



**QUARTERLY  
REPORT  
2024**  
(Oct - Dec 2023)



**CELEBRATING 10 YEARS OF ENHANCING LIVES  
THROUGH SUSTAINABILITY AND INNOVATION**

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

## REPORT OF BOARD OF DIRECTORS

The Directors of your Company are pleased to present their report for the first quarter ended 31 December 2023, together with the un-audited condensed interim financial information of the Company for the first quarter ended 31 December 2023.

### COMPOSITION OF BOARD

The composition of the Board is as follows:

- a) Male members: 06
- b) Lady member: 01

Out of the above:

- a) Executive Director: 02
- b) Non-Executive Directors: 03
- c) Independent Directors: 02

### 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 and highest ever inflation in all the costs because of continuing Russia-Ukraine conflict and growing conflict in the Middle East.

Despite the above increasingly challenging environment and less than 50% production capacity utilization for the Textiles' Industry, your Company continued to provide fullest support to its customers and as a consequence further increased its Market Share' position in all segments and was able to achieve net sales of PKR 7,233 million during the first quarter ended 31st December 2023 versus PKR 5,639 million in comparison to the same period last year. The increase in sales of 28% was mainly contributed by Textile Effects, whose Sales increased by 23% and Paper, Packaging & Coatings business, whose turnover increased by 70% in comparison to the same period last year.

However, Gross Margins for all the business segments of the Company remained under severe pressure due to devaluation of PKR versus US Dollar and other foreign currencies and consequential increase in cost of imported Raw materials during the period under review. Moreover, inflating selling & administration costs and exceptionally high borrowing charges & costs, foreign exchange losses and high Taxation severely impacted the bottom-line results of the Company, which turned into losses after taxation for the period amounting to PKR 104 million as against profit of PKR 154 million achieved in the same period last year.

On behalf of the Board



Mujtaba Rahim  
Chief Executive Officer

### PROJECTS

After the closing of the global acquisition of Huntsman Textile Effects business and local acquisition of Huntsman Textile Effects Pakistan (Private) Limited now Archroma Chemicals Pakistan (Private) Limited by the Company's Holding Company i.e. Archroma Textiles GmbH, the Company initiated the process to merge Archroma Chemicals Pakistan (Private) Limited, i.e. formerly, Huntsman Textile Effects Pakistan (Private) Limited within and into the Company.

The Board of Directors of the Company in their meeting held on 27th April 2023 approved the Scheme of Arrangement, which was subsequently also approved by the members in the Extra Ordinary General Meeting held on 23rd June 2023 and later on sanctioned by the Honorable High Court of Sindh on 31st October 2023.

The entire undertaking, comprising of all Assets, Liabilities and Obligations of Archroma Chemicals Pakistan (Private) Limited, i.e. Formerly Huntsman Textile Effects Pakistan (Private) Limited, now stand merged with the Company, effective from 1st October 2023.

As consideration for the above, the Company issued 445,460 shares on the basis of a swap ratio of approximately 0.0455 Company's shares for every one share to the shareholders of Archroma Chemicals Pakistan (Private) Limited, i.e. formerly Huntsman Textile Effects Pakistan (Private) Limited.

### FUTURE OUTLOOK

The Global energy and commodities' prices and Raw Materials' supply chain and availability situation has become further complex due to spiraling armed conflict in the Middle East and as a consequence, Balance of Trade and Forex reserves' situation of Pakistan, continue to remain under pressure, moreover, with upcoming elections and anticipated changes in Government & Political set-up in coming months, business & economic outlook for the Country, remains somewhat uncertain. However, with the additional financing programs under discussion with IMF and certain corrective fiscal measures are expected to positively contribute towards improvement in the overall macro-economic situation of Pakistan, which is anticipated to support business development for Textiles and Construction Industry of the Country in the remaining months of the financial year of the Company.



Irfan Chawala  
Director and Chief Financial Officer

نے کمپنی کے نچلے درجے کے نتائج کو بری طرح متاثر کیا، جو کہ گزشتہ سال کی اسی مدت میں حاصل کئے گئے منافع PKR 154 ملین کے مقابلے میں بعد از ٹیکس PKR 104 ملین نقصانات میں تبدیل ہو گئے۔

### پروجیکٹس

ہینس مین ٹیکسٹائل اینڈ ٹیکسٹائل کے کاروبار میں عالمی حصول اور ہینس مین ٹیکسٹائل اینڈ ٹیکسٹائل پاکستان (پرائیویٹ) لمیٹڈ کے مقامی حصول کے بند ہونے کے بعد آرکروما کیمیکلز پاکستان (پرائیویٹ) لمیٹڈ نے کمپنیز ہولڈنگ کمپنی یعنی آرکروما ٹیکسٹائل GmbH کے ذریعہ، آرکروما کیمیکلز پاکستان (پرائیویٹ) لمیٹڈ، یعنی سابقہ ہینس مین اینڈ ٹیکسٹائل پاکستان (پرائیویٹ) لمیٹڈ کو کمپنی کے ساتھ اور کمپنی میں انضمام کا فیصلہ کیا ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز نے 27 اپریل 2023 کو ہونے والی اپنی میٹنگ میں اےکسیم آف اریجنٹس کی منظوری دی، جسے بعد ازاں 23 جون 2023 کو ہونے والے غیر معمولی اجلاس عام میں بھی ممبران نے منظور کیا اور بعد ازاں ہائی کورٹ آف سندھ کی جانب سے مورخہ 13 اکتوبر 2023 کو اس کی منظوری دی گئی۔

آرکروما کیمیکلز پاکستان (پرائیویٹ) لمیٹڈ یعنی سابقہ ہینس مین ٹیکسٹائل اینڈ ٹیکسٹائل پاکستان (پرائیویٹ) لمیٹڈ کے تمام اثاثوں، واجبات اور ذمہ داریوں پر مشتمل مکمل انڈر ٹیکنگ، اب کمپنی کیساتھ ضم ہو گئی ہے، جو یکم اکتوبر 2023 سے نافذ العمل ہے۔

مذکورہ بالا پر غور کرنے کے نتیجے میں، کمپنی نے آرکروما کیمیکلز پاکستان (پرائیویٹ) لمیٹڈ یعنی سابقہ ہینس مین ٹیکسٹائل اینڈ ٹیکسٹائل پاکستان (پرائیویٹ) لمیٹڈ کے شیئرز ہولڈرز کو ہر ایک شیئر کے عوض تقریباً 0.0455 کمپنی کے شیئرز کے تناسب کی بنیاد پر 445,460 شیئرز جاری کئے۔

### مستقبل پر نظر

عالمی توانائی اور اشیاء کی عالمی قیمتوں اور خام مال کی سیلابی چین اور دستیابی کی صورت حال، مشرق وسطیٰ میں بڑھتے ہوئے مسلح تصادم کی وجہ سے مزید پیچیدہ ہو گئی ہے اور اس کے نتیجے میں پاکستان کے تجارتی توازن اور زر مبادلہ کے ذخائر کی صورت حال بدستور دباؤ میں ہے، مزید برآں، آنے والے انتخابات اور آنے والے مہینوں میں حکومت اور سیاسی سیٹ اپ میں متوقع تبدیلیوں کے ساتھ، ملک کیلئے کاروباری اور اقتصادی نقطہ نظر، کچھ حد تک غیر یقینی ہے، تاہم، آئی ایم ایف کیساتھ زیر بحث اضافی فنڈنگ پروگراموں اور بعض اصلاحی مالیاتی اقدامات سے پاکستان میں میکرو اکنامک صورت حال میں بہتری کیلئے مثبت کردار ادا کرنے کی توقع ہے، جس سے کمپنی کے مالی سال کے یقینی مہینوں میں، ملک کی ٹیکسٹائل اور تعمیراتی صنعت کیلئے کاروباری ترقی میں معاونت کی توقع ہے۔

آپ کی کمپنی کے ڈائریکٹرز کو 31 دسمبر 2023 کو ختم ہونے والی پہلی سہ ماہی کیلئے اپنی رپورٹ، بشمول 31 دسمبر 2023 کو ختم ہونے والی پہلی سہ ماہی کیلئے کمپنی کی غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی معلومات، پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

### بورڈ کی تشکیل

بورڈ کی تشکیل مندرجہ ذیل ہے

06	حضرات	(الف)
01	خواتین	(ب)

مندرجہ بالا میں سے:

02	ایگزیکٹو ڈائریکٹر	(i)
03	نان ایگزیکٹو ڈائریکٹر	(ii)
02	انڈیپنڈنٹ ڈائریکٹر	(iii)

### کاروباری جائزہ


آرکروما کی بڑی ہپیٹ کی مارکیٹس یعنی ٹیکسٹائل اور تعمیراتی صنعت کی طلب اور کنزومر پورٹیلز زیر جائزہ موجودہ مالی سال کی پہلی سہ ماہی کے دوران لوکل اور ایکسپورٹس دونوں کیلئے بدستور رہی، جس کی بنیادی وجہ توانائی اور اجناس کی بلند قیمتیں اور تمام الاگوں میں اب تک کا بلند ترین افراط زر اور روس۔ یوکرین کا جاری تنازعہ اور مشرق وسطیٰ میں بڑھتے ہوئے تنازعات ہیں۔

مندرجہ بالا چیلنجنگ ماحول اور ٹیکسٹائل کی صنعت کیلئے 50% سے کم پیداواری صلاحیت کے استعمال کے باوجود، آپ کی کمپنی نے اپنے صارفین کو بھرپور تعاون فراہم کرنا جاری رکھا اور اس کے نتیجے میں تمام طبقات میں ہماری مارکیٹ شیئر کی پوزیشن میں مزید اضافہ ہوا اور وہ 31 دسمبر 2023 کو ختم ہونے والی پہلی سہ ماہی کے دوران پچھلے سال کی اسی مدت کے دوران حاصل کی گئی PKR 5,639 ملین کے مقابلے میں PKR 7,233 ملین کی خاص سبب حاصل کرنے میں کامیاب رہی، گزشتہ سال کی مدت میں 28% کی بیلز میں اضافہ بنیادی طور پر ٹیکسٹائل اینڈ ٹیکسٹائل کی وجہ سے ہوا، جس کی فروخت میں 23% اور کاغذ، پیچیدگی اور کوئنگز کے کاروبار میں اضافہ ہوا، جس کا کاروبار گزشتہ سال کی اسی مدت کے مقابلے میں 70% بڑھ گیا۔

تاہم، کمپنی کے تمام کاروباری شعبوں کیلئے مجموعی مارکنز PKR بمقابلہ US ڈالر اور دیگر غیر ملکی کرنسیوں کی قدر میں کمی اور زیر جائزہ مدت کے دوران درآمدی خام مال کی لاگت میں اضافے کے نتیجے کی وجہ سے شدید دباؤ میں رہے، مزید برآں، سیلنگ اور ایڈیشنیشن کے اخراجات میں اضافہ غیر معمولی طور پر زیادہ قرض لینے کے چارجز اور اخراجات، غیر ملکی زر مبادلہ کے نقصانات اور زیادہ ٹیکس

بورڈ کی جانب سے:

  
جیبان یوسف  
چیف ایگزیکٹو آفیسر

  
عرفان چاہ والا  
سی ایف او / ڈائریکٹر

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


As at 31 December 2023

	Note	Unaudited 31 December 2023	Audited 30 September 2023
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,867,434	1,901,906
Long-term deposits and prepayments		13,205	13,205
Employee benefits		46,789	56,121
		<b>1,927,428</b>	<b>1,971,232</b>
<b>Current assets</b>			
Stores and spares		81,061	71,520
Stock-in-trade	6	7,605,455	6,756,099
Trade receivables	7	9,062,057	9,312,865
Loans and advances		19,881	11,369
Trade deposits and short-term prepayments		113,219	146,594
Other receivables		55,223	25,003
Sales tax		1,921,515	1,836,319
Taxation - net		15,647	-
Cash and bank balances	8	118,080	315,376
		<b>18,992,138</b>	<b>18,475,145</b>
<b>TOTAL ASSETS</b>		<b>20,919,566</b>	<b>20,446,377</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Share capital</b>			
Issued, subscribed and paid-up capital	9	345,634	341,179
<b>Reserves</b>			
<b>Capital Reserves</b>			
Amalgamation reserve	1.1	93,545	-
<b>Revenue Reserves</b>			
Revenue Reserve		2,747,000	2,747,000
Unappropriated profit		1,190,508	1,245,951
		<b>3,937,508</b>	<b>3,992,951</b>
		<b>4,376,687</b>	<b>4,334,130</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation - net		46,162	70,547
Employee benefits	10	17,119	10,414
Lease liabilities	12	123,340	118,864
Liabilities against diminishing musharika financing	13	126,788	140,356
		<b>313,409</b>	<b>340,181</b>
<b>Current liabilities</b>			
Trade and other payables		9,746,149	10,349,213
Short-term borrowings - secured	11	5,907,898	4,370,646
Current portion of lease liabilities	12	23,748	23,573
Current portion of liabilities against diminishing musharaka financing	13	50,678	50,389
Unclaimed dividend		90,889	90,891
Unpaid dividend		-	511,771
Mark-up accrued		310,505	167,410
Taxation - net		99,603	208,173
		<b>16,229,470</b>	<b>15,772,066</b>
<b>TOTAL LIABILITIES</b>		<b>16,542,879</b>	<b>16,112,247</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,919,566</b>	<b>20,446,377</b>

The annexed notes 1 to 21 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 2023

	Note	Quarter ended	
		31 December 2023	31 December 2022
<b>Sales</b>	16	8,358,266	6,530,460
Trade discounts and commission	16	288,783	208,931
Sales tax	16	836,245	681,944
		1,125,028	890,875
<b>Sales - net</b>	16	7,233,238	5,639,585
Cost of sales		5,870,641	4,502,258
<b>Gross profit</b>		1,362,597	1,137,327
Distribution and marketing expenses		830,605	643,763
Administrative expenses		229,551	173,506
Impairment loss / (reversal) on trade receivables		3,313	(1,054)
Other expenses		2,281	18,399
		1,065,750	834,614
		296,847	302,713
Other income		28,401	7,036
		325,248	309,749
Finance costs		349,810	99,581
<b>Consolidated (loss) / profit before taxation</b>		(24,562)	210,168
Taxation		79,582	55,714
<b>Consolidated (loss) / profit after taxation</b>		(104,144)	154,454
Other comprehensive income		-	-
<b>Total comprehensive (loss) / income for the period</b>		(104,144)	154,454
		----- (Rupees) -----	
<b>Earnings per share</b>	17	(3.01)	4.53

The annexed notes 1 to 21 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)

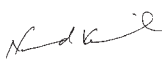
For the Three Months Period Ended 31 December 2023

	Note	31 December 2023	31 December 2022
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	18	(920,902)	433,921
Staff gratuity and other long-term service awards paid		(1)	-
Mark-up paid		(170,328)	(27,821)
Income taxes paid		(228,184)	(214,256)
Movement in long-term deposits and prepayments		-	-
<b>Net cash (used in) / generated from operating activities</b>		<b>(1,319,415)</b>	<b>191,844</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(41,433)	(102,265)
Amalgamation of Associated company Archroma Chemicals Pakistan (Private) Ltd (formerly: Huntsman Textile Effects Pakistan (Pvt) Ltd.)		146,701	-
Proceeds from disposal of property, plant and equipment		-	5,234
<b>Net cash generated from / (used) in investing activities</b>		<b>105,268</b>	<b>(97,031)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment against lease liabilities		4,651	(5,134)
Payment against diminishing musharika financing - net		(13,279)	(17,358)
Long term loan - repayment		-	(42,633)
Short-term borrowings - proceeds		500,000	400,000
Short-term borrowings - repayments		(396,000)	-
Dividend paid		(511,773)	(50,213)
<b>Net cash (used in) / generated from financing activities</b>		<b>(416,401)</b>	<b>284,662</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,630,548)</b>	<b>379,475</b>
Cash and cash equivalents at beginning of the period		(1,620,359)	(205,709)
<b>Cash and cash equivalents at end of the period</b>	18.2	<b>(3,250,907)</b>	<b>173,766</b>

The annexed notes 1 to 21 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 2023

	Issued, subscribed and paid-up capital	Capital reserve Amalgamation reserve	Revenue reserve	Unappropriated profit	Total
----- (Rupees in '000) -----					
<b>Balance as at 30 September 2022 (Audited)</b>	341,179	-	2,434,000	996,630	3,771,809
Transfer from revenue reserve appropriated subsequent to year end	-	-	313,000	(313,000)	-
<b>Transactions with owners of the Company - Distribution</b>					
- Final Cash dividend at 200% (i.e. Rs. 20 per share) for the year ended 30 September 2022	-	-	-	(682,358)	(682,358)
<b>Total comprehensive income for the period ended 31 December 2022</b>					
Profit for the period	-	-	-	154,454	154,454
Other comprehensive income	-	-	-	-	-
	-	-	-	154,454	154,454
<b>Balance as at 31 December 2022 (Unaudited)</b>	<u>341,179</u>	<u>-</u>	<u>2,747,000</u>	<u>155,726</u>	<u>3,243,905</u>
<b>Balance as at 30 September 2023 (Audited)</b>	341,179	-	2,747,000	1,245,951	4,334,130
Effects of scheme of arrangement (Note 1.1)	4,455	93,545	-	48,701	146,701
Consolidated (loss) / profit for the period	-	-	-	(104,144)	(104,144)
Consolidated other comprehensive income	-	-	-	-	-
	-	-	-	(104,144)	(104,144)
<b>Balance as at 31 December 2023 (Unaudited)</b>	<u>345,634</u>	<u>93,545</u>	<u>2,747,000</u>	<u>1,190,508</u>	<u>4,376,687</u>

The annexed notes 1 to 21 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 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** After the closing of the global acquisition of Huntsman Textile Effects business and local acquisition of Huntsman Textile Effects Pakistan (Private) Limited now Archroma Chemicals Pakistan (Pvt) Ltd., by the Company's Holding Company i.e. Archroma Textiles GmbH, the Company initiated the process to merge Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited with and into the Company. The Board of Directors of the Company in their meeting held on 27 April 2023 approved the Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017 which was subsequently also approved by the members in the Extra Ordinary General Meeting held on 23 June 2023 and later on sanctioned by the Honorable High Court of Sindh on 31 October 2023.

The Salient features of the Scheme were as follows:

- a. The entire undertaking, comprising of all Assets, Liabilities and Obligations of Archroma Chemicals Pakistan (Pvt) Ltd. Formerly: Huntsman Textile Effects Pakistan (Pvt) Ltd. shall, Effective from 1st October 2023 stand merged with, transferred to, vested in (along with ancillary matters thereto), and be assumed by Archroma.
  - b. As consideration for the above, Archroma Pakistan Limited issued 445,460 shares on the basis of a swap ratio of approximately 0.0455 Company shares for every one share to the shareholders of Archroma Chemicals Pakistan (Pvt) Ltd. Formerly: Huntsman Textile Effects Pakistan (Pvt) Ltd.
  - c. Upon the merger and transfer of Archroma Chemicals Pakistan (Pvt) Ltd. Formerly: Huntsman Textile Effects Pakistan (Pvt) Ltd. in the manner prescribed under this Scheme, Archroma Chemicals Pakistan (Pvt) Ltd. Formerly: Huntsman Textile Effects Pakistan (Pvt) Ltd. shall stand dissolved without winding up.
- 1.2** These condensed Interim Financial Statements have been prepared taking the effect of merger and amalgamation of Assets, Liabilities, and all obligations of Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) into the Company as per the scheme of arrangement Sanctioned by Honorable High Court of Sindh is mentioned in the note 1.1 above, effective from 1st October 2023.

## 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.

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

For the Three Months Period Ended 31 December 2023

### 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 2023.

### 2.3 Functional and presentation currency

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

## 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 2023.

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 2023.

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 2023.

## 5. PROPERTY, PLANT AND EQUIPMENT

	Note	31 December 2023 (Un-audited) APL (Rupees in '000)	30 September 2023 (Audited) THE
Operating property, plant and equipment	5.1	1,783,697	1,852,118
Capital work-in-progress	5.3	83,737	49,788
		<b>1,867,434</b>	<b>1,901,906</b>

5.1 The following operating property, plant and equipment have been added during the three months period ended 31 December 2023:

	Building on leasehold land	Building on freehold land	Building ROUA	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total December 2023	Total December 2022
	Owned	Owned	ROUA	Owned	Owned	ROUA		
(Rupees in '000)								
Additions for the quarter 31 December 2023	-	-	-	-	6,948	-	6,948	26,718
Total	-	-	-	-	<b>6,948</b>	-	<b>6,948</b>	<b>26,718</b>

5.1.1 Operating property, plant and equipment include right-of-use asset on buildings of Rs.Nil recognised during the period.

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

For the Three Months Period Ended 31 December 2023

**5.1.2** Additions to owned furniture, fixtures and equipments includes direct additions of Rs. 6.948 million and transfers from capital work in progress of Rs. Nil respectively.

**5.2** Property, plant and equipment disposed off during the three months period ended 31 December 2023 are as follows:

	<b>Plant and machinery</b>	<b>Furniture, fixtures and equipment</b>	<b>Vehicles</b>	<b>Total December 2023</b>	Total December 2022
	<b>Owned</b>	<b>Owned</b>	<b>ROUA</b>	<b>(Rupees in '000)</b>	
Cost	-	-	-	-	13,983
Accumulated depreciation	-	-	-	-	(8,749)
Net book value	-	-	-	-	5,234

**5.3** Additions to capital work in progress during the three months period ended 31 December 2023 amounted to Rs. 33.949 million and transfers to operating fixed assets amounted to Rs. Nil.

### 6. STOCK-IN-TRADE

	<b>31 December 2023</b>	30 September 2023
	<b>(Un-audited)</b>	(Audited)
	<b>----- (Rupees in '000) -----</b>	
Raw and packing materials including goods in transit of Rs. 2,121.06 million (30 September 2023: Rs. 2,052.52 million)	<b>5,863,163</b>	5,494,420
Work-in-process	<b>256,563</b>	188,807
Finished goods including goods in transit of Rs. 105.32 million (30 September 2023: Rs. 32.55 million)	<b>1,485,729</b>	1,072,872
	<b><u>7,605,455</u></b>	<u>6,756,099</u>

### 7. TRADE RECEIVABLES

Considered good	<b>9,062,057</b>	9,312,865
Considered doubtful	<b>490,488</b>	487,175
	<b>9,552,545</b>	9,800,040
Provision for impairment loss on trade receivables	<b>(490,488)</b>	(487,175)
	<b><u>9,062,057</u></b>	<u>9,312,865</u>

### 8. CASH AND BANK BALANCES

	<b>31 December 2023</b>	30 September 2023
Cash at banks		
- in current accounts	24,932	224,209
- transferred from Archroma Chemicals Pakistan (Pvt) Ltd. (formerly: Huntsman Textile Effects Pakistan (Pvt) Ltd.) in current accounts - HBL	1,810	-
- in saving accounts	90,899	90,892
	<b>117,641</b>	315,101
Cash in hand	439	275
	<b><u>118,080</u></b>	<u>315,376</u>

### 9. SHARE CAPITAL

#### 9.1 Authorised Capital

31 December 2023	30 September 2023			
Number of Share				
50,000,000	50,000,000	Ordinary shares of Rs 10 each before merger	500,000	500,000
13,000,000	-	Ordinary shares of Rs 10 each acquired under the approved scheme of merger	130,000	-
<b>63,000,000</b>	<b>50,000,000</b>	Ordinary shares of Rs 10 each after merger	<b>630,000</b>	<b>500,000</b>

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

For the Three Months Period Ended 31 December 2023

### 9.2 Issued, Subscribed and paid-up share capital

31 December 2023	30 September 2023			
Number of Share				
7,441,639	7,441,639	Ordinary shares of Rs 10 each issued for consideration other than cash before merger	74,416	74,416
26,676,242	26,676,242	Ordinary shares of Rs 10 each issued for consideration other than cash before merger	266,763	266,763
445,460	-	Ordinary shares of Rs10 each issued to Archroma Chemicals Pakistan (Pvt) Ltd. (formerly: Huntsman Textile Effects Pakistan (Pvt) Ltd., under the approved scheme of merger (note 9.4)	4,455	-
<u>34,563,341</u>	<u>34,117,881</u>		<u>345,634</u>	<u>341,179</u>

### 9.3 Movement in issued, subscribed and paid-up share capital

	31 December 2023	30 September 2023
Ordinary Shares	----- Number of shares -----	
Number of shares outstanding at beginning of the period	34,117,881	34,117,881
Additional shares issued during the period - note 9.4	445,460	-
Number of shares outstanding at the end of the period	<u>34,563,341</u>	<u>34,117,881</u>

9.4 The members of the Company approved the Scheme of Arrangement in the Extra Ordinary General Meeting held on 23 June 2023 and sanctioned by the Honorable High Court of Sindh on 31st October 2023 effective from 1st October 2023. As a consequence, the Company has now allotted and issued an aggregate of 445,460 shares to the shareholders of Archroma Chemicals Pakistan (Pvt) Ltd. (formerly: Huntsman Textile Effects Pakistan (Pvt) Ltd.) i.e M/s Archroma Textiles GmbH and Archroma Paper GmbH on the basis of the approved swap ratio of approximately 0.0455 Company shares for every one share of Archroma Chemicals Pakistan (Pvt) Ltd. (formerly: Huntsman Textile Effects Pakistan (Pvt) Ltd. (refer note1.1)

9.5 Archroma Textiles GmbH, held 26,033,992 (2023: 25,588,533) ordinary shares of Rs.10 each at 31 December 2023.

9.6 All the ordinary shares carry one vote per share and right to dividend.

### 10 EMPLOYEE BENEFITS

	31 December 2023 (Un-audited)	30 September 2023 (Audited)
Net defined benefit - assets	----- (Rupees in '000) -----	
Employee retirement benefits - Gratuity	<u>46,789</u>	<u>56,121</u>
Net defined benefit - Liability		
Other long term employee benefits - Long service award	10,414	10,414
Employee retirement benefits transferred from Archroma Chemicals Pakistan (Pvt) Ltd. (formerly: Huntsman Textile Effects Pakistan (Pvt) Ltd.) - un-funded Gratuity	6,705	-
	<u>17,119</u>	<u>10,414</u>

### 11. SHORT-TERM BORROWINGS - secured

11.1 Short term Islamic and conventional finance facilities are available under Islamic financing from various banks under profit arrangements, amounting to Rs. 11,000 million (Islamic Rs. 8,750 million & Conventional Rs. 2,250 million) (30 September 2023: 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. 5,085 million (30 September 2023: Rs. 3,679 million).

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

For the Three Months Period Ended 31 December 2023

**11.2** The Company has availed Islamic Export Refinance Facility - Part II amounting to Rs. 2,539 million (30 September 2023: Rs. 2,434 million) under the Export Financing Scheme of the State Bank of Pakistan (SBP). The profit rates on these facilities range from 19.0% to 20.0% per annum (30 September 2023: 19.2% to 20.0% per annum).

### 12. LEASE LIABILITIES

#### 12.1 Lease liabilities included in the statement of financial position as at 31 Dec 2023

<b>31 December 2023 (Un-audited)</b>	30 September 2023 (Audited)
----- <b>(Rupees in '000)</b> -----	
<b>23,748</b>	23,573
<b>123,340</b>	118,864
<b>147,088</b>	142,437

Current  
Non-Current

#### 12.2 Maturity Analysis – Discounted Cash Flows

Payable within one year  
Payable after one year but not later than 5 years  
Payable after 5 years

<b>23,748</b>	23,573
<b>79,197</b>	82,284
<b>44,143</b>	36,580
<b>147,088</b>	142,437

**12.3** 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.

**12.4** 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.

### 13. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCE

Due within one year		Due after one year but within 5 years		Total	
31-Dec 2023	30-Sep 2023	31-Dec 2023	30-Sep 2023	31-Dec 2023	30-Sep 2023

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

Principal Repayment	<b>50,678</b>	50,389	<b>126,788</b>	140,356	<b>177,466</b>	190,745
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### 14. CONTINGENCIES AND COMMITMENTS

#### 14.1 Contingencies

**14.1.1** Contingencies are the same as those disclosed in annual audited financial statements for the year ended 30 September 2023. 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
Commissioner Inland Revenue Appeals (CIRA)	For the tax year 2022, Additional Commissioner (Audit-I) Inland Revenue (ACIR) had passed an order dated 28 November 2023 that amended the assessment under section 122(5A) of the Ordinance. The Company filed an appeal dated 21 December 2023 before the CIR(A) against the order passed by ACIR. The appeal date is yet to be communicated. 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	23-Nov-23

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

For the Three Months Period Ended 31 December 2023

**14.1.2** The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company, whereby sales tax demand of Rs. 91.08 million along with penalty of Rs. 6.63 million had been established on short payment of sales tax for the tax periods from July 2017 to June 2018. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals)[CIRA]. CIR(A) has remanded back the case on certain allegations to the extent of Rs. 69.18 million and remaining impugned demand has been annulled and deleted. The department has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against order of CIR(A). The management in consultation with its tax advisor are confident that the outcome of the appeal effect will be in the favour of the Company therefore, no provision is required to be recognized in these financial statements.

**14.1.3** The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company, whereby sales tax demand of Rs. 9.7 million along with penalty of Rs. 0.49 million has been raised on account of input sales tax claimed by the Company for the tax periods from October 2015 to September 2016. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals). CIR(A) has remanded back the case on certain allegations to the extent of Rs. 7.3 million. The company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against remaining impugned demand. The management in consultation with its tax advisor are confident that the outcome of the appeal effect will be in the favour of the Company therefore, no provision is required to be recognized in these financial statements.

### 14.2 Commitments

**14.2.1** Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 31 December 2023 amount to Rs. 716 million (30 September 2023: Rs. 667 million)

**14.2.2** The Company has provided post dated cheques amounting to Rs. 7,964 million (30 September 2023: Rs. 8,566 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.

**14.2.3** Commitments for capital expenditure as at 31 December 2023 aggregated to Rs. 298.82 million (30 September 2023: Rs. 209.16 million).

**14.2.4** Commitments under letters of credit for stock-in-trade and stores and spares as at 31 December 2023 amount to Rs. 2,252 million (30 September 2023: Rs. 3,295 million).

### 14.3 Tax Contingencies

Tax contingencies are the same as those disclosed in the audited annual financial statements 30 September 2023.

## 15. 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 2023. There have been no changes in the risk management policies since the year end.

### 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).

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

For the Three Months Period Ended 31 December 2023

### 15.1 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:

		31 Dec 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									
<b>Financial assets - not measured at fair value</b>									
		-	-	126,424	-	126,424			
		-	-	9,062,057	-	9,062,057			
		-	-	75,104	-	75,104			
		-	-	118,080	-	118,080			
		-	-	9,381,665	-	9,381,665			
<b>Financial liabilities - not measured at fair value</b>									
		-	-	-	147,088	147,088			
		-	-	-	177,466	177,466			
		-	-	-	9,746,149	9,746,149			
		-	-	-	5,907,898	5,907,898			
		-	-	-	310,505	310,505			
		-	-	-	90,889	90,889			
		-	-	-	-	-			
		-	-	-	16,379,995	16,379,995			
30 September 2023 (Audited)									
		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									
<b>Financial assets - not measured at fair value</b>									
		-	-	46,205	-	46,205			
		-	-	9,312,865	-	9,312,865			
		-	-	25,003	-	25,003			
		-	-	315,376	-	315,376			
		-	-	9,699,449	-	9,699,449			
<b>Financial liabilities - not measured at fair value</b>									
		-	-	-	142,437	142,437			
		-	-	-	190,745	190,745			
		-	-	-	10,160,958	10,160,958			
		-	-	-	4,370,646	4,370,646			
		-	-	-	167,410	167,410			
		-	-	-	90,891	90,891			
		-	-	-	511,771	511,771			
		-	-	-	15,634,858	15,634,858			

**15.1.1** 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 Three Months Period Ended 31 December 2023

### 16 SEGMENT INFORMATION

#### 16.1 Segment information for the three months period ended 31 December 2023:

	Textile Effect (TE)		PP & C		Total	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	----- (Rupees in '000) -----					
<b>Sales</b>						
Domestic	5,472,108	4,173,703	1,178,621	695,558	6,650,729	4,869,261
Export	1,707,537	1,661,199	-	-	1,707,537	1,661,199
<b>Total sales</b>	<b>7,179,645</b>	<b>5,834,902</b>	<b>1,178,621</b>	<b>695,558</b>	<b>8,358,266</b>	<b>6,530,460</b>
Discount and commission	282,762	205,721	6,021	3,210	288,783	208,931
Sales tax	665,040	580,536	171,205	101,408	836,245	681,944
	947,802	786,257	177,226	104,618	1,125,028	890,875
<b>Net sales (from external customers)</b>	<b>6,231,843</b>	<b>5,048,645</b>	<b>1,001,395</b>	<b>590,940</b>	<b>7,233,238</b>	<b>5,639,585</b>
<b>Segment results based on 'management approach'</b>	<b>262,826</b>	<b>217,592</b>	<b>62,301</b>	<b>110,927</b>	<b>325,127</b>	<b>328,519</b>
Other expenses - WPPF and WWF					-	(16,100)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					121	(2,670)
					<b>325,248</b>	<b>309,749</b>
Finance costs					349,810	99,581
<b>(Loss) / Profit before taxation</b>					<b>(24,562)</b>	<b>210,168</b>
Capital Expenditure including CWIP	40,556	102,030	-	-	40,556	102,030
Unallocated					877	235
					<b>41,433</b>	<b>102,265</b>
<b>Depreciation</b>	<b>75,046</b>	<b>67,219</b>	<b>517</b>	<b>612</b>	<b>75,563</b>	<b>67,831</b>
Unallocated					342	4,083
					<b>75,905</b>	<b>71,914</b>

	Textile Effect (TE)		PP & C		Total	
	Unaudited 31 December 2023	Audited 30 September 2023	Unaudited 31 December 2023	Audited 30 September 2023	Unaudited 31 December 2023	Audited 30 September 2023
	----- (Rupees in '000) -----					
<b>Segment Assets</b>	<b>16,522,015</b>	<b>14,389,495</b>	<b>1,943,846</b>	<b>2,198,283</b>	<b>18,465,861</b>	<b>16,587,778</b>
Unallocated					2,453,705	3,858,599
<b>Total Assets</b>					<b>20,919,566</b>	<b>20,446,377</b>
<b>Segment Liabilities</b>	<b>7,446,423</b>	<b>8,096,084</b>	<b>867,083</b>	<b>987,126</b>	<b>8,313,506</b>	<b>9,083,210</b>
Unallocated					8,229,373	7,029,037
<b>Total Liabilities</b>					<b>16,542,879</b>	<b>16,112,247</b>

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

For the Three Months Period Ended 31 December 2023

17. EARNINGS PER SHARE	Note	Quarter ended	
		31 December	2022
17.1 Basic		2023	2022
		---- (Rupees in '000) ----	
Profit after taxation attributable to ordinary shareholders		<u>(104,144)</u>	<u>154,454</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares outstanding during the period		<u>34,563,341</u>	<u>34,117,881</u>
		----- (Rupees) -----	
Earning per share		<u>(3.01)</u>	<u>4.53</u>

### 17.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 31 Dec 2023 and 31 Dec 2022.

18 CASH GENERATED FROM OPERATIONS		Three months ended	
		31 Dec	31 Dec
		2023	2022
		----- (Rupees in '000) -----	
(Loss) / Profit before taxation		<u>(24,562)</u>	<u>210,168</u>
Adjustment for non-cash charges and other items:			
Depreciation		75,905	71,914
Provision for staff gratuity		16,038	8,099
Exchange losses		23,060	(13,706)
Mark-up expense		313,423	106,990
Impairment loss/ (reversal) of trade receivable		3,313	(1,054)
Working capital changes	15.1	<u>(1,328,079)</u>	<u>51,510</u>
		<u>(920,902)</u>	<u>433,921</u>

### 18.1 Working capital changes

#### (Increase) / decrease in current assets

Stores and spares	(9,541)	(7,851)
Stock-in-trade	(849,356)	110,901
Trade receivables	247,495	(655,382)
Loans and advances	(8,512)	(7,108)
Trade deposits and short-term prepayments	33,375	37,712
Other receivables	<u>(115,416)</u>	<u>3,941</u>
	<u>(701,955)</u>	<u>(517,787)</u>

#### Increase in current liabilities

Trade and other payables	<u>(626,124)</u>	<u>569,297</u>
	<u>(1,328,079)</u>	<u>51,510</u>

### 18.2 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	118,080	228,074
Short-term running finance	<u>(3,368,987)</u>	<u>(54,308)</u>
	<u>(3,250,907)</u>	<u>173,766</u>

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

For the Three Months Period Ended 31 December 2023

### 19. 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	
			31 Dec	
			2023	2022
			----- (Rupees in '000) -----	
Archroma Textile Gmbh, Switzerland	Parent / Holding Company	Dividend	511,771	-
Archroma Management Gmbh, Switzerland	Associated company	Purchases & Services	174,383	123,687
		Royalty expenses	309,504	279,437
		Indenting commission	11,859	2,057
Archroma Turkey Limited	Associated company	Sales	355,021	920,979
Archroma Singapore,Pte Ltd	Associated company	Purchases	359,404	3,344
		Sales	42,164	867
		Indenting commission	14,923	1,720
Archroma Textile Mexico S.De	Associated company	Purchases	19,920	35,734
		Sales	2,151	2,098
Archroma Thailand	Associated company	Purchases	586	-
		Sales	47,776	96,041
		Indenting commission	845	-
PT Archroma Indonesia	Associated company	Purchases	6,199	8,068
		Sales	-	10,432
		Indenting commission	346	-
Archroma Tianjin Ltd	Associated company	Purchases	-	3,703
Spice Industria Quimica	Associated company	Sales	-	1,854
Archroma Chemical China	Associated company	Sales	32,034	17,440
Archroma Peru S.A.	Associated company	Sales	13,646	7,349
Archroma Iberica, S.L.	Associated company	Sales	45,734	47,755
Archroma Japan KK	Associated company	Sales	20,462	40,350
Archroma Germany GMBH	Associated company	Sales	-	1,251
Swiss Business Council	Common directorship	Subscription	130	110
Key management personnel	Related parties	Salaries, benefits and compensations	58,049	48,099
		Post employment benefits	7,251	5,491

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

For the Three Months Period Ended 31 December 2023


Name of related party	Nature of Relationship	Nature of balances	31 Dec 2023 (Un-audited)	30 September 2023 (Audited)
			----- (Rupees in '000) -----	
Archroma Management Gmbh, Switzerland	Associated company	Receivable Payable	<u>17,816</u> <u>1,313,322</u>	<u>14,558</u> <u>913,790</u>
Archroma Turkey Limited	Associated company	Receivable	<u>511,563</u>	<u>944,666</u>
Archroma Singapore,Pte Ltd	Associated company	Receivable Payable	<u>10,863</u> <u>395,041</u>	<u>804</u> <u>320,431</u>
Archroma Textile Mexico S.De	Associated company	Receivable Payable	<u>2,148</u> <u>59,026</u>	<u>4,813</u> <u>46,724</u>
Archroma Thailand	Associated company	Receivable Payable	<u>48,198</u> <u>553</u>	<u>168,121</u> <u>-</u>
PT Archroma Indonesia	Associated company	Receivable Payable	<u>345</u> <u>7,791</u>	<u>3,073</u> <u>4,796</u>
Archroma Peru,SA	Associated company	Receivable	<u>13,729</u>	<u>9,668</u>
PT Archroma Specialties Indonesia	Associated company	Receivable	<u>1,739</u>	<u>1,778</u>
Archroma Chemical China Limited	Associated company	Receivable	<u>-</u>	<u>34,809</u>
Archroma Japan KK	Associated company	Receivable	<u>20,644</u>	<u>24,717</u>
Archroma U.s.Inc	Associated company	Payable	<u>-</u>	<u>4,853</u>
Archroma Shanghai (WFOE)	Associated company	Receivable	<u>32,074</u>	<u>-</u>

### 20. DATE OF AUTHORISATION


These condensed interim financial statements were authorised for issue on 24 January 2024 by the Board of Directors of the Company.

### 21. 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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