پر کام جاری رکھے ہوئے ہے، جن کے فوائد سے مضبوط کاروباری پورٹ فولیو کی ترقی، رفتار اور چستی کو مزید بہتر بنانے کی توقع کی جاسکتی ہے تاکہ آگے چل کر کیش فلو اور مقررہ اخراجات کو اسیارٹی منظم کیا جاسکے۔

عرفان چاہ والا
ڈائریکٹر

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کیلئے کمپنی کی غیر آڈٹ شدہ کنڈینڈ عبوری مالیاتی معلومات کیساتھ 31 دسمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کیلئے اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

بورڈ کی تشکیل

بورڈ کی تشکیل مندرجہ ذیل ہے

(الف)	حضرات	06
(ب)	خواتین	01

مندرجہ بالا میں سے:

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

کاروباری جائزہ

آکروما کی بڑی کھیت کی مارکیٹس یعنی ٹیکسٹائل اور تعمیراتی صنعت کی طلب اور کنزومر پومر سیلز موجودہ مالی سال کی پہلی سہ ماہی کے دوران لوکل اور ایکسپورٹ دونوں کیلئے سست رہی، جس کی بنیادی وجہ توانائی اور اجناس کی قیمتیں، افراط زر اور دیگر تمام اخراجات، روس۔ یوکرائن تنازعہ اور ملک کے ایک تہائی حصے کو متاثر کرنے والا تباہ کن سیلاب کی وجہ سے ہے۔

مندرجہ بالا چیلنجنگ ماحول اور ٹیکسٹائل کی صنعت کیلئے 50% سے کم پیداوار اور صلاحیت کے استعمال کے باوجود، آپ کی کمپنی 31 دسمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کے دوران پچھلے سال کی اسی مدت کے دوران حاصل کی گئی

بورڈ کی جانب سے:

حجتی رحیم
چیف ایگزیکٹو آفیسر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)


As at 31 December 2022

	Note	Unaudited 31 December 2022	Audited 30 September 2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,976,870	1,929,532
Long-term deposits and prepayments		12,655	12,655
Employees benefits		16,905	25,004
		2,006,430	1,967,191
Current assets			
Stores and spares		68,458	60,607
Stock-in-trade		3,875,083	3,985,984
Trade receivable		5,483,067	4,826,630
Loans and advances		8,467	1,359
Trade deposits and short-term prepayments		63,249	100,961
Other receivables		24,842	28,783
Sales tax refundable		1,327,959	1,327,959
Cash and bank balances		228,074	96,031
		11,079,199	10,428,314
TOTAL ASSETS		13,085,629	12,395,505
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Issued, subscribed and paid-up capital		341,179	341,179
Reserves			
Revenue reserve		2,747,000	2,434,000
Unappropriated profit		155,726	996,630
		2,902,726	3,430,630
		3,243,905	3,771,809
LIABILITIES			
Non-current liabilities			
Deferred taxation - net		48,431	58,930
Employees benefits		11,164	11,164
Lease liabilities	7	101,468	104,710
Liabilities against diminishing musharika finance	8	122,544	115,263
		283,607	290,067
Current liabilities			
Trade and other payables		6,319,682	5,750,385
Unclaimed dividend		88,316	88,430
Unpaid Dividend		632,259	-
Taxation - net		233,380	381,423
Mark-up accrued		89,634	24,171
Current portion of Long term loan - secured		-	42,633
Short-term borrowings	6	2,130,058	1,977,491
Current portion of lease liabilities	7	18,227	20,119
Current portion of liabilities against diminishing musharaka finance	8	46,561	48,977
		9,558,117	8,333,629
		9,841,724	8,623,696
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		13,085,629	12,395,505

The annexed notes 1 to 19 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 (UN-AUDITED)


For the Three Months Period Ended 31 December 2022

	Note	Quarter ended	
		31 December 2022	31 December 2021
(Rupees in '000)			
Sales	11	6,530,460	7,937,668
Trade discounts and commission	11	208,931	284,869
Sales tax	11	681,944	890,844
		890,875	1,175,713
Net sales	11	5,639,585	6,761,955
Cost of goods sold		4,502,258	4,710,432
Gross profit		1,137,327	2,051,523
Distribution and marketing expenses		643,763	683,228
Administrative expenses		173,506	150,861
Impairment reversal on trade receivables		(1,054)	(17,038)
Other expenses		18,399	80,392
		834,614	897,443
		302,713	1,154,080
Other income		7,036	18,176
		309,749	1,172,256
Finance costs		99,581	127,296
Profit before taxation		210,168	1,044,960
Taxation		55,714	294,796
Profit for the period		154,454	750,164
Other comprehensive income		-	-
Total comprehensive income for the period		154,454	750,164
----- (Rupees) -----			
Earnings per share (basic & diluted)	12	4.53	21.99

The annexed notes 1 to 19 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 (UN-AUDITED)

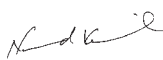
For the Three Months Period Ended 31 December 2022

	Note	31 December 2022	31 December 2021
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	433,921	1,031,891
Staff gratuity and long-term service awards paid		-	(17,548)
Mark-up paid		(27,821)	(3,636)
Income taxes paid		(214,256)	(195,249)
Movement in long-term deposits and prepayments		-	4,229
Net cash generated from operating activities		191,844	819,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(102,265)	(23,935)
Proceeds from disposal of property, plant and equipment		5,234	3,892
Net cash used in investing activities		(97,031)	(20,043)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease liabilities		(5,134)	495
Payment against diminishing musharika finance		(17,358)	(13,852)
Long term borrowings - payment		(42,633)	(44,819)
Short-term borrowings - proceeds		400,000	-
Short-term borrowings - repayments		-	(26,471)
Dividend paid		(50,213)	(165,135)
Net cash used in financing activities		284,662	(249,782)
Net increase in cash and cash equivalents		379,475	549,862
Cash and cash equivalents at beginning of the period		(205,709)	1,621,486
Cash and cash equivalents at end of the period	14	173,766	2,171,348

The annexed notes 1 to 19 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 (UN-AUDITED)


For the Three Months Period Ended 31 December 2022

	Issued, subscribed and paid-up capital	Reserves		Total
		Revenue reserve	Unappropriated profit	
----- (Rupees in '000) -----				
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 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
Balance as at 30 September 2022 (audited)	341,179	2,434,000	996,630	3,771,809
Transfer to revenue reserve appropriated subsequent to year end	-	313,000	(313,000)	-
Transactions with owners of the Company - Distribution				
Final cash dividend at 200% (i.e. Rs. 20 per share) for the year ended 30 September 2022	-	-	(682,358)	(682,358)
Total comprehensive income for the period ended 31 December 2022				
Profit for the period	-	-	154,454	154,454
Other comprehensive income	-	-	-	-
	-	-	154,454	154,454
Balance as at 31 December 2022 (unaudited)	341,179	2,747,000	155,726	3,243,905

The annexed notes 1 to 19 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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Three Months Period Ended 31 December 2022

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, import 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
- LX-10 & LX-11 Landhi Industrial Area Karachi

Sales offices

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

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 2022.

2.3 Functional and presentation currency

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Three Months Period Ended 31 December 2022

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 2022.

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, 2022.

5. PROPERTY, PLANT AND EQUIPMENT

5.1 The following operating assets have been added during the three months period ended 31 December 2022:

	Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total December 2022	Total December 2021
	Owned	Owned	ROUA	Owned	ROUA		
	(Rupees in '000)						
Additions for the quarter 31 December 2022	-	4,495	-	-	22,223	26,718	61,024
Total	-	4,495	-	-	22,223	26,718	61,024

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. 1.393 million and transfers from capital work in progress of Rs 3.102 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 2022	Total December 2021
	Owned	Owned	ROUA			
	(Rupees in '000)					
Cost	-	-	13,983		13,983	11,957
Accumulated depreciation	-	-	(8,749)		(8,749)	(8,065)
Net book value	-	-	5,234		5,234	3,892

5.3 Additions to capital work in progress during the three months period ended 31 December 2022 amounts to Rs.100.871 million and transfers to operating fixed assets amounts to Rs. 3.102 million.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Three Months Period Ended 31 December 2022

6. SHORT-TERM BORROWINGS - secured

6.1 Short term Islamic and conventional finance facilities are available under Islamic financing from various banks under profit arrangements, amounting to Rs.8,050 million (Islamic Rs. 6,800 million & Conventional Rs. 1,250 million) (2022: Rs. 8,050 million). These facilities have various maturity dates up to 30 June 2023. These arrangements are secured against a pari passu charge of hypothecation on stock-in-trade and trade receivables with minimum 10% margin. These facilities carry profit ranging from 1 month KIBOR +0.20% 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 (2022: Rs. 6,072 million).

6.2 The Company has availed Islamic Export Refinance Facility -Part II amounting to Rs. 2,075 million (30 September 2022: Rs 1,676 million) under the Export Financing Scheme of the State Bank of Pakistan (SBP). The profit rates on these facilities range from 10.5% to 11% per annum (30 September 2022: 10.5% to 11% per annum).

7. LEASE LIABILITIES

	31 December 2022	30 September 2022
7.1 Lease liabilities included in the statement of financial position	(Rupees in '000)	
Current	18,227	20,119
Non-Current	101,468	104,710
	119,695	124,829

7.2 Maturity Analysis – Contractual discounted Cash Flows

Payable within one year	18,227	20,119
Payable after one year but not later than 5 years	101,468	104,710
	119,695	124,829

7.3 This includes present value of lease liabilities discounted at the incremental borrowing rate of 3 months KIBOR + 0.21% of the Company against lease agreement of Head office and area office premises, respectively.

7.4 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 25 November 2027 with monthly principal repayments. The financing is secured against the respective vehicles. The rate of profit on the borrowing ranges from 3 months KIBOR + 0.50% per annum to 3 months KIBOR + 0.9% per annum.

8. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCE

Due within one year		Due after one year but within 5 years		Total	
31-Dec 2022	30-Sep 2022	31-Dec 2022	30-Sep 2022	31-Dec 2022	30-Sep 2022

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

Principal Repayment	46,561	48,977	122,544	115,263	169,105	164,240
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Three Months Period Ended 31 December 2022

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 Contingencies are the same as those disclosed in annual financial statements 30 September 2022. Except for the following:

Name of the court, agency or authority	Description of the factual basis of the proceedings and relief sought	Principal parties	Date instituted
High Court of Sindh	The Company has filed a constitutional petition with the High Court of Sindh challenging the vires of section 4C of the Income Tax Ordinance, 2001. The Court has declared the applicability of super tax for the tax year 2022 as ultra vires to the constitution and shall be applicable from the tax year 2023. However, the company has made the provision of the said tax in this financial statements as an abundant precaution.	Pakistan and Others	30-Sep-22
Commissioner Inland Revenue Appeals (CIRA)	For the tax year 2020, Additional Commissioner (Audit-I) Inland Revenue (ACIR) had passed an order dated 29 December 2022 that amended the assessment under section 122(5A) of the Ordinance. The company is proceeding to file an appeal before the CIR(A) against the said order. 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.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	29-Dec-22

9.2 Commitments

9.2.1 Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 31 December 2022 amount to Rs. 691.397 million (30 September 2022: Rs. 344.367 million)

9.2.2 The Company has provided post dated cheques amounting to Rs. 2,256 million (30 September 2022: Rs. 2,253.81 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.

9.2.3 Commitments for capital expenditure as at 31 December 2022 aggregated to Rs. 27.059 million (30 September 2022: Rs. 49.576 million).

9.2.4 Commitments under letters of credit for stock-in-trade and stores and spares as at 31 December 2022 amount to Rs. 3,376 million (2022: Rs. 1,980 million).

10. 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 2022. There have been no changes in the risk management policies since the year end.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Three Months Period Ended 31 December 2022

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 Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: 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 2022		Audited 30 September 2022	
----- Rupees in '000 -----			

Financial assets not measured at fair value

Loans	8,467	-	1,359	-
Deposits	75,904	-	113,616	-
Trade debts	5,483,067	-	4,826,630	-
Other receivables	24,842	-	28,783	-
Cash and bank balances	228,074	-	96,031	-

Financial liabilities not measured at fair value

Lease liabilities	-	116,636	-	124,829
Liabilities against diminishing musharaka finance	-	169,105	-	164,240
Trade and other payable	-	6,319,682	-	5,750,385
Short-term borrowings - secured	-	2,130,058	-	1,977,491
Mark-up accrued	-	89,634	-	24,171

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Three Months Period Ended 31 December 2022

11. SEGMENT INFORMATION

11.1 Segment information for the three months period ended 31 December 2022:

	Brand & Performance Textile Specialties		Others *		Total	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
----- (Rupees in '000) -----						
Sales						
Domestic	4,047,571	5,422,181	821,690	860,095	4,869,261	6,282,276
Export	1,661,199	1,655,392	-	-	1,661,199	1,655,392
Total sales	5,708,770	7,077,573	821,690	860,095	6,530,460	7,937,668
Discount and commission	205,721	278,697	3,210	6,172	208,931	284,869
Sales tax	562,209	773,348	119,735	117,496	681,944	890,844
	767,930	1,052,045	122,945	123,668	890,875	1,175,713
Net sales (from external customers)	4,940,840	6,025,528	698,745	736,427	5,639,585	6,761,955
Segment results based on 'management approach'	217,592	1,112,424	110,927	135,662	328,519	1,248,086
Other expenses - WPPF and WWF					(16,100)	(78,262)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					(2,670)	2,432
					309,749	1,172,256
Finance costs					99,581	127,296
Profit before taxation					210,168	1,044,960
Fixed Capital Expenditure including CWIP	102,030	23,446	-	-	102,030	23,446
Unallocated					235	489
					102,265	23,935
Depreciation	67,219	64,106	612	1,297	67,831	65,403
Unallocated					4,083	3,545
					71,914	68,948
----- (Rupees in '000) -----						
	Brand & Performance Textile Specialties		Others *		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	31 December 2022	30 September 2022	31 December 2022	30 September 2022	31 December 2022	30 September 2022
----- (Rupees in '000) -----						
Segment Assets	9,794,635	9,386,511	652,167	858,499	10,446,802	10,245,010
Unallocated					2,638,827	2,150,495
Total Assets	13,085,629	12,395,505				
Segment Liabilities	4,707,745	3,941,020	515,767	444,752	5,223,512	4,385,772
Unallocated					4,618,212	4,237,924
Total Liabilities	9,841,724	8,623,696				

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Three Months Period Ended 31 December 2022

12. EARNINGS PER SHARE - (basic and diluted)	Note	Quarter ended	
		31 December	
		2022	2021
		---- (Rupees in '000) ----	
12.1 Basic			
Profit after taxation attributable to ordinary shareholders		<u>154,454</u>	<u>750,164</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>4.53</u>	<u>21.99</u>

12.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 31 December 2022 and 2021.

13. CASH GENERATED FROM OPERATIONS		Three months	
		31 December	
		2022	2021
		----- (Rupees in '000) -----	
Profit before taxation		<u>210,168</u>	<u>1,044,960</u>
Adjustment for non-cash charges and other items:			
Depreciation		<u>71,914</u>	<u>68,948</u>
Gain on sale of property, plant and equipment		-	-
Provision for staff gratuity		<u>8,099</u>	<u>7,233</u>
Mark-up expense		<u>93,284</u>	<u>10,503</u>
Impairment (reversal) of trade debts		<u>(1,054)</u>	<u>(17,038)</u>
Working capital changes	13.1	<u>51,510</u>	<u>(82,715)</u>
		<u>433,921</u>	<u>1,031,891</u>

13.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares		<u>(7,851)</u>	<u>(167)</u>
Stock-in-trade		<u>110,901</u>	<u>(1,848,471)</u>
Trade debts		<u>(655,382)</u>	<u>(1,792,457)</u>
Loans and advances		<u>(7,108)</u>	<u>(39,356)</u>
Trade deposits and short-term prepayments		<u>37,712</u>	<u>(46,994)</u>
Other receivables		<u>3,941</u>	<u>(92,750)</u>
		<u>(517,787)</u>	<u>(3,820,195)</u>

Increase in current liabilities

Trade and other payables		<u>569,297</u>	<u>3,737,480</u>
		<u>51,510</u>	<u>(82,715)</u>

14. 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;

	Three months	
	31 December	
	2022	2021
	----- (Rupees in '000) -----	
Short term investments - term deposit receipts	-	<u>957,657</u>
Cash and bank balances	<u>228,074</u>	<u>1,338,490</u>
Short-term running finance	<u>(54,308)</u>	<u>(124,799)</u>
	<u>173,766</u>	<u>2,171,348</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Three Months Period Ended 31 December 2022

15. 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	
	2022	2021
	----- (Rupees in '000) -----	
Other Related Parties		
Sales	1,146,415	788,015
Purchases of goods and services	174,536	155,692
Indenting commission income	3,777	10,008
Export commission expense	-	23,154
Royalty expenses	279,437	331,717
Transaction by virtue of common directorship:		
- Annual subscription	110	100
- Purchase of goods and services	-	40,316
Key management personnel:		
- Salaries, benefits and compensations	48,099	40,254
- Post employment benefits	5,491	4,636

16. 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.

17. UNPAID DIVIDEND

This represents dividend amount of Rs. 682.357 million as approved by shareholders in Annual General Meeting held on 27 December 2022.

18. DATE OF AUTHORISATION

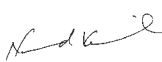
These condensed interim financial statements were authorised for issue on 26 January 2023 by the Board of Directors of the Company.

19. 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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