Sector

CHEMICAL

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Symbol: **ARPL**
Current Price: **PKR 438.50**
Market Cap (PKR bn): **15.16**
Total Shares (mn): **34.56**
Free Float (mn): **8.64**
52 Week High: **PKR 490.00**
52 Week Low: **PKR 325.00**

Archroma Pakistan Limited (ARPL)

ARPL reported earnings per share of PKR 16.36 in 3QSY26 (3QSY25: PKR 8.09). Furthermore, in 9MSY26 earnings per share were reported to be PKR 38.86 (9MSY25: PKR 26.44).

In 9MSY26, gross margins expanded to 26.7%, approaching management's long-term benchmark target of 30%+ due to operational cost controls and energy efficiency initiatives. Net margin recovered to 6.0%, returning toward historical benchmark levels.

Management noted that the operations are organized into two main divisions: Textile Effects (TE) accounting for 90% of net sales, and Packaging Technologies (PT) accounting for 10% of net sales in 9M FY26.

TE supplies specialized pretreatment, dyeing, printing, and finishing chemicals for denim, activewear, formal wear, swimwear, and home textiles. Archroma supports four of the global top 10 denim producers located in Pakistan.

PT serves paper/packaging, tissues/towels, wood, paints/coatings, construction, and water management. Archroma chemicals are present in products from most major paint producers. Construction is a new and expanding segment for the company. Other applications include packaging, paper, tissues, toweling solutions, and wood.

While Chinese manufacturers dominate bulk commodity chemicals, ARPL maintains strong pricing power in value-added specialty chemicals, smaller customized order batches, and specialized finishing (e.g., activewear, premium denim, Sialkot technical gear). Management rejected claims of domestic market share loss, highlighting market share gains across denim and finishing segments.

ARPL has transitioned ~40% of energy requirements to renewables at the Jamshoro plant and nearly 100% at the Landhi plant, driving an overall energy consumption/cost reduction of ~10%.

Super Systems is an end-to-end system designed for process excellence. These systems use transparent calculators to show customers how they can reduce costs related to heat, water, and treatment through efficient chemical usage.

Core raw materials (monomers and petrochemical derivatives) are 70–80% imported from China and East Asia. The company maintains no sourcing from India and shifted away from Middle Eastern suppliers due to regional instability.

ARPL operates a nationwide setup capable of delivering products to any industrial cluster in Pakistan within 3 days. Toll manufacturing contributes a very small/negligible portion of total revenues.

Going forward, US import tariffs on competing manufacturing nations are anticipated to create medium-to-long-term export opportunities for Pakistani textile exporters, driving sustained demand for ARPL's processing solutions. Integration of the Huntsman Textile Effects acquisition continues to expand the product pipeline.

The company is shifting focus toward high-margin specialty products where "pricing power" is derived from the cost-savings the chemicals provide to the customer's industrial process.

PKR million	**3QSY25**	**3QSY26**	**YoY**	**9MSY25**	**9MSY26**	**YoY**
Net sales	6,870	7,443	8%	21,508	22,468	4%
Cost of sales	(5,175)	(5,293)	2%	(16,445)	(16,464)	0%
Gross profit	1,695	2,150	27%	5,063	6,004	19%
Gross margin	**25%**	**29%**		**24%**	**27%**	
Selling/distribution expenses	(854)	(919)	8%	(2,645)	(2,765)	5%
Administrative expenses	(252)	(234)	-7%	(760)	(719)	-5%
Operating profit	589	996	69%	1,658	2,520	52%
Depreciation & amortisation	78	79	1%	248	233	-6%
EBITDA	667	1,075	61%	1,907	2,753	44%
Financial charges	(178)	(68)	-62%	(416)	(252)	-39%
Other income	77	43	-44%	203	123	-39%
Other charges	(33)	(70)	112%	(109)	(177)	62%
Profit before tax	456	901	98%	1,336	2,213	66%
Taxation	(176)	(335)	90%	(422)	(870)	106%
Profit after tax	280	565	102%	914	1,343	47%
Net margin	**4%**	**8%**		**4%**	**6%**	
EPS - Basic	8.09	16.36	102%	26.44	38.86	47%
DPS	20.00	45.00	125%	20.00	45.00	125%

Source: Company financials, PSX

Important Disclosures

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