



3RD QUARTER REPORT 2023 (Ended June 2023)



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• Patrick Verraes• 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• M Veqar Arif• Thomas Bucher• 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• Mujtaba Rahim• Thomas Bucher• 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 the financial report for the nine months ended 30 June 2023, together with the condensed interim financial information of the Company for the period ended 30 June 2023.

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 third quarter of the current Financial Year under review, mainly due to prevailing Macro-economic and fiscal challenges, ever highest inflation, energy & commodity prices triggered after Russia-Ukraine conflict and devastating floods affecting one-third of the Country.

Despite the challenging environment and less than 50% production and capacity utilization for the Textiles' Industry, your Company was able to increase its market share position to achieve higher net sales of PKR 21,036 million during the nine months period ended 30th June 2023 versus PKR 19,416 million in comparison to the same period last year. This increase in sales of 8% was mainly contributed by Textile Effects, whose sales increased by 5% and Paper, Packaging & Coatings business, whose turnover increased by 46%, in comparison to the same period last year.

Gross Margins of all the business segments remained under pressure mainly due to severe devaluation of PKR versus US Dollar and other foreign currencies and consequential increase in Raw materials' import costs

On behalf of the Board



Mujtaba Rahim
Chief Executive Officer

and therefore declined to PKR 5,435 million during the nine months period ended 30th June 2023 versus PKR 5,590 million in comparison to same period last year.

Higher borrowing costs, foreign exchange losses and further increase in Taxation rates for Registered and Corporate businesses during the period further reduced the bottom-line profitability of the Company to PKR 903 million as against PKR 1,467 million achieved in comparison to the same period last year.

Projects

After the closing of Global acquisition of Huntsman Textile effects business and local acquisition of Archroma Chemicals Pakistan (Private) Limited formerly Huntsman Textile Effects Pakistan during the financial year under review, by your Company's Holding Company i.e. Archroma Textiles GmbH, your Company is now actively working towards the merger of Archroma Chemicals Pakistan (Private) Limited into Archroma Pakistan Limited.

The Board of Directors of the Company had approved the Draft scheme of Arrangement in its meeting held on 27 April 2023, which was further approved by the members of the Company in the Extraordinary General Meeting held on 23 June 2023. Currently Scheme of Arrangement is pending for issuance of sanction order by the Honorable Sindh High Court.

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, continues to keep the outlook for the Textiles' Exports somewhat uncertain. However, with the recent additional financing agreement of USD 3 Billion with IMF is not only expected to contribute positively towards improvement in the overall macro-economic situation of Pakistan but also support business development for local Textiles and Construction Industry of the Country in the upcoming fiscal year.



Irfan Chawala
Director

تمام کاروباروں کا مجموعی مارجن دباؤ میں رہا بنیادی طور پر روپے کی قدر میں امریکی ڈالر اور دیگر غیر ملکی کرنسیوں کے مقابلے میں شدید کمی اور خام مال کی درآمدی لاگت میں اضافے کے نتیجے میں 30 جون 2023 کو ختم ہونے والے تیسری سہ ماہی کے دوران گزشتہ سال کی اسی مدت کے مقابلے میں PKR 5,590 ملین سے کم ہو کر PKR 5,435 ملین رہ گیا۔

آپ کی کمپنی کے ڈائریکٹرز کو 30 جون 2023 کو ختم ہونے والی تیسری سہ ماہی کی مالیاتی رپورٹ پیش کرتے ہوئے خوش محسوس ہو رہی ہے، ساتھ میں 30 جون 2023 کو ختم ہونے والی مدت کیلئے کمپنی کی عبوری مالیاتی معلومات بھی شامل ہیں۔

بورڈ کی تشکیل

بورڈ کی تشکیل مندرجہ ذیل ہے

| | | |
|----|--------|-------|
| 06 | حضرات | (الف) |
| 01 | خواتین | (ب) |

اس مدت کے دوران زیادہ قرض لینے کے اخراجات، غیر ملکی کرنسی تبادلہ کے نقصانات اور رجسٹرڈ اور کارپوریٹ کاروباروں کے لئے ٹیکس کی شرح میں مزید اضافے نے کمپنی کے نچلے درجے کے منافع کو PKR 903 ملین تک مزید کم کر دیا جو گزشتہ سال کی اسی مدت کے مقابلے میں PKR 1,467 ملین حاصل کیا تھا۔

مندرجہ بالا میں سے:

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

پروجیکٹس

زیر جائزہ سہ ماہی کے دوران آرکروما کیمیکلز پاکستان (پرائیویٹ) لمیٹڈ سابقہ ہنٹس مین ٹیکسٹائل انٹیکسٹائل کے کاروبار کے عالمی اور مقامی حصول کے بعد، آپ کی کمپنی کی ہولڈنگ کمپنی یعنی آرکروما ٹیکسٹائلز GmbH، آرکروما کیمیکلز پاکستان (پرائیویٹ) لمیٹڈ کو آرکروما پاکستان لمیٹڈ میں ضم کرنے کیلئے سرگرم عمل ہے۔

کاروباری جائزہ

آرکروما کی بڑی کھیت کی مارکیٹس یعنی ٹیکسٹائل اور کنسرکشن انڈسٹری کی طلب اور کنزیومر بلنز زیر جائزہ موجودہ سال کی تیسری سہ ماہی کے دوران لوکل اور ایکسپورٹس دونوں کیلئے بنیادی طور پر میکرو اکنامک اور مالیاتی چیلنجوں کی وجہ سے سست رہی، جس کی بنیادی وجہ بلند ترین ہنگامی، توانائی اور اجناس کی قیمتیں، روس۔ یوکرین تنازعہ اور ملک کے ایک تہائی حصے کو متاثر کرنے والا تباہ کن سیلاب ہے۔


کمپنی کے بورڈ آف ڈائریکٹرز نے 27 اپریل 2023 کو ہونے والے اپنے اجلاس میں ڈرافٹ اسکیم آف ارتجیحٹ منظوری دی تھی، جسے کمپنی کے ممبران نے 23 جون 2023 کو منعقد ہونے والی غیر معمولی جنرل میٹنگ میں مزید منظوری دی۔ فی الحال اسکیم آف ارتجیحٹ معزز سندھ ہائی کورٹ کی جانب سے منظوری کے حکم کے اجراء کیلئے زیر التوا ہے۔


مشکل ماحول اور ٹیکسٹائل کی صنعت کیلئے 50% سے کم پیداوار اور صلاحیت کے استعمال کے باوجود، آپ کی کمپنی 30 جون 2023 کو ختم ہونے والی تیسری سہ ماہی کے دوران PKR 19,416 کے مقابلے میں PKR 21,036 ملین کی زیادہ خالص فروخت حاصل کرنے کیلئے اپنی مارکیٹ شیئر پوزیشن میں اضافہ کرنے میں کامیاب رہی، پچھلے سال کی اسی مدت کے مقابلے میں 8% کی فروخت میں یہ اضافہ بنیادی طور پر ٹیکسٹائل انٹیکسٹائل کی وجہ سے ہوا جن کی فروخت میں 5% اضافہ ہوا اور پیپر، بیجینگنگ اور کوٹنگز کے کاروبار میں گزشتہ سال کی اسی مدت کے مقابلے میں 46% اضافہ ریکارڈ کیا گیا۔

مستقبل پر نظر

روس اور یوکرین کے درمیان جاری تنازعہ، توانائی اور ایشیا کی عالمی قیمتوں اور دستیابی کی صورت حال اور اسکے نتیجے میں منفی تجارتی توازن اور پاکستان کے زر مبادلہ کے ذخائر کی صورت حال، ٹیکسٹائل کی برآمدات کے نقطہ نظر کو کسی حد تک غیر یقینی بنائے ہوئے ہے، تاہم، آئی ایم ایف کیساتھ 3 بلین امریکن ڈالر کے حالیہ اضافی فنانسنگ معاہدے سے نہ صرف پاکستان کی مجموعی صورتحال میں بہتری کیلئے مثبت کردار ادا کرنے کی توقع ہے بلکہ آئندہ مالی سال میں ملک کی مقامی ٹیکسٹائل اور تعمیراتی صنعت کیلئے کاروباری ترقی میں بھی مدد ملے گی۔

بورڈ کی جانب سے:


عرفان چاہ والا
ڈائریکٹر


جیبتی رحیم
چیف ایگزیکٹو آفیسر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)


As at 30 June 2023

| | Note | Unaudited 30 June 2023 | Audited 30 September 2022 |
|--|------|------------------------------|---------------------------------|
| (Rupees in '000) | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 1,940,893 | 1,929,532 |
| Long-term deposits and prepayments | | 12,655 | 12,655 |
| Employee benefits | | 707 | 25,004 |
| | | <u>1,954,255</u> | <u>1,967,191</u> |
| Current assets | | | |
| Stores and spares | | 65,192 | 60,607 |
| Stock-in-trade | 6 | 7,093,313 | 3,985,984 |
| Trade receivables | 7 | 7,252,646 | 4,826,630 |
| Loans and advances | | 23,736 | 1,359 |
| Trade deposits and short-term prepayments | | 117,523 | 100,961 |
| Other receivables | | 604,133 | 28,783 |
| Sales tax refundable | | 1,327,959 | 1,327,959 |
| Cash and bank balances | | 312,379 | 96,031 |
| | | <u>16,796,881</u> | <u>10,428,314</u> |
| TOTAL ASSETS | | <u>18,751,136</u> | <u>12,395,505</u> |
| 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 | | 904,411 | 996,630 |
| | | <u>3,651,411</u> | <u>3,430,630</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred taxation - net | | 59,930 | 58,930 |
| Employee benefits | | 11,164 | 11,164 |
| Lease liabilities | 9 | 137,041 | 104,710 |
| Liabilities against diminishing musharika financing | 10 | 138,298 | 115,263 |
| | | <u>346,433</u> | <u>290,067</u> |
| Current liabilities | | | |
| Trade and other payables | | 10,885,267 | 5,750,385 |
| Short-term borrowings - secured | 8 | 2,597,821 | 1,977,491 |
| Current portion of liabilities against diminishing musharaka financing | 10 | 48,304 | 48,977 |
| Current portion of lease liabilities | 9 | 21,343 | 20,119 |
| Current portion of long term loan - secured | | - | 42,633 |
| Unclaimed dividend | | 91,271 | 88,430 |
| Unpaid dividend | | 511,771 | - |
| Mark-up accrued | | 149,930 | 24,171 |
| Taxation - net | | 106,406 | 381,423 |
| | | <u>14,412,113</u> | <u>8,333,629</u> |
| TOTAL LIABILITIES | | <u>14,758,546</u> | <u>8,623,696</u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| TOTAL EQUITY AND LIABILITIES | 11 | <u>18,751,136</u> | <u>12,395,505</u> |

The annexed notes 1 to 18 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 Nine Months Period Ended 30 June 2023

| | Note | Nine months period ended | | Quarter ended | |
|---|------|--------------------------|------------|------------------|-----------|
| | | 30 June | 30 June | 30 June | 30 June |
| | | 2023 | 2022 | 2023 | 2022 |
| | | (Rupees in '000) | | (Rupees in '000) | |
| Sales | 13 | 24,543,844 | 22,651,681 | 7,805,397 | 7,125,396 |
| Trade discounts and commission | 13 | 730,440 | 741,762 | 223,199 | 200,974 |
| Sales tax | 13 | 2,777,124 | 2,493,887 | 835,335 | 755,154 |
| | | 3,507,564 | 3,235,649 | 1,058,534 | 956,128 |
| Sales - net | 13 | 21,036,280 | 19,416,032 | 6,746,863 | 6,169,268 |
| Cost of sales | | 15,601,575 | 13,825,944 | 5,090,593 | 4,392,643 |
| Gross profit | | 5,434,705 | 5,590,088 | 1,656,270 | 1,776,625 |
| Distribution and marketing expenses | | 2,171,142 | 1,998,910 | 731,299 | 664,598 |
| Administrative expenses | | 591,421 | 453,947 | 206,591 | 154,194 |
| Impairment loss / (reversal) on trade receivables | | (3,754) | (20,225) | (14,556) | (1,119) |
| Other expenses | | 127,666 | 199,059 | 47,885 | 60,576 |
| | | 2,886,475 | 2,631,691 | 971,219 | 878,249 |
| | | 2,548,230 | 2,958,397 | 685,051 | 898,376 |
| Other income | | 33,197 | 46,226 | 13,037 | 17,105 |
| | | 2,581,427 | 3,004,623 | 698,088 | 915,481 |
| Finance costs | | 1,023,365 | 420,448 | 111,313 | 154,256 |
| Profit before taxation | | 1,558,062 | 2,584,175 | 586,775 | 761,225 |
| Taxation | | 654,923 | 1,117,157 | 305,403 | 608,449 |
| Profit after taxation | | 903,139 | 1,467,018 | 281,372 | 152,776 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the period | | 903,139 | 1,467,018 | 281,372 | 152,776 |
| ----- (Rupees) ----- | | | | | |
| Earnings per share | 14 | 26.47 | 43.00 | 8.25 | 4.48 |

The annexed notes 1 to 18 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 Nine Months Period Ended 30 June 2023

| | Note | 30 June 2023 | 30 June 2022 |
|---|------|------------------|-----------------|
| (Rupees in '000) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 15 | 1,130,382 | 1,684,308 |
| Staff gratuity and other long-term service awards paid | | - | (25,358) |
| Mark-up paid | | (219,559) | (30,187) |
| Income taxes paid | | (928,940) | (650,894) |
| Movement in long-term deposits and prepayments | | - | 4,229 |
| Net cash (used in) / generated from operating activities | | (18,117) | 982,098 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure | | (142,699) | (159,432) |
| Proceeds from disposal of property, plant and equipment | | 11,302 | 7,367 |
| Net cash (used) in investing activities | | (131,397) | (152,065) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment against lease liabilities | | 1,635 | (6,373) |
| Payment against diminishing musharika financing - net | | (45,724) | (30,740) |
| Long term loan - repayment | | (42,633) | (134,459) |
| Short-term borrowings - proceeds | | 815,160 | 892,552 |
| Short-term borrowings - repayments | | - | (133,111) |
| Dividend paid | | (167,746) | (3,906,617) |
| Net cash generated from / (used in) financing activities | | 560,692 | (3,318,748) |
| Net increase / (decrease) in cash and cash equivalents | | 411,178 | (2,488,715) |
| Cash and cash equivalents at beginning of the period | | (205,709) | 1,621,486 |
| Cash and cash equivalents at end of the period | 15.2 | 205,469 | (867,229) |

The annexed notes 1 to 18 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 Nine Months Period Ended 30 June 2023

| | 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 Cash dividend at 900% (i.e. Rs. 90 per share) for the year ended 30 September 2021 | - | - | (3,070,609) | (3,070,609) |
| - Interim Cash dividend at 250% (i.e. Rs. 25 per share) for the period ended 31 March 2022 | - | - | (852,947) | (852,947) |
| Total comprehensive income for the period ended 30 June 2022 | | | | |
| Profit for the period | - | - | 1,467,018 | 1,467,018 |
| Other comprehensive income | - | - | - | - |
| | - | - | 1,467,018 | 1,467,018 |
| Balance as at 30 June 2022 (Unaudited) | 341,179 | 2,434,000 | 615,874 | 3,391,053 |
| 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 30 June 2023 | | | | |
| Profit for the period | - | - | 903,139 | 903,139 |
| Other comprehensive income | - | - | - | - |
| | - | - | 903,139 | 903,139 |
| Balance as at 30 June 2023 (Unaudited) | 341,179 | 2,747,000 | 904,411 | 3,992,590 |

The annexed notes 1 to 18 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 Nine Months Period Ended 30 June 2023

1. THE COMPANY AND ITS OPERATIONS

Archroma Pakistan Limited ("the Company") is a limited liability company, incorporated and domiciled in Pakistan. The address of its registered office is 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange. The Company is a subsidiary of Archroma Textiles GmbH, registered and 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

- Petaro 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

1.1 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, continues to keep the local industry (including textiles exports) and supply chain situation uncertain. However, selective improvement in local markets due to import substitution and post-flood re-construction activities have started to contribute towards improvement in the overall business development for local textiles and construction industry of the Country, which are the major consumption markets of the Company.

1.2 After the closing of the Global acquisition of Huntsman Textile Effects business and local acquisition of Huntsman Textile Effects Pakistan during the period, by the Company's Holding Company i.e. Archroma Textiles GmbH, the Company has initiated the process to eventually merge Huntsman Textile Effects Pakistan with and into the Company. The Board of Directors of the Company in its meeting held on 27 April 2023 has approved the draft Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017. The members of the Company have approved the Scheme of Arrangement in the Extra Ordinary General Meeting held on 23 June 2023. Currently Scheme of arrangement is pending for issuance of sanction order by the High Court of Sindh.

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 the 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 Nine Months Period Ended 30 June 2023

3. ACCOUNTING POLICIES

- 3.1** The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in preparation of the published annual audited financial statements of the Company for the year ended 30 September 2022.
- 3.2** A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Company has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed interim financial statements.

4. CRITICAL ACCOUNTING 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 expense. Actual results 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 audited financial statements for the year ended 30 September 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 September 2022.

5. PROPERTY, PLANT AND EQUIPMENT

| | | 30 June 2023 | 30 September 2022 |
|---|-----|-------------------------------------|----------------------|
| | | (Un-audited) | (Audited) |
| | | ----- (Rupees in '000) ----- | |
| Operating property, plant and equipment | 5.1 | 1,883,716 | 1,836,601 |
| Capital work-in-progress | 5.3 | 57,177 | 92,931 |
| | | <u>1,940,893</u> | <u>1,929,532</u> |

- 5.1** The following operating property, plant and equipment have been added during the nine months period ended 30 June 2023:

| | Building on leasehold land | Building on freehold land | Building ROUA | Plant and machinery | Furniture, fixtures and equipment | | Vehicles ROUA | 30 June 2023 | 30 June 2022 |
|--|---|--|--------------------------|--------------------------------|--|--------------|--------------------------|-------------------------|-----------------|
| | Owned | Owned | | Owned | Owned | ROUA | ROUA | | |
| | ----- (Rupees in '000) ----- | | | | | | | | |
| Additions for the quarter 31 March 2023 | - | 2,105 | 31,920 | 73,784 | 72,795 | 3,186 | 22,534 | 206,324 | 106,349 |
| Additions for the quarter 30 June 2023 | - | - | - | 16,406 | 13,364 | - | 42,366 | 72,136 | 145,380 |
| Total | - | 2,105 | 31,920 | 90,190 | 86,159 | 3,186 | 64,900 | 278,460 | 251,729 |

- 5.1.1** Operating property, plant and equipment include right-of-use asset on buildings of Rs.31.920 million recognised during the period.
- 5.1.2** Additions to owned furniture, fixtures and equipments includes direct additions of Rs. 6.107 million and transfers from capital work in progress of Rs. 73.684 million respectively.

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

For the Nine Months Period Ended 30 June 2023

5.2 Property, plant and equipment disposed off during the nine months period ended 30 June 2023 are as follows:

| | Plant and machinery | Furniture, fixtures and equipment | Vehicles | 30 June 2023 | 30 June 2022 |
|--------------------------|----------------------------|--|-----------------|-------------------------|--------------|
| | Owned | Owned | ROUA | (Rupees in '000) | |
| Cost | 8,330 | 2,750 | 32,754 | 43,834 | 34,559 |
| Accumulated depreciation | (8,330) | (2,718) | (21,484) | (32,532) | (26,032) |
| Net book value | - | 32 | 11,270 | 11,302 | 8,527 |

5.3 Additions to capital work in progress during the nine months period ended 30 June 2023 amounted to Rs. 136.593 million and transfers to operating fixed assets amounted to Rs. 172.347 million.

6. STOCK-IN-TRADE

| | 30-June 2023 | 30 September 2022 |
|--|-------------------------------------|-------------------|
| | (Un-audited) | (Audited) |
| | ----- (Rupees in '000) ----- | |
| Raw and packing materials including goods in transit of Rs. 2,569.958 million (30 September 2022: Rs. 545.043 million) | 5,399,470 | 3,035,880 |
| Work-in-process | 443,954 | 330,871 |
| Finished goods including goods in transit of Rs. 85.715 million (30 September 2022: Rs. 14.323 million) | 1,249,889 | 619,233 |
| | <u>7,093,313</u> | <u>3,985,984</u> |

7. TRADE RECEIVABLES

| | | |
|--|-------------------------|------------------|
| Considered good | 7,252,646 | 4,826,630 |
| Considered doubtful | 489,363 | 493,117 |
| | 7,742,009 | 5,319,747 |
| Provision for impairment loss on trade receivables | (489,363) | (493,117) |
| | <u>7,252,646</u> | <u>4,826,630</u> |

8. SHORT-TERM BORROWINGS - secured

8.1 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) (30 September 2022: Rs. 8,050 million). These facilities have various maturity dates up to 30 June 2024. These arrangements are secured against a pari passu charge of hypothecation on stock-in-trade and trade receivables with minimum 10% margin. These facilities other than below mentioned Islamic 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. 5,452.2 million (30 September 2022: Rs. 6,072 million).

8.2 The Company has availed Islamic Export Refinance Facility - Part II amounting to Rs. 2,490 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 18% to 19% per annum (30 September 2022: 10.5% to 11% per annum).

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

For the Nine Months Period Ended 30 June 2023

| 9 LEASE LIABILITIES | 30-June 2023 (Un-audited) | 30 September 2022 (Audited) |
|---|--|--|
| 9.1 Lease liabilities included in the statement of financial position as at 30 June 2023 | ------(Rupees in '000)----- | |
| Current | 21,343 | 20,119 |
| Non-Current | 137,041 | 104,710 |
| | 158,384 | 124,829 |
| 9.2 Maturity Analysis – Discounted Cash Flows | | |
| Payable within one year | 21,343 | 20,119 |
| Payable after one year but not later than 5 years | 82,757 | 104,710 |
| Payable after 5 years | 54,284 | - |
| | 158,384 | 124,829 |

9.3 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.

9.4 During the period, the Company has obtained various vehicles under diminishing musharika financing arrangement entered into with a Modaraba having various maturity dates up to 10 Jan 2028 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.

10. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCE

| | Due within one year | | Due after one year but within 5 years | | Total | |
|---|-----------------------------|----------------------|--|----------------------|-----------------|----------------------|
| | 30 June 2023 | 30 September 2022 | 30 June 2023 | 30 September 2022 | 30 June 2023 | 30 September 2022 |
| | ------(Rupees in '000)----- | | | | | |
| Liabilities against diminishing musharika finance | 48,304 | 48,977 | 138,298 | 115,263 | 186,602 | 164,240 |

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 Contingencies are the same as those disclosed in annual audited financial statements for the year ended 30 September 2022.

11.2 Commitments

11.2.1 Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 30 June 2023 amount to Rs. 751.396 million (30 September 2022: Rs. 344.367 million)

11.2.2 The Company has provided post dated cheques amounting to Rs. 8,565.977 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 fulfilment of certain conditions.

11.2.3 Commitments for capital expenditure as at 30 June 2023 aggregated to Rs. 21.363 million (30 September 2022: Rs. 49.576 million).

11.2.4 Commitments under letters of credit for stock-in-trade and stores and spares as at 30 June 2023 amount to Rs. 5,350 million (30 September 2022: Rs. 1,980 million).

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

For the Nine Months Period Ended 30 June 2023

11.3 Tax Contingencies

Tax contingencies are the same as those disclosed in the audited annual financial statements 30 September 2022 except the for the following:

11.3.1 In the year 2009, the Company had received notices from the sales tax authorities demanding payment of Rs. 233.42 million on account of sales tax along with the default surcharges on supply of the products to its customers as zero rated by the Company from June 2007 to June 2009. The Company had filed a suit before single judge of the High Court of Sindh against which the Court had issued decree dated 4 August 2017 in favor of the Company. In the decree, the Court had declared that the product will be given the benefit of SRO 163(1)/2011; hence, the impugned letters including demand of defendants are illegal which have been set aside and the defendants are directed to consider the refund claims of plaintiff within the parameters of the Law.

Subsequently in the year 2022-23, the tax authorities filed an appeal against the Company before a division bench of the High Court of Sindh against the decree from single judge. The division bench of the High Court of Sindh vide their Order dated December 30, 2022 set aside the decree from single judge dated August 4, 2017 and directed the Company to respond to the notices issued by the department.

Subsequently, the Company filed an appeal in the Supreme Court of Pakistan against the above Order of the division bench of the High Court of Sindh, which is currently pending. Management in consultation with their legal counsel are confident that the outcome of the case will be in the favour of the Company, therefore, no provision has been recognised in these condensed interim financial statements.

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 |
|---|---|--|-------------------|
| High Court of Sindh / Supreme Court of Pakistan | <p>The Company had filed a constitutional petition in the High Court of Sindh challenging the vires of section 4C of the Income Tax Ordinance, 2001. Subsequent to the period end, the Court vide its Order dated 13 January 2023 has declared that the super tax at the rate of 10% to be discriminatory and ultra vires to the Constitution and that the Super tax under section 4C of the Income Tax Ordinance to be applicable from the Tax year 2023.</p> <p>The Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan against the above Order of the High Court of Sindh. The Supreme Court of Pakistan vide its interim order dated 16 February 2023, has required payment of super tax at the rate of 4% till the matter is finally decided by the Supreme Court of Pakistan.</p> <p>The Management based on consultation with their tax advisor and legal counsel is confident that the case will be decided in favor of the Company. However, on abundant caution, the Company has made full provision for the said super tax at the rate of 10%.</p> | Federal Board of Revenue (FBR) and the Company | 30 September 2022 |
| Commissioner Inland Revenue Appeals (CIRA) | <p>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 the matter will be decided in favour of the Company and therefore, no provision has been recognised in these condensed interim financial statements.</p> | The Assistant Commissioner IR (ACIR) and the Company | 29-Dec-22 |

12. FAIR VALUE OF FINANCIAL INSTRUMENTS/ FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risk namely credit risk, foreign exchange risk (note 16), 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 audited financial statements for the year ended 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 Nine Months Period Ended 30 June 2023

Fair Value Hierarchy

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: 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).

12.1 Accounting classification 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 2023 (Unaudited) | | | | | Fair value | | |
|---|---|---|---|--------------------------------------|--|------------|------------|---------|---------|
| | | Carrying amount | | | | Total | Level 1 | Level 2 | Level 3 |
| Note | | Financial assets 'at fair value through other comprehensive income' | Financial assets 'at fair value through profit or loss' | Financial assets 'at amortised cost' | Financial liabilities measured 'at amortised cost' | | | | |
| Rupees in '000 | | | | | | | | | |
| Financial assets - not measured at fair value | | | | | | | | | |
| | Deposits | - | - | 130,178 | - | 130,178 | | | |
| | Trade receivables | - | - | 7,252,646 | - | 7,252,646 | | | |
| | Other receivables | - | - | 627,869 | - | 627,869 | | | |
| | Cash and bank balances | - | - | 312,379 | - | 312,379 | | | |
| | | - | - | 8,323,072 | - | 8,323,072 | | | |
| Financial liabilities - not measured at fair value | | | | | | | | | |
| | Lease liabilities | - | - | - | 158,384 | 158,384 | | | |
| | Liabilities against diminishing musharaka finance | - | - | - | 186,602 | 186,602 | | | |
| | Trade and other payables | - | - | - | 10,885,267 | 10,885,267 | | | |
| | Short-term borrowings | - | - | - | 2,597,821 | 2,597,821 | | | |
| | Mark-up accrued | - | - | - | 149,930 | 149,930 | | | |
| | Unclaimed dividend | - | - | - | 91,271 | 91,271 | | | |
| | Unpaid dividend | - | - | - | 511,771 | 511,771 | | | |
| | | - | - | - | 14,581,046 | 14,581,046 | | | |
| 30 September 2022 (Audited) | | | | | | | | | |
| | | Carrying amount | | | | Total | Fair value | | |
| Note | | Financial assets 'at fair value through other comprehensive income' | Financial assets 'at fair value through profit or loss' | Financial assets 'at amortised cost' | Financial liabilities measured 'at amortised cost' | | Level 1 | Level 2 | Level 3 |
| Rupees in '000 | | | | | | | | | |
| Financial assets - not measured at fair value | | | | | | | | | |
| | Deposits | - | - | 64,522 | - | 64,522 | | | |
| | Trade receivables | - | - | 4,826,630 | - | 4,826,630 | | | |
| | Other receivables | - | - | 28,783 | - | 28,783 | | | |
| | Cash and bank balances | - | - | 96,031 | - | 96,031 | | | |
| | | - | - | 5,015,966 | - | 5,015,966 | | | |
| Financial liabilities - not measured at fair value | | | | | | | | | |
| | Lease liabilities | - | - | - | 124,829 | 124,829 | | | |
| | Liabilities against diminishing musharaka finance | - | - | - | 164,240 | 164,240 | | | |
| | Trade and other payables | - | - | - | 1,977,491 | 1,977,491 | | | |
| | Short-term borrowings | - | - | - | 24,171 | 24,171 | | | |
| | Mark-up accrued | - | - | - | 42,633 | 42,633 | | | |
| | Unclaimed dividend | - | - | - | 88,430 | 88,430 | | | |
| | Long term loan | - | - | - | 5,337,101 | 5,337,101 | | | |
| | | - | - | - | 7,758,895 | 7,758,895 | | | |

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

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

For the Nine Months Period Ended 30 June 2023

13. SEGMENT INFORMATION

13.1 Segment information for the Nine months period ended 30 June 2023:

| | Textile Effects | | Paper, Packaging & Coatings | | Total | |
|---|------------------------|---------------------------|-----------------------------|---------------------------|------------------------|---------------------------|
| | 30 June 2023 | 30 June 2022 | 30 June 2023 | 30 June 2022 | 30 June 2023 | 30 June 2022 |
| ----- (Rupees in '000) ----- | | | | | | |
| Sales | | | | | | |
| Domestic | 16,600,145 | 15,652,602 | 2,831,724 | 1,947,475 | 19,431,869 | 17,600,077 |
| Export | 5,099,507 | 5,051,604 | 12,468 | - | 5,111,975 | 5,051,604 |
| Total sales | 21,699,652 | 20,704,206 | 2,844,192 | 1,947,475 | 24,543,844 | 22,651,681 |
| Discount and commission | 717,730 | 726,586 | 12,711 | 15,176 | 730,440 | 741,762 |
| Sales tax | 2,351,828 | 2,208,246 | 425,295 | 285,641 | 2,777,124 | 2,493,887 |
| | 3,069,558 | 2,934,832 | 438,006 | 300,817 | 3,507,564 | 3,235,649 |
| Net sales (from external customers) | 18,630,094 | 17,769,374 | 2,406,186 | 1,646,658 | 21,036,280 | 19,416,032 |
| Segment results based on 'management approach' | 2,058,553 | 2,751,712 | 647,664 | 443,559 | 2,706,217 | 3,195,271 |
| Other expenses - WPPF and WWF | | | | | (118,700) | (190,648) |
| Assets charged to profit and loss for internal reporting purposes based on group guidelines | | | | | (6,090) | - |
| | | | | | 2,581,427 | 3,004,623 |
| Finance costs | | | | | 1,023,365 | 420,448 |
| Profit before taxation | | | | | 1,558,062 | 2,584,175 |
| Capital Expenditure including CWIP | 142,216 | 154,389 | 80 | 166 | 142,296 | 154,555 |
| Unallocated | | | | | 403 | 4,877 |
| | | | | | 142,699 | 159,432 |
| Depreciation | 211,438 | 198,245 | 3,060 | 2,811 | 214,498 | 201,056 |
| Unallocated | | | | | 5,575 | 8,781 |
| | | | | | 220,073 | 209,837 |
| | Textile Effects | | Paper, Packaging & Coatings | | Total | |
| | Unaudited 30 June 2023 | Audited 30 September 2022 | Unaudited 30 June 2023 | Audited 30 September 2022 | Unaudited 30 June 2023 | Audited 30 September 2022 |
| ----- (Rupees in '000) ----- | | | | | | |
| Segment Assets | 13,748,131 | 9,386,511 | 1,184,036 | 858,499 | 14,932,167 | 10,245,010 |
| Unallocated | | | | | 3,818,969 | 2,150,495 |
| Total Assets | | | | | 18,751,136 | 12,395,505 |
| Segment Liabilities | 8,673,043 | 3,941,020 | 887,145 | 444,752 | 9,560,188 | 4,385,772 |
| Unallocated | | | | | 5,198,358 | 4,237,924 |
| Total Liabilities | | | | | 14,758,546 | 8,623,696 |

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

For the Nine Months Period Ended 30 June 2023

13.2 Segments information for the quarter ended 30 June 2023:

| | Textile Effects | | Paper, Packaging & Coatings | | Total | |
|---|------------------|------------------|-----------------------------|-----------------|------------------|------------------|
| | 30 June 2023 | 30 June 2022 | 30 June 2023 | 30 June 2022 | 30 June 2023 | 30 June 2022 |
| ----- (Rupees in '000) ----- | | | | | | |
| Sales | | | | | | |
| Domestic | 4,710,486 | 4,654,549 | 1,154,171 | 661,967 | 5,864,657 | 5,316,516 |
| Export | 1,940,740 | 1,808,880 | - | - | 1,940,740 | 1,808,880 |
| Total sales | 6,651,226 | 6,463,429 | 1,154,171 | 661,967 | 7,805,397 | 7,125,396 |
| Discount & commission | 217,697 | 197,394 | 5,502 | 3,580 | 223,199 | 200,974 |
| Sales tax | 661,427 | 658,016 | 173,908 | 97,138 | 835,335 | 755,154 |
| | 879,124 | 855,410 | 179,410 | 100,718 | 1,058,534 | 956,128 |
| Net sales (from external customers) | 5,772,102 | 5,608,019 | 974,761 | 561,249 | 6,746,863 | 6,169,268 |
| Segment results based on 'management approach' | 497,051 | 816,179 | 247,269 | 154,362 | 744,320 | 970,541 |
| Other expenses - WPPF / WWF | | | | | (45,000) | (55,060) |
| Assets charged to profit and loss for internal reporting purposes based on group guidelines | | | | | (1,232) | - |
| | | | | | 698,088 | 915,481 |
| Finance costs | | | | | 111,313 | 154,256 |
| Profit before taxation | | | | | 586,775 | 761,225 |
| Fixed Capital Expenditure | 5,281 | 80,363 | 80 | 90 | 5,361 | 80,453 |
| Unallocated | | | | | 168 | 1,182 |
| | | | | | 5,529 | 81,635 |
| Depreciation | 76,702 | 68,427 | 3,056 | 1,014 | 79,758 | 69,441 |
| Unallocated | | | | | 1,492 | 2,206 |
| | | | | | 81,250 | 71,647 |

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

For the Nine Months Period Ended 30 June 2023

| 14. EARNINGS PER SHARE | For the nine months ended | | Quarter ended | |
|--|--------------------------------|------------|--------------------------------|------------|
| | 30 June | | 30 June | |
| 14.1 Basic | 2023 | 2022 | 2023 | 2022 |
| | ---- (Rupees in '000) ---- | | ---- (Rupees in '000) ---- | |
| Profit after taxation attributable to ordinary shareholders | 903,139 | 1,467,018 | 281,372 | 152,776 |
| | ----- (Number of shares) ----- | | ----- (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) ----- | | ----- (Rupees) ----- | |
| Earnings per share | 26.47 | 43.00 | 8.25 | 4.48 |

14.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 June 2023 and 30 June 2022.

15. CASH GENERATED FROM OPERATIONS

| | Nine months ended | |
|--|------------------------------|-------------|
| | 30 June | 30 June |
| | 2023 | 2022 |
| | ----- (Rupees in '000) ----- | |
| Profit before taxation | 1,558,062 | 2,584,175 |
| Adjustment for non-cash charges and other items: | | |
| Depreciation | 220,073 | 209,837 |
| Loss on sale of property, plant and equipment | - | 1,160 |
| Provision for staff gratuity | 24,297 | 21,700 |
| Exchange losses | 611,944 | - |
| Mark-up expense | 345,318 | 79,885 |
| Impairment loss/ (reversal) of trade receivable | (3,754) | (20,225) |
| Working capital changes | 15.1 | (1,625,558) |
| | 1,130,382 | 1,684,308 |

15.1 Working capital changes

(Increase) / decrease in current assets

| | | |
|---|--------------------|-------------|
| Stores and spares | (4,585) | (622) |
| Stock-in-trade | (3,107,329) | (1,899,448) |
| Trade receivables | (2,422,293) | (1,365,367) |
| Loans and advances | (22,377) | (1,612) |
| Trade deposits and short-term prepayments | (16,562) | (52,943) |
| Other receivables | (575,350) | (46,442) |
| | (6,148,496) | (3,366,434) |

Increase in current liabilities

| | | |
|--------------------------|--------------------|-------------|
| Trade and other payables | 4,522,938 | 2,174,210 |
| | (1,625,558) | (1,192,224) |

15.2 CASH AND CASH EQUIVALENTS

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

| | | |
|----------------------------|------------------|-------------|
| Cash and bank balances | 312,379 | 289,244 |
| Short-term running finance | (106,910) | (1,156,473) |
| | 205,469 | (867,229) |

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

For the Nine Months Period Ended 30 June 2023

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:

| Name of related party | Nature of Relationship | Nature of transactions | Unaudited 30 June | |
|---------------------------------------|--------------------------|---|--------------------------------------|-----------|
| | | | 2023 ----- (Rupees in '000) ----- | 2022 |
| Archroma Textile GmbH, Switzerland | Parent / Holding Company | Dividend | 511,771 | 2,942,678 |
| Archroma Management GmbH, Switzerland | Associated company | Purchases & Services | 408,265 | 251,199 |
| | | Royalty expenses | 1,030,923 | 952,557 |
| | | Indenting commission | 18,718 | 20,033 |
| Archroma Turkey Limited | Associated company | Purchases | - | 2,787 |
| | | Sales | 2,414,172 | 1,884,789 |
| Archroma Singapore, Pte Ltd | Associated company | Purchases | 150,062 | 31,182 |
| | | Sales | 31,722 | 26,786 |
| | | Export commission | - | 73,624 |
| | | Indenting commission | 6,805 | 9,221 |
| Archroma Textile Mexico S.De | Associated company | Purchases | 116,647 | 50,489 |
| | | Sales | 6,868 | 5,004 |
| Archroma Thailand | Associated company | Purchases | 941 | - |
| | | Sales | 324,927 | 403,739 |
| | | Indenting commission | 1,729 | 785 |
| PT Archroma Indonesia | Associated company | Purchases | 17,299 | 56,147 |
| | | Sales | 20,917 | 17,028 |
| | | Indenting commission | - | 241 |
| Archroma Brazil | Associated company | Sales | 1,854 | - |
| Archroma Tianjin Ltd | Associated company | Purchases | 15,387 | 109,520 |
| Spice Industria Quimica | Associated company | Purchases | - | 20,224 |
| | | Sales | - | 6,303 |
| PT Archroma Specialties Indonesia | Associated company | Sales | - | 10,914 |
| Archroma China | Associated company | Sales | 113,210 | 64,796 |
| Archroma Peru S.A. | Associated company | Sales | 16,944 | 6,148 |
| Archroma Iberica, S.L. | Associated company | Sales | 104,079 | 157,178 |
| Archroma Japan | Associated company | Sales | 40,350 | 107,442 |
| Archroma Germany GMBH | Associated company | Sales | 1,251 | - |
| Archroma U.S | Associated company | Purchases | 5,413 | 3,857 |
| Swiss Business Council | Common directorship | Subscription | 110 | 100 |
| Jubilee life Insurance Company | Common directorship | Insurance | 49,714 | 43,016 |
| Key management personnel | Related parties | Salaries, benefits and compensations | 128,878 | 125,558 |
| | | Post employment benefits | 16,472 | 14,360 |
| | | Proceeds from disposal of Property, plant and equipment | - | 1,510 |

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

For the Nine Months Period Ended 30 June 2023

| Name of related party | Nature of Relationship | Nature of balances | 30 June 2023 (Un-audited) | 30 September 2022 (Audited) |
|---------------------------------------|------------------------|--------------------|------------------------------|--------------------------------|
| ----- (Rupees in '000) ----- | | | | |
| Archroma Management Gmbh, Switzerland | Associated company | Receivable | <u>8,358</u> | 15,016 |
| | | Payable | <u>1,012,437</u> | <u>509,675</u> |
| Archroma Turkey Limited | Associated company | Receivable | <u>580,267</u> | <u>80,540</u> |
| Archroma Singapore, Pte Ltd | Associated company | Receivable | <u>8,896</u> | <u>11,701</u> |
| | | Payable | <u>102,069</u> | <u>75,430</u> |
| Archroma Textile Mexico S.De | Associated company | Receivable | <u>4,776</u> | 4,257 |
| | | Payable | <u>46,362</u> | <u>7,820</u> |
| Archroma Thailand | Associated company | Receivable | <u>109,490</u> | <u>52,520</u> |
| | | Payable | <u>507</u> | <u>537</u> |
| PT Archroma Indonesia | Associated company | Receivable | <u>4,011</u> | 1,056 |
| | | Payable | <u>4,417</u> | <u>2,520</u> |
| Archroma Peru, SA | Associated company | Receivable | <u>9,593</u> | - |
| Archroma Tianjin Ltd | Associated company | Payable | - | <u>32,956</u> |
| Spice Industria Quimica | Associated company | Payable | - | <u>30,434</u> |
| PT Archroma Specialties | Associated company | Receivable | - | <u>4,871</u> |
| Archroma China | Associated company | Receivable | - | <u>52,189</u> |
| Archroma U.s.Inc | Associated company | Payable | <u>1,686</u> | <u>45,246</u> |
| Archroma Shanghai (WFOE) | Associated company | Receivable | <u>44,986</u> | - |
| Archroma Brazil | Associated company | Payable | - | <u>18,463</u> |

17. DATE OF AUTHORISATION


These condensed interim financial statements were authorised for issue on 25 July, 2023 by the Board of Directors of the Company.

18. 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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