



**HALF YEARLY
REPORT
2024**
(Ended March 2024)



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

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COMPANY INFORMATION

Chairperson	<ul style="list-style-type: none">• Dr. Lalarukh Eijaz	
Board of Directors	<ul style="list-style-type: none">• Mujtaba Rahim• Irfan Chawala• Patrick Verraes• Shahid Ghaffar• Thomas Bucher• Yasmin Peermohammad	- Chief Executive Officer (Alternate: Naveed Kamil)
Audit Committee	<ul style="list-style-type: none">• Shahid Ghaffar• Dr. Lalarukh Eijaz• Thomas Bucher• Irfan Lakhani	- Chairman (Alternate: Naveed Kamil) - Secretary
Human Resources and Remuneration Committee	<ul style="list-style-type: none">• Yasmin Peermohammad• Mujtaba Rahim• Thomas Bucher• Irfan Lakhani	- Chairperson (Alternate: Naveed Kamil) - Secretary
Management Committee	<ul style="list-style-type: none">• Mujtaba Rahim• Irfan Chawala• Muhammad Altaf• 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 Falah Limited• Bank Al Habib Limited• Dubai Islamic Bank Pakistan• 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 Share Registration Services (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, O. Multan Road, Thokar Niaz Baig, Lahore• P-277, Kashmir Road, Amin Town, Faisalabad.	
Website	<ul style="list-style-type: none">• www.archroma.com.pk	
E-mail	<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 half-year ended 31 March 2024, together with the condensed interim financial information of the Company for the period ended 31 March 2024, as reviewed by the external auditors.

BOARD CHANGES

The shareholders at Extraordinary General Meeting held on 28 March 2024 elected Seven Directors Messrs. Thomas Bucher, Patrick Verraes, Mujtaba Rahim, Irfan Chawala, Shahid Ghaffar, Dr. Lalarukh Ejaz and Yasmin Peermohammad for a term of three years.

COMPOSITION OF BOARD

The composition of the Board is as follows:

- a) Male members: 05
- b) Female member: 02

Out of the above:

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

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 half-year of the current Financial Year under review, mainly due to higher energy & commodity prices and inflation in all business costs mainly due to the Middle East crisis and continuing Russia-Ukraine conflict.

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 was able to maintain the net sales of PKR 14,282 million during the half-year ended 31st March 2024 versus PKR 14,289 million 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 challenging cost pass through situation on the back of 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 costs and Taxation, severely impacted the bottom-line results of the Company, which turned into losses after taxation for the period amounting to PKR 178 million as against profit of PKR 622 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 the armed conflict in the Middle East and as a consequence, Balance of Trade and Forex reserves' situation of Pakistan is anticipated to remain under pressure and create challenges for the business & economic outlook for the Country, in the coming months. 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 also anticipated to support business development for Textiles and Construction Industry of the Country.

The Management is confident that with the stringent measures already put in place to further control the Company's Net Working Capital situation and strong projects' pipeline to increase its Market Share through portfolio expansion and business development post Huntsman Textile Effects' acquisition, the Company shall return back to the profitable growth track in the short to medium term.



Irfan Chawala
Director and Chief Financial Officer

طرح متاثر کیا، جو کہ گزشتہ سال اسی مدت میں حاصل کئے گئے PKR 622 بلین کے منافع کے مقابلے میں، اسی مدت میں کیلئے PKR 178 بلین روپے ٹیکس لگانے کے بعد خسارے میں تبدیل ہو گئے۔

پروچیکس

ہئٹس مین ٹیکسٹائل انڈسٹریز کے کاروبار میں عالمی حصول اور ہئٹس مین ٹیکسٹائل انڈسٹریز پاکستان (پرائیویٹ) لمیٹڈ کے مقامی حصول کے بند ہونے کے بعد آرکروما کیمیکلز پاکستان (پرائیویٹ) لمیٹڈ نے کیمپیز ہولڈنگ کمپنی یعنی آرکروما ٹیکسٹائل GmbH کے ذریعہ، آرکروما کیمیکلز پاکستان (پرائیویٹ) لمیٹڈ، یعنی سابقہ ہئٹس مین انڈسٹریز 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 اسکیم آف آرٹھیٹ کی منظوری دی، جسے بعد ازاں 23 جون 2023 کو ہونے والے غیر معمولی اجلاس عام میں ممبران نے بھی منظور کیا اور بعد ازاں ہائی کورٹ آف سندھ کی جانب سے مورخہ 31 اکتوبر 2023 کو اس کی منظوری دی گئی۔

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

ذکورہ بالا پر غور کرنے کے نتیجے میں، کمپنی نے آرکروما کیمیکلز پاکستان (پرائیویٹ) لمیٹڈ یعنی سابقہ ہئٹس مین ٹیکسٹائل انڈسٹریز 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 کا آؤٹ لک

مشرق وسطیٰ میں مسلح تصادم کی وجہ عالمی توانائی اور اجناس کی قیمتوں اور خام مال کی سپلائی چین اور دستیابی کی صورت حال 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 رہنے کا خدشہ ہے اور آنے والے مہینوں میں ملک کیلئے کاروباری اور اقتصادی نقطہ نظر کھینچ پیدا کریں گے۔ تاہم، آئی ایم ایف کیساتھ زیر بحث اضافی فنڈنگ پروگراموں اور بعض مالیاتی اقدامات سے پاکستان کی مجموعی میکرو اکنامک صورتحال میں بہتری کیلئے مثبت کردار ادا کرنے کی توقع ہے، جس سے ملک کی ٹیکسٹائل اور تعمیراتی صنعت کیلئے کاروبار میں بھی معائنات کی توقع ہے۔

انتظامیہ کو یقین ہے کہ کمپنی کے نیٹ ورکنگ کیپٹل کی صورتحال کو مزید کنٹرول کرنے کیلئے پہلے سے کئے گئے سخت اقدامات اور پورٹ فولیو کی توسیع اور کاروباری ترقی کے بعد ہئٹس مین ٹیکسٹائل انڈسٹریز کے حصول کے ذریعے اپنے مارکیٹ شیئر کو بڑھانے کیلئے مضبوط پروچیکس کی پاب لائن کیساتھ، کمپنی مختصر سے درمیانی مدت میں منافع بخش ترقی کے راستے پر واپس لوٹ آئے گی۔

آپ کی کمپنی کے ڈائریکٹرز کو 31 مارچ 2024 کو ختم ہونے والے ششماہی کی مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے، جس میں 31 مارچ 2024 کو ختم ہونے والی مدت کیلئے کمپنی کی مالیاتی معلومات شامل ہیں، جیسا کہ ایکسٹرنل آڈیٹرز نے جائزہ لیا ہے۔

بورڈ میں تبدیلیاں

28 مارچ 2024 کو منعقد ہونے والے غیر معمولی اجلاس عام میں شیئر ہولڈرز نے تین سال کی مدت کیلئے سات ڈائریکٹرز میسرز شمس پورچ، پیٹرک ویرائز، مجتبیٰ رحیم، عرفان چاہ والا، شاہد غفار، ڈاکٹر لالہ ریح اور یاسین پیر محمد کا انتخاب کیا۔

بورڈ کی تشکیل

بورڈ کی تشکیل مندرجہ ذیل ہے

(الف)	حضرات	05
(ب)	خواتین	02

مندرجہ بالا میں سے:

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

بزنس کا جائزہ:

آرکروما کی بڑی کھپت کی مارکیٹس یعنی ٹیکسٹائل اور تعمیراتی صنعت کی طلب اور کسٹومرز بیلز زیر جائزہ موجودہ مالی سال کی ششماہی کے دوران لوکل اور ایکسپورٹس دونوں کیلئے بدستور رہی، جس کی بنیاد پر توانائی اور اجناس کی قیمتوں میں اضافہ اور مجموعی طور پر افراط زر ہے کاروباری لاگت بنیادی طور پر مشرق وسطیٰ کے بحران اور روس اور یوکرین کے جاری تنازعے کی وجہ سے ہے۔

مندرجہ بالا بڑھتے ہوئے چیلنجز 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 31 مارچ 2024 کو ختم ہونے والی ششماہی کے دوران پچھلے سال کی اسی مدت کے دوران حاصل کی گئی PKR 14,289 بلین کے مقابلے میں PKR 14,282 بلین کی خالص بیلز حاصل کرنے میں کامیاب رہی۔


تاہم، کمپنی کے تمام کاروباری طبقے کی مجموعی مارنرز پاکستانی روپیہ ہتھلمہ امریکائی ڈالر اور دیگر غیر ملکی کرنسیوں کی قدر میں کمی اور اس مدت کے دوران درآمدی خام مال کی لاگت میں اضافے کے نتیجے کی وجہ سے شدید دباؤ میں رہے۔

مزید برآں، فروخت اور انتظامی اخراجات میں اضافہ غیر معمولی طور پر زیادہ قرض لینے کے اخراجات اور زیادہ ٹیکس نے کمپنی کے نچلے درجے کے نتائج کو بری

بورڈ کی جانب سے:


چیف ایگزیکٹو آفیسر
مجتبیٰ رحیم

کراچی ۲۹ اپریل ۲۰۲۳ء


عرفان چاہ والا
سی ایف او / ڈائریکٹر



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
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Independent Auditors' Review Report

To the members of Archroma Pakistan Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Archroma Pakistan Limited as at **31 March 2024** and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows, and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three months period ended **31 March 2024**, have not been reviewed and we do not express a conclusion on them.


KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditors' review report is Aryn Malik.

Date: 29-April-2024
Karachi
UDIN:RR202410096NQL4SOkKF


KPMG Taseer Hadi & Co.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)


As at 31 March 2024

	Note	31 March 2024 Unaudited	30 September 2023 Audited
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,871,662	1,901,906
Long-term deposits		13,205	13,205
Employee benefits	10	37,456	56,121
		1,922,323	1,971,232
Current assets			
Stores and spares		83,476	71,520
Stock-in-trade	6	6,720,984	6,756,099
Trade receivables	7	9,102,708	9,312,865
Advances		41,881	11,369
Trade deposits and short-term prepayments		103,900	146,594
Other receivables		99,577	25,003
Sales tax	14	1,604,246	1,836,319
Cash and bank balances	8	209,398	315,376
		17,966,170	18,475,145
TOTAL ASSETS		19,888,493	20,446,377
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Issued, subscribed and paid-up capital	9	345,634	341,179
Reserves			
Capital reserve			
Amalgamation reserve	1.1	93,545	-
Revenue reserve			
General reserve		2,747,000	2,747,000
Unappropriated profit		1,169,481	1,245,951
		3,916,481	3,992,951
		4,355,660	4,334,130
LIABILITIES			
Non-current liabilities			
Deferred taxation - net	15.1.2	46,162	70,547
Employee benefits	10	14,792	10,414
Lease liabilities	12	128,409	118,864
Liabilities against diminishing musharika financing	13	128,463	140,356
		317,826	340,181
Current liabilities			
Trade and other payables		8,074,833	10,349,213
Short-term borrowings - secured	11	6,597,835	4,370,646
Current portion of lease liabilities	12	23,768	23,573
Current portion of liabilities against diminishing musharaka financing	13	57,489	50,389
Unclaimed dividend		90,846	90,891
Unpaid dividend		-	511,771
Mark-up accrued		308,833	167,410
Taxation - net		61,403	208,173
		15,215,007	15,772,066
TOTAL LIABILITIES		15,532,833	16,112,247
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		19,888,493	20,446,377

The annexed notes 1 to 22 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 Six Months Period Ended 31 March 2024

	Note	Six months period ended		Quarter ended	
		31 March	31 March	31 March	31 March
		2024	2023	2024	2023
		(Rupees in '000)		(Rupees in '000)	
Sales	17	16,510,910	16,738,447	8,152,644	10,207,987
Trade discounts and commission	17	567,822	507,241	279,039	298,310
Sales tax	17	1,661,506	1,941,789	825,261	1,259,845
		2,229,328	2,449,030	1,104,300	1,558,155
Sales - net	17	14,281,582	14,289,417	7,048,344	8,649,832
Cost of sales		11,602,921	10,510,982	5,732,280	6,008,724
Gross profit		2,678,661	3,778,435	1,316,064	2,641,108
Distribution and marketing expenses		1,624,935	1,439,843	794,330	796,080
Administrative expenses		460,823	384,830	231,272	211,324
Impairment loss on trade receivables		8,142	10,802	4,829	11,856
Other expenses		9,365	79,781	7,084	61,382
		2,103,265	1,915,256	1,037,515	1,080,642
		575,396	1,863,179	278,549	1,560,466
Other income		69,774	20,160	41,373	13,124
		645,170	1,883,339	319,922	1,573,590
Finance costs		592,158	912,052	242,348	812,471
Profit before taxation		53,012	971,287	77,574	761,119
Taxation	15.1.2	178,183	349,520	98,601	293,806
(Loss) / profit after taxation		(125,171)	621,767	(21,027)	467,313
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / income for the period		(125,171)	621,767	(21,027)	467,313
----- (Rupees) -----					
Earnings per share	18	(3.62)	18.22	(0.61)	13.70

The annexed notes 1 to 22 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)

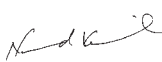
For the Six Months Period Ended 31 March 2024

	Note	31 March 2024	31 March 2023
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	(1,076,765)	531,075
Staff gratuity and other long-term service awards paid		(10,197)	-
Mark-up paid		(396,622)	(146,869)
Income taxes paid		(326,888)	(580,597)
Net cash used in from operating activities		(1,810,472)	(196,391)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(94,582)	(137,239)
Proceeds from disposal of property, plant and equipment		1,509	9,101
Net cash generated from / (used) in investing activities		(93,073)	(128,138)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease liabilities		(22,575)	(322)
Payment against diminishing musharika financing - net		(33,262)	(31,425)
Long term loan - repayment		-	(42,633)
Short-term borrowings - proceeds		700,000	815,160
Short-term borrowings - repayments		(521,000)	(400,000)
Dividend paid		(511,816)	(166,614)
Net cash (used in) / generated from financing activities		(388,653)	174,166
Net decrease in cash and cash equivalents		(2,292,198)	(150,363)
Cash and cash equivalents transferred due to arrangement / merger	1.2	138,030	-
Cash and cash equivalents at beginning of the period		(1,620,359)	(205,709)
Cash and cash equivalents at end of the period	19.2	(3,774,527)	(356,072)

The annexed notes 1 to 22 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 Six Months Period Ended 31 March 2024

	Issued, subscribed and paid- up capital	Capital reserve Amalgamation reserve	Revenue reserves General reserve	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at 30 September 2022 (Audited)	341,179	-	2,434,000	996,630	3,771,809
Transfer from unappropriated profit to general reserve subsequent to year end	-	-	313,000	(313,000)	-
Transactions with owners of the Company - Distribution					
- Final cash dividend at 200% (i.e. Rs. 20 per share) for the year ended 30 September 2022	-	-	-	(682,358)	(682,358)
Total comprehensive income for the period ended 31 March 2023					
Profit for the period	-	-	-	621,767	621,767
Balance as at 31 March 2023 (Unaudited)	<u>341,179</u>	<u>-</u>	<u>2,747,000</u>	<u>623,039</u>	<u>3,711,218</u>
Balance as at 30 September 2023 (Audited)	341,179	-	2,747,000	1,245,951	4,334,130
Transactions with owners of the Company					
Effects of scheme of arrangement / merger (notes 1.1 and 1.2)	4,455	93,545	-	48,701	146,701
Total comprehensive income for the period ended 31 March 2024					
Loss for the period	-	-	-	(125,171)	(125,171)
Balance as at 31 March 2024 (Unaudited)	<u>345,634</u>	<u>93,545</u>	<u>2,747,000</u>	<u>1,169,481</u>	<u>4,355,660</u>

The annexed notes 1 to 22 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 Six Months Period Ended 31 March 2024

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

Effects of scheme of arrangement / merger

- 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 (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 (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. In pursuance with the requirements of Companies Act 2017, an order of the Court sanctioning the Scheme of Arrangement for the merger was submitted to Registrar of Companies dated 8 Nov 2023.

The salient features of the arrangement are as follows:

- a) The entire undertaking, comprising of all Assets, Liabilities and Obligations of Archroma Chemicals Pakistan (Private) Limited Formerly: Huntsman Textile Effects Pakistan (Private) Limited shall, Effective from 1 October 2023 (effective date) stand merged with, transferred to, vested in (along with ancillary matters thereto), and be assumed by Archroma. 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.
- b) As consideration for the above, Archroma Pakistan Limited issued 445,460 shares at Rs 10 each amounting to Rs 4.455 million, on the basis of a swap ratio as determined by EY Ford Rhodes of approximately 0.0455 Company shares for every one share to the shareholders of Archroma Chemicals Pakistan (Private) Limited Formerly: Huntsman Textile Effects Pakistan (Private) Limited.
- c) Upon the merger and transfer of Archroma Chemicals Pakistan (Private) Limited. Formerly: Huntsman Textile Effects Pakistan (Private) Limited. in the manner prescribed under this Scheme, Archroma Chemicals Pakistan (Private) Limited. Formerly: Huntsman Textile Effects Pakistan (Private) Limited shall stand dissolved without winding up.

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

For the Six Months Period Ended 31 March 2024

- 1.2** As Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) was a wholly owned subsidiary, the amalgamation has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, balances relating to Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) on as of 1 October 2023 have been amalgamated on a line by line basis on the date of merger. Further, reserves including unappropriated profits / losses of Huntsman amounting to Rs. 48.701 million, up to and immediately preceding the Effective Date has been treated as revenue reserves of a corresponding nature in Archroma and has been accounted for on that basis in the books of account of Archroma in line with scheme of arrangement. Accordingly the remaining amount of Rs. 93.545 million has been treated as amalgamation reserve. Details of the Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) balances merged are as follows:

	(PKR in '000')
Non-current assets	
Property, plant and equipment	715
Current assets	
Trade receivables, trade deposits and short-term prepayments	16,033
Taxation - net	22,450
	38,483
Cash and cash equivalents transferred due to arrangement / merger	
Short term investments	100,000
Cash and bank balances	38,030
	138,030
Total current assets	176,513
Total assets	177,228
Issued, subscribed and paid-up capital	98,000
Unappropriated profit	48,701
Equity	146,701
Non-current liabilities - employee benefits	7,870
Current liabilities -trade and other payables	22,657
Liabilities	30,527
	177,228

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 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.

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

For the Six Months Period Ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 The Company has consistently applied the accounting policies to all periods presented in these financial statements adopted in the preparation of these condensed interim financial statements. These are consistent with those applied in preparation of the published annual audited financial statements of the Company for the year ended 30 September 2023. In addition, the Company has adopted Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the Disclosure of "material" rather than 'significant' accounting policies. The amendments did not result in any changes to the accounting policies.

3.2 A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2024 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

		31 March 2024 (Un-audited)	30 September 2023 (Audited)
(Rupees in '000)			
Operating property, plant and equipment	5.1	1,752,932	1,852,118
Capital work-in-progress	5.3	118,730	49,788
		<u>1,871,662</u>	<u>1,901,906</u>

5.1 The following operating property, plant and equipment have been added during the six months period ended 31 March :

	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total March 2024	Total March 2023	
	Owned	Owned	ROUA	ROUA	(Un-audited)	
----- (Rupees in '000) -----						
Additions for the first quarter	-	6,948	-	-	6,948	26,718
Additions for the second quarter	2,733	16,138	19,425	9,044	47,340	228,769
Total	2,733	23,086	19,425	9,044	54,288	255,487

5.1.1 Operating property, plant and equipment include right-of-use asset on buildings of Rs.Nil (2023: Rs. 54.365 million) recognised during the period.

5.1.2 Additions to furniture, fixtures and equipments includes direct additions of Rs. 16.916 million (2023: Rs. 6.338 million) and transfers from capital work in progress of Rs. 25.594 million (2023: Rs. 67.644) respectively.

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

For the Six Months Period Ended 31 March 2024

5.2 Property, plant and equipment disposed off during the six months period ended 31 March 2024 are as follows:

	Vehicles	31 March 2024	31 March 2023
	----- (Rupees in '000) -----		
Cost	2,030	2,030	34,757
Accumulated depreciation	(521)	(521)	(25,656)
Net book value	<u>1,509</u>	<u>1,509</u>	<u>9,101</u>

5.3 Additions to capital work in progress during the six months period ended 31 March 2024 amounted to Rs. 106.313 million (2023: Rs. 133.961 million) and transfers to operating fixed assets amounted to Rs. 37.371 million (2023: Rs. 149.902 million).

6 STOCK-IN-TRADE	31 March 2024	30 September 2023
	(Un-audited)	(Audited)
	----- (Rupees in '000) -----	
Raw and packing materials including goods in transit of Rs. 1,109.554 million (30 September 2023: Rs. 2,052.52 million)	5,172,758	5,494,420
Work-in-process	274,536	188,807
Finished goods including goods in transit of Rs. 101.23 million (30 September 2023: Rs. 32.55 million)	<u>1,273,690</u>	1,072,872
	<u>6,720,984</u>	<u>6,756,099</u>

7 TRADE RECEIVABLES

Considered good	9,102,708	9,312,865
Considered doubtful	495,317	487,175
	<u>9,598,025</u>	9,800,040
Provision for impairment loss on trade receivables	(495,317)	(487,175)
	<u>9,102,708</u>	<u>9,312,865</u>

8 CASH AND BANK BALANCES

Cash at banks		
- in current accounts	118,179	224,209
- transferred from Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) in current accounts	10	-
- in saving accounts	<u>90,846</u>	90,892
	<u>209,035</u>	315,101
Cash in hand	363	275
	<u>209,398</u>	<u>315,376</u>

9 SHARE CAPITAL

9.1 Authorised Capital

31 March 2024	30 September 2023		31 March 2024	30 September 2023
Number of Shares				
50,000,000	50,000,000	Ordinary shares of Rs 10 each before merger	500,000	500,000
		Ordinary shares of Rs 10 each acquired under the approved scheme of arrangement / merger	130,000	-
<u>13,000,000</u>	-		<u>130,000</u>	-
<u>63,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs 10 each after arrangement / merger	<u>630,000</u>	<u>500,000</u>

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

For the Six Months Period Ended 31 March 2024

9.2 Issued, Subscribed and paid-up share capital

31 March 2024	30 September 2023			
Number of Shares				
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 arrangement / merger	266,763	266,763
445,460	-	Ordinary shares of Rs10 each issued to Archroma Chemicals Pakistan (Private) Limited under the approved scheme of arrangement / 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 March 2024	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 under the approved scheme of arrangement / merger (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 31 October 2023 effective from 1 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 (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) i.e M/s Archroma Textiles GmbH on the basis of the approved swap ratio of approximately 0.0455 Company shares for every one share of Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited). The details of merger is included in notes 1.1 and 1.2.

9.5 Archroma Textiles GmbH, held 26,033,992 (2023: 25,588,533) ordinary shares of Rs.10 each at 31 March 2024.

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

10. EMPLOYEE BENEFITS

	31 March 2024 (Un-audited)	30 September 2023 (Audited)
Net defined benefit - assets	----- (Rupees in '000) -----	
Employee retirement benefits - Gratuity	37,456	56,121
Net defined benefit - Liability		
Other long term employee benefits - Long service award	8,087	10,414
Employee retirement benefits transferred from Archroma Chemicals Pakistan (Private) Limited (formerly: Huntsman Textile Effects Pakistan (Private) Limited) - un-funded Gratuity	6,705	-
	<u>14,792</u>	<u>10,414</u>

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

For the Six Months Period Ended 31 March 2024

11. SHORT-TERM BORROWINGS - secured

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. 4,402 million (30 September 2023: Rs. 3,679 million).

11.1 The Company has availed Islamic Export Refinance Facility - Part II amounting to Rs. 2,620 million (30 September 2023: Rs. 2,434 million) under the Export Financing Scheme of the State Bank of Pakistan (SBP). These arrangements are secured against a pari passu charge of hypothecation on stock-in-trade and trade receivables. 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

	31 March 2024	30 September 2023
	(Un-audited)	(Audited)
	----- (Rupees in '000) -----	
12.1 Lease liabilities included in the statement of financial position as at 31 March 2024		
Current	23,768	23,573
Non-Current	128,409	118,864
	152,177	142,437
12.2 Maturity Analysis - Discounted Cash Flows		
Payable within one year	23,768	23,573
Payable after one year but not later than 5 years	79,576	82,284
Payable after 5 years	48,833	36,580
	152,177	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.

13. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCING

	Due within one year		Due after one year but within 5 years		Total	
	31 March 2024	30 September 2023	31 March 2024	30 September 2023	31 March 2024	30 September 2023
	----- (Rupees in '000) -----					
Liabilities against diminishing musharika financing	57,489	50,389	128,463	140,356	185,952	190,745

The Company has obtained various vehicles under diminishing musharika financing arrangement entered into with a Modaraba having various maturity dates up to 25 Dec 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.

14. Sales Tax

The sales tax matter is same as disclosed in the annual financial statements for the year ended 30 September 2023 except during the period, the Company has received refunds amounting to Rs. 270.90 million and refund payment orders amounting to Rs. 49.72 million.

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

For the Six Months Period Ended 31 March 2024

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 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

15.1.2 The tax charge pertains to minimum turnover tax under section 113 and final tax on exports. On abundant caution and based on the economic and geopolitical situation of the country / region, the Company has not recognized deferred tax asset of Rs. 59,835 million as the timing and availability of sufficient taxable profits cannot be accurately forecasted at the period end.

15.2 Commitments

15.2.1 Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 31 March 2024 amounted to Rs. 770 million (30 September 2023: Rs. 667 million)

15.2.2 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.

15.2.3 Commitments for capital expenditure as at 31 March 2024 aggregated to Rs. 394.174 million (30 September 2023: Rs. 209.16 million).

15.2.4 Commitments under letters of credit for stock-in-trade and stores and spares as at 31 March 2024 amount to Rs. 1,394 million (30 September 2023: Rs. 3,295 million).

15.3 Tax contingencies

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

16. 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, 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:

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

For the Six Months Period Ended 31 March 2024

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).

16.1 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 March 2024 (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	16.1.1	-	-	38,126	-	-	-	
	Trade receivables	16.1.1	-	-	9,102,708	-	-	-	
	Other receivables	16.1.1	-	-	99,577	-	-	-	
	Cash and bank balances	16.1.1	-	-	209,398	-	-	-	
			-	-	9,449,809	-	-	-	
Financial liabilities - not measured at fair value									
	Lease liabilities	16.1.1	-	-	152,177	-	-	-	
	Liabilities against diminishing musharaka financing	16.1.1	-	-	185,952	-	-	-	
	Trade and other payables	16.1.1	-	-	8,074,833	-	-	-	
	Short-term borrowings	16.1.1	-	-	6,597,835	-	-	-	
	Mark-up accrued	16.1.1	-	-	308,833	-	-	-	
	Unclaimed dividend	16.1.1	-	-	90,846	-	-	-	
	Unpaid dividend	16.1.1	-	-	-	-	-	-	
			-	-	15,410,476	-	-	-	
----- Rupees in '000 -----									
		30 September 2023 (Audited)					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	16.1.1	-	-	159,799	-	-	-	
	Trade receivables	16.1.1	-	-	9,312,865	-	-	-	
	Loans and advances	16.1.1	-	-	11,369	-	-	-	
	Other receivables	16.1.1	-	-	25,003	-	-	-	
	Cash and bank balances	16.1.1	-	-	315,376	-	-	-	
			-	-	9,824,412	-	-	-	
Financial liabilities - not measured at fair value									
	Lease liabilities	16.1.1	-	-	142,437	-	-	-	
	Liabilities against diminishing musharaka financing	16.1.1	-	-	190,745	-	-	-	
	Trade and other payables	16.1.1	-	-	10,349,213	-	-	-	
	Short-term borrowings	16.1.1	-	-	4,370,646	-	-	-	
	Mark-up accrued	16.1.1	-	-	167,410	-	-	-	
	Unclaimed dividend	16.1.1	-	-	90,891	-	-	-	
	Unpaid dividend	16.1.1	-	-	511,771	-	-	-	
			-	-	15,823,113	-	-	-	

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 Six Months Period Ended 31 March 2024

17. SEGMENT INFORMATION

17.1 Segment information for the six months period ended:

	Textile Effect (TE)		Paper, Packaging and Coatings (PP&C)		Total	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
----- (Rupees in '000) -----						
Sales						
Domestic**	11,073,970	11,889,659	2,559,739	1,690,021	13,633,709	13,579,680
Export	2,877,201	3,158,767	-	-	2,877,201	3,158,767
Total sales	13,951,171	15,048,426	2,559,739	1,690,021	16,510,910	16,738,447
Discount and commission	555,771	500,032	12,051	7,210	567,822	507,242
Sales tax	1,277,645	1,690,401	383,861	251,387	1,661,506	1,941,788
	1,833,416	2,190,433	395,912	258,597	2,229,328	2,449,030
Net sales (from external customers)	12,117,755	12,857,993	2,163,827	1,431,424	14,281,582	14,289,417

** This includes sales under Export Facilitation scheme 2021 at zero rate of sales tax.

	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Segment results based on 'management approach'	449,382	1,608,159	197,108	353,738	646,490	1,961,897
Other expenses - WPPF and WWF					(5,000)	(73,700)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					3,680	(4,858)
					645,170	1,883,339
Finance costs					592,158	912,052
Profit before taxation					53,012	971,287
Capital expenditure including CWIP	92,851	136,935	851	-	93,702	136,935
Unallocated					880	304
					94,582	137,239
Depreciation	137,346	134,736	2,735	1,835	140,081	136,571
Unallocated					12,419	8,776
					152,500	145,347

	Textile Effect (TE)		Paper, Packaging and Coatings (PP&C)		Total	
	Unaudited 31 March 2024	Audited 30 September 2023	Unaudited 31 March 2024	Audited 30 September 2023	Unaudited 31 March 2024	Audited 30 September 2023
----- (Rupees in '000) -----						
Segment Assets	15,332,325	14,389,495	1,961,627	2,198,283	17,293,952	16,587,778
Unallocated					2,594,541	3,858,599
Total assets	19,888,493	20,446,377				
Segment Liabilities	6,047,257	8,096,084	660,476	987,126	6,707,733	9,083,210
Unallocated					8,825,100	7,029,037
Total liabilities	15,532,833	16,112,247				

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

For the Six Months Period Ended 31 March 2024

17.2 Segments information for the quarter ended:

	Textile Effect (TE)		Paper, Packaging and Coatings (PP&C)		Total	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
----- (Rupees in '000) -----						
Sales						
Domestic**	5,601,862	7,715,956	1,381,118	994,463	6,982,980	8,710,419
Export	1,169,664	1,497,568	-	-	1,169,664	1,497,568
	6,771,526	9,213,524	1,381,118	994,463	8,152,644	10,207,987
Discount & commission	273,009	294,310	6,030	4,000	279,039	298,310
Sales tax	612,605	1,109,865	212,656	149,980	825,261	1,259,845
	885,614	1,404,175	218,686	153,980	1,104,300	1,558,155
Net sales (from external customers)	5,885,912	7,809,349	1,162,432	840,483	7,048,344	8,649,832
Segment results based on 'management approach'	186,556	1,390,567	134,807	242,811	321,363	1,633,378

** This includes sales under Export Facilitation scheme 2021 at zero rate of sales tax.

Other expenses - WPPF / WWF					(5,000)	(57,600)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					3,559	(2,188)
					319,922	1,573,590
Finance costs					242,348	812,471
Profit before taxation					77,574	761,119
Fixed capital expenditure	53,295	34,905	851	-	53,146	34,905
Unallocated					03	69
					53,149	34,974
Depreciation	62,300	67,517	2,218	1,223	64,518	68,740
Unallocated					12,077	4,693
					76,595	73,433

18. EARNINGS PER SHARE

	Six months ended		Quarter ended	
	31 March 2024	2023	31 March 2024	2023
----- (Rupees in '000) -----				
Profit after taxation attributable to ordinary shareholders	(125,171)	621,767	(21,027)	467,313
----- (Number of shares) -----				
Weighted average number of ordinary shares outstanding during the period	34,563,341	34,117,881	34,563,341	34,117,881
----- (Rupees) -----				
Earnings per share	(3.62)	18.22	(0.61)	13.70

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

For the Six Months Period Ended 31 March 2024

18.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 31 March 2024 and 31 March 2023.

19. CASH GENERATED FROM OPERATIONS

	Six months ended	
	31 March 2024	31 March 2023
	----- (Rupees in '000) -----	
Profit before taxation	53,012	971,287
Adjustment for non-cash charges and other items:		
Depreciation	152,500	145,347
Provision for staff gratuity	25,370	16,198
Mark-up expense	570,360	195,439
Impairment loss of trade receivable	8,142	10,802
Working capital changes	(1,886,149)	(807,998)
	<u>(1,076,765)</u>	<u>531,075</u>

19.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	(11,956)	(8,661)
Stock-in-trade	35,115	781,448
Trade receivables	218,048	(3,955,820)
Loans and advances	(30,512)	(80,490)
Trade deposits and short-term prepayments	42,694	31,501
Other receivables	157,499	5,516
	<u>410,888</u>	<u>(3,226,506)</u>

Increase / (decrease) in current liabilities

Trade and other payables	(2,297,037)	1,744,572
	<u>(1,886,149)</u>	<u>(1,481,934)</u>

19.2 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	209,398	201,385
Short-term running finance	(3,983,925)	(557,457)
	<u>(3,774,527)</u>	<u>(356,072)</u>

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

For the Six Months Period Ended 31 March 2024

20. 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	
			2024	2023
			31 March	
			(Rupees in '000)	
Archroma Textile GmbH, Switzerland	Parent / Holding Company	Dividend	511,816	511,771
Archroma Management GmbH, Switzerland	Associated company	Purchases & Services	360,332	280,065
		Royalty expenses	603,119	696,189
		Indenting commission	26,004	10,387
Archroma Turkey Limited	Associated company	Sales	744,266	1,463,653
Archroma Singapore, Pte Ltd	Associated company	Purchases	585,623	60,840
		Sales	42,164	24,429
		Indenting commission	61,738	4,430
Archroma Textile Mexico S.De	Associated company	Purchases	85,115	101,991
		Sales	2,151	2,508
Archroma Thailand	Associated company	Purchases	586	428
		Sales	132,132	216,859
		Indenting commission	1,182	787
PT Archroma Indonesia	Associated company	Purchases	14,603	13,986
		Sales	8,762	16,923
		Indenting commission	593	-
Archroma Brazil	Associated company	Sales	-	1,854
Archroma Tianjin Ltd	Associated company	Purchases	-	13,765
Spice Industria Quimica	Associated company	Purchases	1,170	-
Archroma Chemical China	Associated company	Sales	45,885	72,291
Archroma Peru S.A.	Associated company	Sales	13,646	7,349
Archroma Iberica, S.L.	Associated company	Sales	65,379	74,412
Archroma Japan KK	Associated company	Sales	20,462	40,350
Archroma Germany GmbH	Associated company	Sales	-	1,251
Archroma U.S	Associated company	Purchases	-	3,134
Swiss Business Council	Common directorship	Subscription	130	110
Jubilee life Insurance Company	Common directorship	Insurance	56,956	49,714
Key management personnel	Related parties	Salaries, benefits and compensations	127,532	94,515
		Post employment benefits	14,563	10,981

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

For the Six Months Period Ended 31 March 2024

Details of balances with related parties are as follows:


Name of related party	Nature of Relationship	Nature of balances	31 March 2024 (Un-audited)	30 September 2023 (Audited)
			(Rupees in '000)	
Archroma Management GmbH, Switzerland	Associated company	Receivable	24,606	14,558
		Payable	1,460,387	913,790
Archroma Turkey Limited	Associated company	Receivable	212,900	944,666
Archroma Singapore,Pte Ltd	Associated company	Receivable	52,667	804
		Payable	274,211	320,431
Archroma Textile Mexico S.De	Associated company	Receivable	2,113	4,813
		Payable	99,324	46,724
Archroma Thailand	Associated company	Receivable	92,091	168,121
PT Archroma Indonesia	Associated company	Receivable	8,961	3,073
		Payable	9,855	4,796
Archroma Peru,SA	Associated company	Receivable	-	9,668
PT Archroma Specialties Indonesia	Associated company	Receivable	-	1,778
Archroma Chemical China Limited	Associated company	Receivable	-	34,809
Archroma Japan KK	Associated company	Receivable	-	24,717
Archroma Brazil Archroma U.s.Inc	Associated company	Payable	1,159	-
	Associated company	Payable	-	4,853
Archroma Shanghai (WFOE)	Associated company	Receivable	13,755	-
Archroma HN	Associated company	Payable	4,753	-

21. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 29 April 2024 by the Board of Directors of the Company.

22. 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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